Remote Work Tax Setup Checklist

Action Checklist — ClearLegalTips.com (2026)

1. Map Every Remote Worker

[ ] Listed each remote worker's actual physical work state (an address, not an assumption)

[ ] Recorded each employer entity's state

[ ] Flagged any employee whose home state differs from their work state

[ ] Noted anyone who split the year across states (a real relocation) 2. Identify Which Rule Applies

[ ] Checked whether the work state is one of the nine no-wage-tax states

[ ] Checked whether a convenience-of-the-employer rule applies (NY, DE, PA, NE, CT, NJ)

[ ] Checked for a reciprocity agreement between the two states (e.g., PA-NJ)

[ ] Confirmed which state gets first claim using the master table 3. Register & Configure

[ ] Registered with the work state's revenue department for withholding

[ ] Registered with the state workforce agency for unemployment insurance

[ ] Collected the state withholding certificate (state W-4 equivalent)

[ ] Collected any reciprocity exemption certificate (by form number)

[ ] Configured payroll for the correct work state, including city/local wage taxes 4. Document & Maintain

[ ] Wrote a remote-work location policy requiring moves to be reported before they happen

[ ] Set an annual reminder to re-confirm each worker's address

[ ] Kept day-count records for anyone splitting time across states

[ ] Verified the W-2 state boxes are accurate before filing 5. Escalate the Edge Cases

[ ] Filed nonresident and resident returns where two states tax the same wages, and claimed the resident credit

[ ] Consulted a CPA about possible business-tax nexus created by the remote hire

[ ] Verified genuine 1099 contractors are excluded from state income-tax withholding

[ ] Confirmed current-year rates and forms with the state revenue department

INSTRUCTIONS FOR USE

Work through each group in order for every remote hire. Multi-state payroll errors compound monthly until someone notices, so run this list when the hire is made and re-confirm addresses once a year. This checklist is general information, not legal or tax advice; consult a licensed attorney or CPA for guidance on your specific situation.