State-by-State Remote Work Tax Withholding Table

Fillable Reference & Worksheet — ClearLegalTips.com (2026)

This resource reproduces the actual state-level withholding logic from the ClearLegalTips guide: the master decision table, the nine no-wage-tax states, the six convenience-of-the-employer states, and reciprocity mechanics. Use it to sort your own situation, then confirm current-year rates and forms with your state revenue department.

How Remote Work Withholding Actually Works

Default rule (physical presence): wages are taxed first by the state where the work is actually performed, which for a remote worker is the state they sit in. The employer withholds for that work state, and the home state (if different) taxes the same income but credits what you paid to the work state.

Three sets of exceptions override the default: convenience-of-the-employer states, reciprocity pairs, and the nine states with no wage income tax at all. The master table below sorts your situation into the right box.

Two theories states use to tax wages:

- Residence — your home state taxes everything you earn, anywhere.
- Source — the work state taxes what you earn inside it.

When both hit the same paycheck, the residence state ordinarily yields a credit for the source-state tax. Withholding follows the same order, which is why your employer asks where you physically sit.

The Master Table: Which State Withholds?

Your situation	Withhold for	Watch out
Live and work remotely in the same state; employer elsewhere	Your state	Employer may need to register for payroll in your state
Commute across a state line to the office	Work state (office state)	Home state taxes it too, then credits the work-state tax; reciprocity can simplify to home-state-only
Remote in another state for a convenience-rule employer (NY et al.)	Often the employer's state	Your home state may tax the same wages; credits vary. The expensive box — see below
Live in a reciprocity pair (e.g., PA <-> NJ)	Home state only	File the exemption certificate with your employer, or withholding defaults to the work state
Live in a no-income-tax state, work remotely there	No state wage withholding	Employer-side taxes (unemployment insurance) still apply
Split the year across states (a real move)	Each state for its portion	Part-year returns in both; document the move date

When Each Rule Bites: Quick Scenarios

The classic hire:

A Texas company hires a remote developer living in Georgia. Georgia withholding applies from paycheck one, and the company registers with Georgia's revenue department. No Texas complication, because Texas has no wage tax.

The border commuter:

Lives in New Jersey, works in a Philadelphia office. The PA-NJ reciprocity agreement means home-state (NJ) withholding once the exemption form is on file.

The expensive one:

Lives in Florida, works remotely for a Manhattan employer by choice. New York's convenience rule sources those wages to New York, and moving to a no-tax state saves nothing on the wage tax.

The quiet drift:

An employee relocates to another state mid-year and tells payroll in December — which is how one W-2 turns into two amended filings.

Note: if the person in your scenario is actually a 1099 contractor, none of this withholding machinery applies.

The Nine States With No Wage Income Tax

State	Wage income tax (2026)	Fine print
Alaska, Florida, Nevada, South Dakota, Tennessee, Texas, Wyoming	None	No individual wage income tax
New Hampshire	None	Its last income tax (on interest and dividends) was repealed effective January 1, 2025
Washington	None on wages	Levies a capital gains excise tax on large gains (7% above an inflation-indexed ~$262k, 9.9% above $1M); wages untouched

Living and working remotely in one of the nine means no state wage withholding — but two cautions keep it honest: (1) the employer still owes state unemployment insurance where you work, and (2) if the paycheck comes from a convenience-rule employer, the no-tax state's zero rate does not block the employer state's claim.

The Convenience-of-the-Employer States

Under a convenience rule, when your assigned office is in the rule state but you work remotely from elsewhere for your own convenience (rather than because the employer requires it), the rule state sources those remote days to itself and taxes them. New York is the canonical enforcer; its guidance has taxed out-of-state telecommuters for two decades.

State	How it applies
New York	The benchmark rule: office assigned to NY + remote by choice = NY-source wages, whatever your home state
Delaware, Pennsylvania	Convenience-style sourcing applied to nonresidents with in-state employers (details vary by facts)
Nebraska	Convenience rule, softened in 2024: needs some physical presence in Nebraska during the year to attach
Connecticut	Reciprocal version: applies only to residents of states that impose their own convenience rule
New Jersey	Reciprocal version since 2023: reaches NY, DE, and NE residents working for NJ employers

Do / don't for anyone in this box:

- DO document employer necessity (a bona fide employer office requirement at your remote location, written into policy) if you want to escape the rule.
- DO check whether your home state credits the convenience-state tax.
- DON'T assume moving to Florida ends a New York employer's withholding — for convenience-rule wages, it often doesn't.

Reciprocity: The Border-State Peace Treaties

A reciprocity agreement is a deal between two states: each agrees not to tax the other's residents on wages, so a cross-border worker withholds and files only at home. Pennsylvania-New Jersey is the officially confirmed example. Other long-standing arrangements cluster around commuting corridors (Maryland with Virginia, West Virginia, and D.C.; Illinois with its neighbors; the Midwest generally).

Two operational facts:

- Reciprocity is not automatic. The employee must file the work state's exemption certificate with the employer, or withholding defaults to the work state and you unwind it at filing time.
- The definitive current list is one page deep on either state's revenue site; your payroll provider will have the certificate by form number.

Reciprocity does nothing for convenience-rule wages sourced elsewhere — which is why the master table checks that box first.

Double-Taxed? The Resident Credit

When two states legitimately tax the same wages, the standard relief is the resident credit: your home state reduces its tax by what you paid the work state, capped at what the home state would have charged on that income. In practice you file a nonresident return in the work state, a resident return at home, and attach the credit computation.

The friction points (real but narrow):

- A home state with lower rates means the credit doesn't cover the full work-state bill.
- Convenience-rule wages have historically produced the ugliest credit fights.
- No credit ever refunds the hours of paperwork.

W-2 employees also can't deduct home-office costs (the home-office deduction is self-employed-only), which makes an employer equipment stipend the only clean fix for those costs.

Employer Setup: The Five-Step Version

Hiring your first remote employee in a new state, in order:

- 1. Confirm where they will actually work (an address, not a vibe — and re-confirm annually).
- 2. Register with that state's revenue department for withholding and its workforce agency for unemployment insurance.
- 3. Collect the state's withholding certificate (the state W-4 equivalent) plus any reciprocity exemption form.
- 4. Configure payroll for the work state, including local taxes where cities tax wages.
- 5. Write the remote-work location policy so moves must be reported before they happen.

Mission-creep note: one remote hire can also create business-tax nexus (income/franchise tax exposure) for the company in that state. That is a CPA conversation, not a payroll checkbox.

Common Withholding Mistakes

- Withholding for the office state out of habit when the employee works from home in another state.
- Believing the move-to-Florida myth against a convenience-rule employer.
- Skipping the reciprocity certificate and manufacturing a nonresident refund claim every April.
- Learning about relocations at year-end, when the fix is two part-year returns instead of one payroll change.
- Forgetting city taxes in places where municipalities tax wages.
- Treating genuine 1099 contractors as a withholding problem (you don't withhold state income tax for them).
- Assuming the no-tax state ends the analysis — unemployment insurance, workers' comp, and possibly a convenience rule are still in play.

Appendix: Your Situation Worksheet

Fill in the details of your own remote-work arrangement, then match it against the master table above.

Employee name: ____

Employee's physical work state (where they actually sit): ____

Employer's state: ____

Home / residence state (if different from work state): ____

Is a reciprocity agreement in place between the two states? (Y/N): ____

Is either state a convenience-of-the-employer state? (Y/N): ____

Which state gets withholding (per master table): ____

Exemption / reciprocity certificate needed (form #): ____

Unemployment insurance registration state: ____

Local / city wage taxes to configure: ____

Date confirmed / annual re-confirmation date: ____

Notes (move dates, day-count records, CPA follow-ups): ____

INSTRUCTIONS FOR USE

How to use this document: Work top to bottom. Find your scenario in the master table, then confirm whether a no-wage-tax state (nine-state table), a convenience rule, or a reciprocity agreement changes the answer. Fill in the Your Situation worksheet and file any required certificate in the employee's first week. Rates and forms change every legislative season — verify current-year figures with your state revenue department (the IRS directory of state tax agencies links every one) before the first paycheck. This resource is general information, not legal or tax advice; consult a licensed attorney or CPA for your specific situation.