

Department of Accounts

Payroll Bulletin

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The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please call Cathy McGill at (804) 371-7800 or Email at cathy.mcgill@doa.virginia.gov

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SUI Reporting for Employees Working Out of State

Reporting SUI for Employees Working Outside of Virginia

The Virginia Employment Commission's [Virginia Employer Handbook](#) (revised in 2014) provides the following general guidelines to determine where to report wages for employees who may work in more than one state or who may not physically work in Virginia at all:

<https://www.vec.virginia.gov/sites/default/files/documents/employerhandbook20160103.pdf>

Once a condition is met as outlined below, wages are reported to that state and you need go no further to determine the liable state.

- If all work was performed in Virginia, then wages are reported to Virginia.
- If the work was performed in Virginia as well as in another state, the employee's base of operations (agency location) plays a factor on where his wages are reported. In most instances, the state in which the employee's agency is located is where the wages are reported. The exception here, however, is where the work performed at the agency location is incidental or transitory in nature (for example, attendance at occasional meetings). In determining incidental or transitory service, the intent of the work must be reviewed. If the transaction was part of the employee's normal work, then it would not be incidental. Also, the length of service with the employer within Virginia as compared to the length of service outside the state is considered. Because variations occur, no fixed length of time can be used to determine incidental or transitory service.
- If most of the work was performed outside of Virginia, the employee's base of operations becomes the determining factor on where to report the wages. §60.2-217. Many out-of-state employees telework since there are very few (if any) state offices located outside of Virginia. In these instances, the employee's home is their base of operations. *In other words, when the employee does not physically work in Virginia, the SUI State on HOBAD should match the Resident State and the Work State on HOBAD. In these cases SUI Wages should be reported to the same state receiving state income taxes for the employee. The SUI Status should be "4" which accumulates the SUI Wages, but does not withhold SUI Taxes.*

SUI Reporting for Out of State Employees, continued

**New SUI
Accounts
Required 2018**

Agencies with employees that work outside of Virginia must establish unemployment accounts as reimbursable employers with those states for use by the end of first quarter 2018. Line agencies must provide account information to DOA prior to agency certification for pay period 03/10 – 03/24/2018 and no later than March 26, 2018, in order to make the necessary updates in CIPPS. DOA will assist in reclassifying 2018 wages to the appropriate state. Please note that agencies will be responsible for submitting SUI reports to all other states. DOA will not submit SUI reports to any state other than Virginia.

**Reimbursable
Employers**

Section 3309 of the IRS Code allows government entities to elect paying unemployment by reimbursing the state for any claims for which they are liable instead of paying taxes. By order of the Governor, all state agencies are to elect the option to pay each liable state as a “Reimbursable Employer”.

As a “Reimbursable Employer”, agencies are only required to report SUI wages. In lieu of employer taxes, the reporting state bills the employer when an employee working in their state files an unemployment claim.

Each state has their own requirements for maintaining this status and line agencies must comply with those rules. Some states require “reimbursable employers” to withhold other taxes regardless of their status, so be sure to review the requirements of that state. Contact State Payroll Operations if you need assistance deducting the required taxes in CIPPS.

**Valid FIPS
Codes**

Identification of the employee’s base of operations begins with the HR office who provides the work location to payroll, either through the employee record in PMIS or other documentation for non-PMIS agencies. It is imperative that the correct location code is determined to ensure proper reporting. The PMIS “Location Code” should reflect the primary location where the employee regularly receives their work orders and completes their duties. When a person works primarily out of state (including teleworkers), the PMIS “Location Code” should be “000”. This code will translate to a FIPS Code of “51998” during the PMIS to CIPPS Interface reflecting the “Out of State” status. Verify and correct, if necessary, all records for employees with out of state addresses and location codes within Virginia. Only employees residing in states with reciprocal tax agreements may have a location code that does not agree with their resident state if they are physically working in Virginia.

NOTE: In the past, the Report U057 reflected “51124” as the FIPS Code for “Out of State” unemployment wages. DOA will update records with existing FIPS Code of “51124” to “51998”.

As stated earlier in this bulletin, when an employee works out of state, the SUI State should match the Resident State on HOBAD. When an employee has “047” as the SUI State code, DOA reports the SUI Wages to the Virginia Employment Commission (VEC). It is not appropriate to report wages earned outside of Virginia to the VEC.

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SUI Reporting for Out of State Employees, continued

Report U057

Line agencies should use Report U057 as a source document when reporting unemployment wages to other states. Report U057 records the total number of employees and the appropriate SUI wages by the SUI State Code. Keep in mind that FIPS Code "998" is only appropriate for state codes other than "047".

If you find this condition on Report U057, corrections are necessary in CIPPS. As stated previously, DOA reported the wages of any person with SUI State Code "047" to VEC. The line agency should use the VEC Employer Self-Service website to correct any employee sent to VEC in error. Once the agency has an account with the employee's work state, the agency should report the wages to that state instead.
