

INDIANA UNIVERSITY

# Managing Employees Working Outside of Indiana

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Standard Operating Procedure

University Human Resources & Financial Management Services Administration

3/20/2015

## Purpose

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The purpose of this Standard Operating Procedure (SOP) is to provide the protocol for managing employees that are based outside of Indiana. This process will ensure that all IU schools and units follow uniform procedures when establishing out-of-state work arrangements.

## Scope

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This SOP addresses regular, on-going arrangements of working at home, on the road, or at a satellite location outside of Indiana, and is not meant for sporadic or infrequent occurrences of remote work.

This SOP is overseen by University Human Resources (UHR) and Financial Management Services Administration (FMS) in collaboration with the Office of the Vice President and General Counsel and the Office of the Executive Vice President for University Academic Affairs.

## Rationale

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Indiana University policies are based on Federal and State of Indiana laws. When an employee's permanent place of work is outside of Indiana, that State's or Country's employment laws must be considered. Areas of consideration include; minimum wage, overtime regulations, FLSA exemptions, time off accruals, meal & rest periods, leave provisions (FMLA, military, etc.), payroll taxes, benefits, workers' compensation, unemployment, and many more.

## Definitions

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**Out-of-State Employee:** An IU employee whose primary work location is outside of Indiana. This typically does not include the following:

- Faculty on semester/full year sabbaticals
- Faculty or Staff on leaves of absence
- Campus Student workers who maintain a permanent residence outside of Indiana, but are conducting their work in Indiana
- Students who are not considered employees
- Independent contractors
- IU employees who work in Indiana but live in another state, and commute to Indiana

**Telecommuting:** Working from a location other than the traditional office setting for one or more days a week.

## Out-of-State Employees Process

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Schools and units who are considering having an employee work outside of Indiana are responsible for notifying University Human Resources, processing an eDoc identifying the work location, and ensuring compliance with applicable State and Country employment laws.

### Establishing an Out-of-State Work Arrangement

1. The school or unit should review the characteristics of the employee's position to determine if the duties are suited for working out-of-state.
2. Contact University Human Resources to determine the potential employment and financial impacts to the school or unit. The impacts are a result of state-based employment requirements, such as wage & hour rules, time-off, workers' compensation, health care, retirement, payroll, and taxes.
3. Notify the following offices of the new out-of-state work arrangement.
  - a. If the individual is an Academic appointee, contact the campus Academic Affairs office.
  - b. If the individual is a Staff/Temporary employee, contact the campus HR office or University HR.
  - c. If the individual will be working outside of the United States (regardless of the individual's status as an Academic appointee or Staff/Temporary employee), contact the Office of the Vice President and General Counsel (OVPGC).
4. For out-of-state workers who will be telecommuting it is recommended that the school or unit develop a telecommuting agreement.
  - a. The **Telecommuting Guidelines for Off Campus Positions** provides information on writing a telecommuting agreement.
  - b. Ensure that both the employee and school or unit understand clearly the specifications of the agreement.

### **Telecommuting Guidelines for Off Campus Positions**

[http://hr.iu.edu/relations/telecommute-off\\_campus.html](http://hr.iu.edu/relations/telecommute-off_campus.html)

### Process eDoc

1. Once the work arrangement has been established, the school or unit must identify the state or country from which the employee will be working from within HRMS. This is accomplished by submitting a HRMS eDoc using one of the following eDocs.
  - a. Hire
  - b. Promote
  - c. Demote
  - d. Transfer
  - e. Maintain Job Data

2. In the eDoc there is a tab called **Primary Physical Work Location**, which contains two fields.
  - a. Work Location Country
  - b. Work Location State
3. The fields are required on all Hire, Promote, Demote and Transfer eDocs.
4. Update the appropriate fields to identify the state or country that the employee is working from.
5. Updating the **Work Location State** will impact tax location in the eDoc, please review the **Job Data** section that includes the **Tax Location** value.
6. Updating the **Work Location State** or **Work Location Country** does impact the employee's payroll tax withholding.
  - a. **Updating the employee's address in HRMS does not impact the employee's payroll tax withholding. An eDoc must be processed in order to update an employee's state tax withholdings.**
7. If the employee has multiple jobs, all of the jobs must have the same **Primary Physical Work Location**.

Primary Physical Work Location	
▼ hide	
Primary Physical Work Location Data	
* Work Location Country	USA
* Work Location State	MA
▼ hide	
Job Data	
Position Data	
Responsibility Center Name	ARTS & SCIENCES
Position Type	Temporary ( HR )
Campus (Business Unit)	IUBLA
Department	GERMANIC STUDIES ( BL-GERM )
Jobcode	Student Temporary ( 000218 )
Location	BL
Salary Plan	Student Temporary ( HS )
Salary Grade	Stdnt Temp Research Aide ( RA )
Standard Hours	0.01
FTE	0.00
Work Period	Weekly ( W )
Regular/Temporary	Temporary ( T )
Full/Part Time	Part-Time ( P )
Tax Location	MA
Pay Group	HRR
Compensation Frequency	Hourly ( H )
* Compensation Rate	20.00

## Tax Withholdings

1. Out-of-state employees are not subject to Indiana tax withholdings.
2. If the state that the employee is working from has income tax, the employee should go to the following FMS webpage.

### **Registered States for Withholdings**

<https://fms.iu.edu/tax/employees/working-outside/>

3. If IU is registered in the state, the employee should complete the appropriate form using the link provided on the webpage and mail the completed form to University Tax Services.
4. The default state tax withholding will be applied, until the proper state tax form (if applicable) is provided to University Tax Services.

## Form I-9

1. If the out-of-state employee is a new hire or rehire a Form I-9 must be completed
2. See the link below for instructions on how to complete a Form I-9.

### **Remote Hire Form I-9 Completion Guidelines**

[http://hr.iu.edu/eev/procedure-i9\\_remote.html](http://hr.iu.edu/eev/procedure-i9_remote.html)

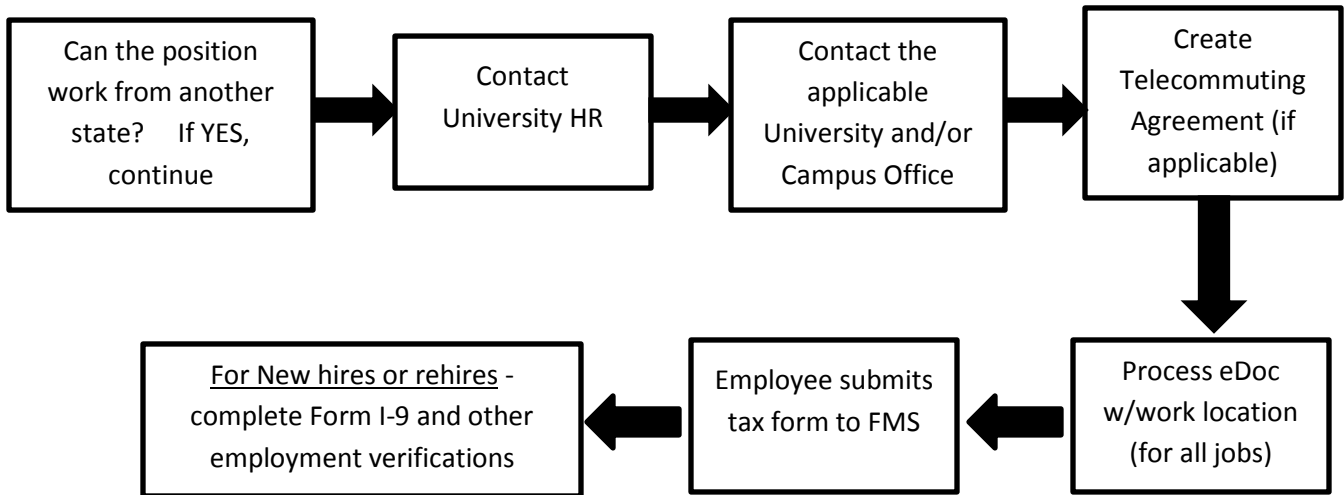
## Primary Physical Work Location Updates

1. Contact University Human Resources to determine the potential employment and financial impacts to the school or unit.
2. If an out-of-state employee moves back to Indiana or to another State or Country the **Primary Physical Work Location Data** must be updated in HRMS.
  - a. Follow the steps under the Process eDoc and Tax Withholding sections of this SOP.

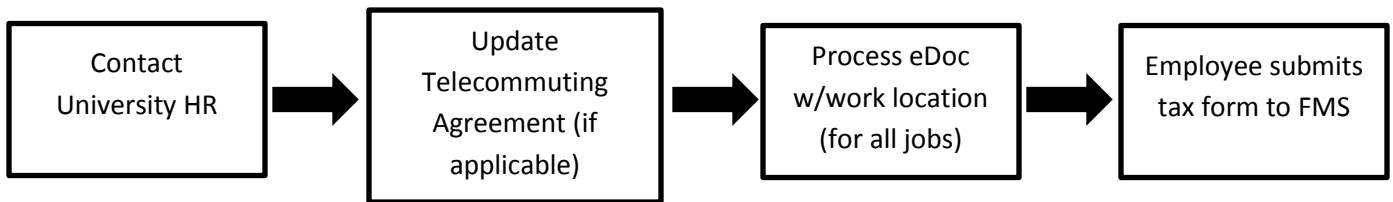
## Termination

1. When the school or unit is aware that the out-of-state employee will be terminated (voluntary or involuntary), contact University Human Resources to determine if there are any employment and/or payroll impacts.
2. Notify the following offices of the termination.
  - a. If the individual is an Academic appointee, contact the campus Academic Affairs office.
  - b. If the individual is a Staff/Temporary employee, contact the campus HR office or University HR.
  - c. If the individual will be working outside of the United States (regardless of the individual's status as an Academic appointee or Staff/Temporary employee), contact the Office of the Vice President and General Counsel (OVPGC).

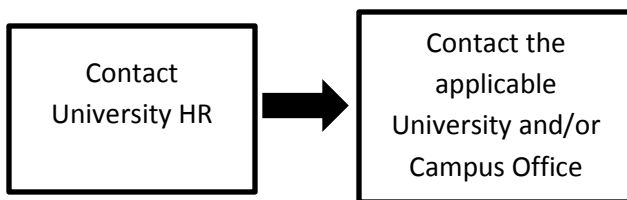
### Flow Chart for New Out-of-State Employee



### Flow Chart for Existing Out-of-State Employee who moves back to Indiana or to another State/Country



### Flow Chart in the event an Out-of-State Employee terminates employment voluntarily or involuntarily



### Resources

FMS University Tax Services - <https://fms.iu.edu/tax/about-us/contact-us/>

University Human Resources - [http://hr.iu.edu/employment/out\\_of\\_state.html](http://hr.iu.edu/employment/out_of_state.html)

FMS Payroll - <https://fms.iu.edu/support> or (812) 855-0375