

Income/Franchise:

Pennsylvania: City of Philadelphia DOR Explains Wage Tax Application for Remote and Hybrid Work

Wage Tax policy guidance for non-resident employees (UPDATED), City of Philadelphia, Penn. Dept. of Rev. (10/12/23). The City of Philadelphia, Pennsylvania (City) Department of Revenue (Department) issued updated guidance explaining its longstanding “Requirement of Employment” policy that the compensation of nonresident employees who perform work for City-based employers is *not* subject to the City’s Wage Tax during the time they are required to work remotely from a location outside the City, including working from home. However, if the City-based employer allows a nonresident employee to work from home, at the convenience and discretion of the employee, the employee’s compensation will be subject to the City’s Wage Tax – noting that it did not change this Wage Tax policy during the COVID-19 pandemic. The Department also provides some illustrative examples of its policy under various hybrid work arrangement scenarios, as well as addresses how nonresident employees of City employers may request a refund for City Wage Tax withheld during the time they were required to perform their duties from outside the City. Please contact us with any questions.

URL: <https://www.phila.gov/media/20231024112123/UPDATED-Wage-Tax-policy-guidance-for-non-resident-employees.pdf>

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