Out-of-State Employee Coding Guide

Use this guide to assist with coding employees who are living and/or working out-of-state. There are multiple infotypes that need to be maintained and it is important that they are all set up correctly to accurately pay and report your out-of-state employees.

In addition to Federal and Washington taxes, HRMS is configured for automated processing of Oregon and Idaho taxes. All other out-of-state taxes must be calculated and collected manually using the wage types listed in [HRMS Other State Tax Wage Types](#).

This guide covers the following:

- Maintaining employee Addresses (0006) records
- Manual taxes for states other than Oregon and Idaho
- Setting up an agency in HRMS for automated processing of Oregon and Idaho taxes
- Maintaining employee tax infotype records, to include:
  - Residence Tax Area (0207)
  - Work Tax Area (0208)
    - Work Tax Area Override in CATS
  - Unemployment State (0209)
  - Withholding Info W4/W5 US (0210)
  - Add. Withh. Info. US (0234)
  - Other Taxes US (0235)
- Paying and reporting taxes

Additional Resources:

[HRMS Data Definitions Resource Guide](#)

[HRMS Support Hub](#)

[Additional Steps for Out-of-State Employees user procedures](#)
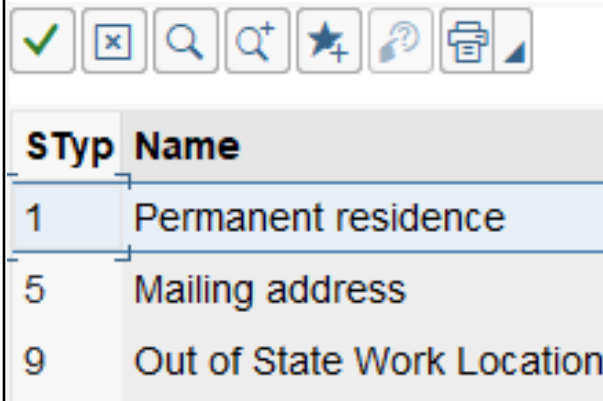
[Payroll Out-of-State Employee Tax Resources](#)

[Out-of-State Remote Work Guidance and Resources](#)

Addresses

Addresses (0006)

The following address subtypes are maintained on the Addresses (0006) infotype in HRMS:

- Permanent residence
- Mailing address
- Out of State Work Location

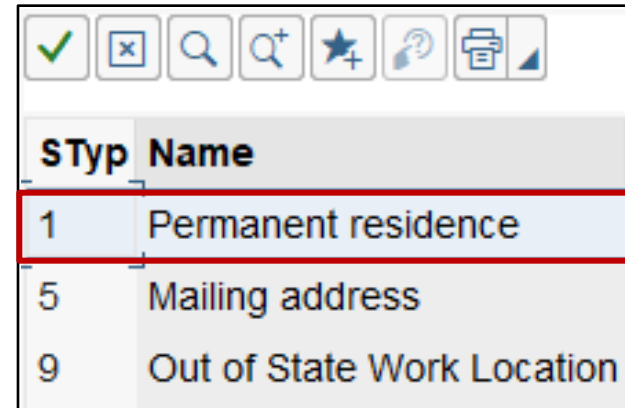| STyp	Name
1	Permanent residence
5	Mailing address
9	Out of State Work Location

- In order to process payroll, all employees must have an active permanent residence address record.

- An active mailing address is optional and only needed if the employee receives mail at an address different than their permanent residence.

- Employees working outside of the state of Washington require an out of state work location address record.

- Use the USPS Address Lookup Tool to ensure addresses are entered correctly.

Note: Employees can update their permanent residence and mailing address records on the My Addresses tile in MyPortal. Employees can view their out of state work location address record on the My Addresses tile in MyPortal but are not allowed to edit their record there.

Permanent Residence Address

It is important that employers know where their employees are living. Employees can update their permanent residence address record on the My Addresses tile in MyPortal. In addition, employees should notify their employer of an address change when the move affects benefits availability, tax liability, or when specified in agency policy. Consider developing a business process to monitor for address changes made by employees in MyPortal.

- The permanent residence record should reflect the physical address of the employee's permanent residence; typically, their primary domicile.

- The permanent residence address is used when creating a Residence Tax Area (0207) infotype record.

- The permanent residence record requires a 2-digit county code. If an out-of-state address is entered, the county code should be entered as Out of State (40).

- HRMS does not support out of country addresses for permanent residence (and mailing address) records.
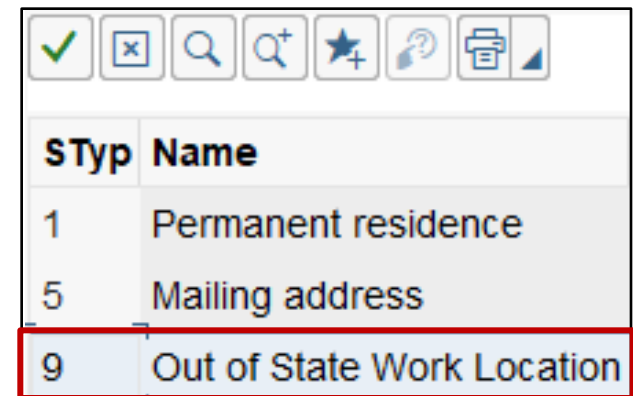
STyp	Name
1	Permanent residence
5	Mailing address
9	Out of State Work Location

Note: Agency HR offices may make exceptions if the employee does not have a physical address.

Out of State Work Location Address

It is important that employers know where their employees are working, and it becomes even more important when that work takes place in other states. All employees who have been approved to work outside of the state of Washington require an Out of State Work Location address record; this applies to all employees working outside of Washington, not just those in Oregon or Idaho. Ensure you have a process in place to accurately maintain this record as an employee's work/telework location changes.

- The out-of-state work location record should reflect the physical address where the employee is working when they have been approved to work outside of Washington.

- If the employee is working out-of-state at their permanent residence, then that address should be entered under both the Permanent residence (1) and Out of State Work Location (9) address types.

- The out-of-state work location address is used when creating a Work Tax Area (0208) infotype record.

- The out-of-state work location address is the only address type in HRMS that will support an out-of-country address.

- The out-of-state work location record requires a 3-digit county code. Do not use Out of State (40) on this address type.

STyp	Name
1	Permanent residence
5	Mailing address
9	Out of State Work Location

Manual Tax Processing

HRMS is configured to systematically process Federal, Idaho, Oregon, and Washington taxes. All other states' taxes will continue to be processed manually by agencies.

- Agencies will need to manually calculate employee withholding amounts and follow the Recurring Payments/Deductions or Additional Payments user procedures using one of the established out-of-state withholding tax wage types. See the HRMS Other State Tax Wage Types spreadsheet for a current list of available wage types. (Resource links listed below.)

- If agencies would like (or are required) to list the other state's taxes on the employee's Form W-2, then submit the agency's employer ID number, obtained from the other state's tax entity, to the OFM Helpdesk at HereToHelp@ofm.wa.gov. Refer to the laws in each state for applicable reporting requirements.

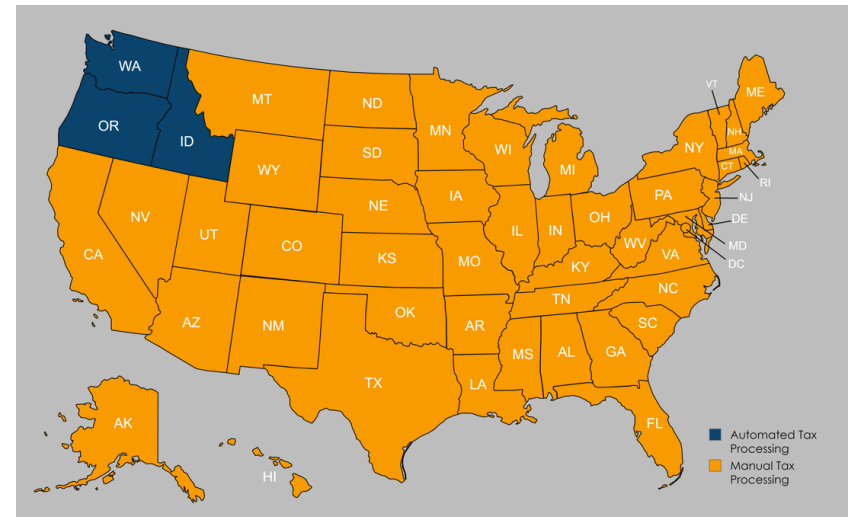**HRMS Manual Tax Processing Resources:**

HRMS Support Hub

Recurring Payments/Deductions user procedures

Additional Payments user procedures

Payroll Out-of-State Employee Tax Resources

Out-of-State Tax Processing in HRMS

HRMS Other State Tax Wage Types

Automated Tax Processing

HRMS is configured to systematically process Federal, Idaho, Oregon, and Washington taxes. Agencies are responsible for determining which taxes apply to which employees and setting up the employee so that the applicable taxes are collected in HRMS.

Each Tax Company in HRMS needs to be set-up to allow for collection of out-of-state taxes before an employee can be set-up for automated processing of Oregon and Idaho taxes. Refer to the [Additional Steps for Out-of-State Employees – Set Up Tax Company for Out-of-State Tax Processing](#) user procedure.

The following infotypes are used to maintain taxes in HRMS:

- Residence Tax Area (0207)
- Work Tax Area (0208)
- Unemployment State (0209)
- Withholding Info W4/W5 US (0210)
- Add. Withh. Info. US (0234)
- Other Taxes US (0235)
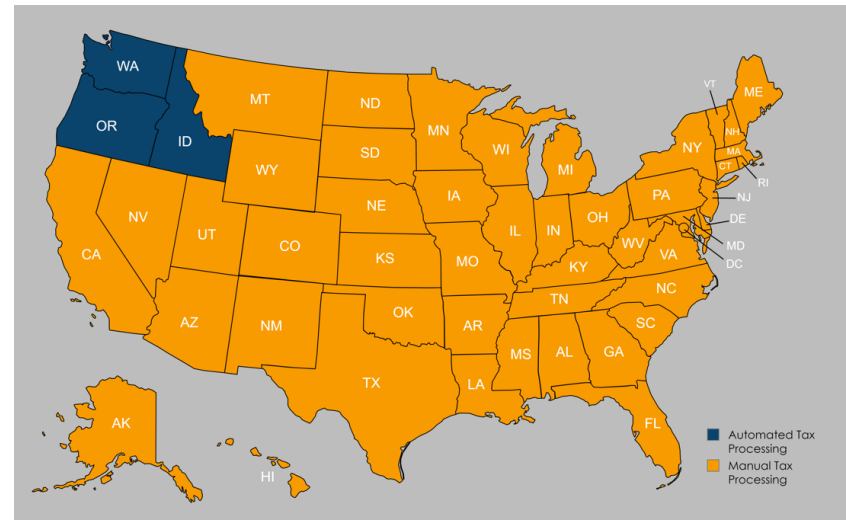
Note: Use the Fed/State/Local Employer ID Numbers (ZHR_RPTPY061) report to view which employer ID numbers have been assigned to tax companies in HRMS, indicating they are set-up for automated tax processing.

Residence Tax Area (0207)

The Residence Tax Area (0207) infotype is used to identify the tax area and tax authorities applicable to the employee based on where they live/reside. When creating this infotype, HRMS will suggest a tax area based on the employee's permanent residence address entered on the Addresses (0006) infotype.

Processors can set a different residence tax area if the default value is not correct.

Residence Tax Areas

Tax Area	Tax Authority	Tax Type
State of Idaho (ID)	Federal (FED)	Withholding Tax (001) Employee Medicare Tax (005) Employee Social Security Tax (003) Employer Medicare Tax (006) Employer Social Security Tax (004)
	Idaho (ID)	Withholding (001)
State of Oregon (OR)	Federal (FED)	Withholding Tax (001) Employee Medicare Tax (005) Employee Social Security Tax (003) Employer Medicare Tax (006) Employer Social Security Tax (004)
	Oregon (OR)	Withholding (001) Statewide Transit (096)
State of Washington (WA)	Federal (FED)	Withholding Tax (001) Employee Medicare Tax (005) Employee Social Security Tax (003) Employer Medicare Tax (006) Employer Social Security Tax (004)
	Washington (WA)	No WA residency-based taxes

Resident Data

Tax area	OR	State of Oregon

Tax Authorities in Area

Tax Auth.	Tax Authority Name	Tax Level	Description
FED	Federal	A	Federal
OR	Oregon	B	State

Note: For employees residing in a state other than Washington, Oregon, or Idaho, set their Residence Tax Area to Washington (WA) to turn on federal taxes, and then manually collect any additional residency-based taxes.

Work Tax Area (0208)

The Work Tax Area (0208) infotype is used to identify the tax area and tax authorities applicable to the employee based on where they are working. When creating this infotype, HRMS will suggest a tax area based on the employee's out-of-state work location address entered on the Addresses (0006) infotype. Processors can set a different work tax area if the default value is not correct.

- Employees can have more than one Work Tax Area record, and HRMS will attribute the amount of time worked to each work tax area based upon the allocation entered for each. The combined allocation percentages for an employee must add up to 100%.

- If the employee is working in one location, set the Allocation field to 100%.

- If the employee is working in multiple locations consistently, you can calculate the percentage of time spent in each location and enter the percentages in the Allocation field for each location.

- If the employee is working in multiple locations irregularly, you can enter a work tax area override in CATS. See page 9.

Work Tax Data

Tax Area	OR01	Portland Tri-met Authority
Allocation	100.00 %	
Predominant Tax Area	No	
Source Tax Authority		

Tax Authorities in Area

Tax Auth.	Tax Authority Name	Tax Level	Description
OR	Oregon	B	State
OR01	Portland Tri-met Authority	F	Other

Work Tax Data

Tax Area	OR04	Wilsonville Transit District
Allocation	60.00 %	
Predominant Tax Area	No	
Source Tax Authority		

Tax Authorities in A...

Tax Auth.	Tax A...
OR	Orego...
OR04	Wilsor...

Work Tax Data

Tax Area	OR	State of Oregon
Allocation	40.00 %	
Predominant Tax Area	No	
Source Tax Authority		

Tax Authorities in Area

Tax Auth.	Tax Authority Name	Tax Level	Description
OR	Oregon	B	State

CATS Work Tax Area Override

If an employee is working in more than one tax area within the pay period, entries can be made in CATS to override the employee's Work Tax Area (0208) infotype record. Creating this type of Work Tax Area override may be necessary when the employee working in a different tax area for a portion of a pay period and entering an allocation split on the employee's Work Tax Area (0208) record is not desired.

Data Entry Area																						
☰ LT	A/AType	Wage Type	Position	Tax area	MU	05/16	05/17	05/18	05/19	05/20	05/21	05/22	05/23	05/24	05/25	05/26	05/27	05/28	05/29	05/30	05/31
🕐					H	8	8	0	0	8	8	8	8	8	0	0	0	8	8	8	8
Σ					H	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
☐		1222		OR01	HR					8.0	8.0	8.0	8.0	8.0							
☐																					

- Use the Tax area field in CATS to override the employee's Work Tax Area for various wage types entered.

  - Refer to page 10, or the HRMS Data Definitions Resource Guide, for the list of Work Tax Areas configured in HRMS.

- The Tax area field is available in both SOW-1 and SOW-2 data entry profiles of the time sheet.

Note: Hours entered into CAT2 will automatically transfer from CATS to Employee Remuneration Info (2010) infotype every evening of payroll processing for the current period. If you prefer to immediately transfer the override hours from CATS to Employee Remuneration Info (2010) infotype so the hours are visible on a payroll simulation, complete a Transfer Time Data to HR Time Management (ZCAT6).

Work Tax Area (0208) cont.

Work Tax Areas

Tax Area	Tax Authority	Tax Type
State of Idaho (ID)	Idaho (ID)	Withholding Tax (001)
State of Oregon (OR)	Oregon (OR)	Withholding Tax (001) Statewide Transit Tax (096)
Portland Tri-met Authority (OR01)	Portland Tri-met Authority (OR01) Oregon (OR)	Transit District Excise Tax (035) Withholding Tax (001) Statewide Transit Tax (096)
Eugene-springfield Ltd Auth. (OR02)	Eugene-springfield Ltd Auth. (OR02) Oregon (OR)	Transit District Excise Tax (035) Withholding Tax (001) Statewide Transit Tax (096)
Wilsonville Transit District (OR04)	Wilsonville Transit District (OR04) Oregon (OR)	Transit District Excise Tax (035) Withholding Tax (001) Statewide Transit Tax (096)
Sandy Transit System (OR05)	Sandy Transit System (OR05) Oregon (OR)	Transit District Excise Tax (035) Withholding Tax (001) Statewide Transit Tax (096)
City of Canby Ltd (OR06)	City of Canby Ltd (OR06) Oregon (OR)	Transit District Excise Tax (035) Withholding Tax (001) Statewide Transit Tax (096)
State of Washington (WA)	Washington (WA)	No WA work-based taxes

Note: For employees living and working in Washington or another state outside of Oregon or Idaho, a Work Tax Area (0208) is not needed; or it can be set to State of Washington (WA). For employees working in another state that has work location-based taxes (other than Oregon and Idaho), agencies will need to manually collect and process those taxes.

Unemployment State (0209)

The Unemployment State (0209) infotype is used to identify the tax authority applicable to the employee based on where their work is localized.

Unemployment data		
Tax authority	ID	Idaho
Worksite	01	Idaho Generic

Unemployment State Tax Authorities

Tax Authority	Worksite	Tax Type
Idaho (ID)	Idaho generic	Employer Unemployment Tax (010)
Oregon (OR)	Oregon generic	EE PFML Tax State Plan (117) Employee Worker Compensation Tax (040) Employer Unemployment Tax (010) Employer Worker Compensation Tax (030) ER PFML Tax State Plan (118)
Washington (WA)	Enter the 2-digit county code in Washington, or Out of State (40) or Out of Country (41)	Employee Family Leave Insurance Tax (087) Employee Medical Leave Insurance Tx (099) Employer Medical Leave Insurance Tx (100) Employer Unemployment Tax (010) Employee Medical Aid Fund Tax (043) Employee Suplmtal Pension Tax (042) Employer Accident Fund Tax (032) Employer Medical Aid Fund Tax (033) Employer Suplmtal Pension Tax (034) WA Cares Fund LTC Tax – EE (113)

Notes: For employees whose work is localized in a state other than Washington, Oregon, or Idaho, set their Unemployment State Tax Authority to Washington (WA), then exempt all WA taxes (on the Other Taxes US (0235) infotype) and manually collect any applicable out-of-state taxes.

Employees who are covered under Washington's workers' compensation program must have an active Add. Withh. Info. US (0234) record containing a valid Washington risk classification in the Employee Override Group field (see page 13 for more information).

Withholding Info W4/W5 US (0210)

The Withholding Info W4/W5 US (0210) infotype is used to identify an employee's withholding elections, based on their Form W-4.

- All employees must have a Federal (FED) Withholding Info W4/W5 US (0210) record.

- Create an Oregon (OR) or Idaho (ID) Withholding Info W4/W5 US (0210) record for employees subject to Oregon or Idaho income tax and who submit an Oregon or Idaho Form W-4, indicating their elections.

- For employees subject to Oregon or Idaho income tax who do not submit an Oregon or Idaho Form W-4, HRMS will withhold based on their Federal Withholding Info W4/W5 US (0210) record. However, it is **strongly recommended** that employees submit an Oregon or Idaho form W-4 to ensure withholding amounts are correct.

Status					
Tax authority	OR	Oregon	Tax level	B	State
Filing Status	01	Single			
☐ Use Higher Withholding Rates Schedule					

Exemptions				
Allowances	1	Exemption amount		USD
Additional allowance		Additional exemption amount		USD
Personal allowance				
Dependent allowance				
Add. dependents		☐ IRS mandates		
Tax exempt indicator	Not exempt ⌄			
Credits for dep.				
☐ Foreign Earned Income				

Withholding adjustments			
Add.withholding		USD	☐ Non-resident tax calculation
Default formula	01 COMPUTER FORMUL	Alternate formula	
Other income		Add. percent	
Deductions			

Additional Information
☐ Check here if the last name differs from that shown on the Social Security card

Overrides (from infotype 234)						⚙
From date	End Date	Supplemental method	Tax override	Certificat...	Voluntary Wit...	

Note: If federal, Oregon, or Idaho income tax withholding has been turned on for an employee based on their residence or work tax areas but are exempt from withholding, enter their exemption status on this infotype under the appropriate tax authority. See Other Taxes US (0235) on page 14 for entering other tax exemptions.

Add. Withh. Info US (0234)

The Add. Withh. Info US (0234) infotype is used to enter a federal, Oregon, or Idaho withholding override or to enter a Washington workers' compensation risk classification.

- Having an active Federal (FED) Add. Withh. Info. US (0234) record is required for employees covered under Washington's workers' compensation program. The employee needs a valid Washington risk classification entered in the Employee Override Group field; this field determines the employee's WA workers' comp premium rates.

- Employees covered under Oregon's or Idaho's workers' compensation program do not require an active Add. Withh. Info. US record unless they require a federal, Oregon, or Idaho withholding override amount.

Note: If an employee changes from being covered under Oregon's or Idaho's workers' compensation program to now being covered under Washington's WC program, be sure to check their Add Withh. Info US (0234) record to see if updates are needed. A new record may need to be created if one doesn't exist, or the existing record may need to be maintained to update the Employee Override Group based on the employee's current risk classification.

Other Taxes US (0235)

The Other Taxes US (0235) infotype is used to exempt an employee from certain state or federal taxes. Certain individuals may be exempt from some taxes because they don't meet the definition of employee, due to the nature of work they do, or their work is considered not localized to Washington, Oregon, or Idaho. Some groups of employees are systematically exempted from certain taxes. Exempt individuals who are not systematically exempted, will need to be exempted on their Other Taxes US (0235) record.

- Use exempt status Exempt, not reportable (Y) to indicate that no tax should be collected and wages and/or hours are not reportable to the tax entity.

- Use exempt status Exempt, reportable (R) to indicate that no tax should be collected but wages and/or hours are reported to the tax entity.

- Blank exempt status means no exemption entered; taxes will be collected and wages and/or hours will be reported to the tax entity.

Note: Refer to Withholding Info W4/W5 US (0210), on page 12, for exempting federal, Oregon, or Idaho income tax withholding.

Other Taxes US (0235) cont.

Tax Types Exempted on Other Taxes US (0235)

Tax Authority	Tax Description	Tax Type
Federal (FED)	Social Security	Employee Social Security Tax (003) Employer Social Security Tax (004)
	Medicare	Employee Medicare Tax (005) Employer Medicare Tax (006)
Idaho (ID)	Unemployment Insurance	Employer Unemployment Tax (010)
Oregon (OR)	Paid Leave Oregon	EE PFML Tax State Plan (117) ER PFML Tax State Plan (118)
	Unemployment Insurance	Employer Unemployment Tax (010)
	Workers Compensation	Employee Worker Compensation Tax (040) Employer Worker Compensation Tax (030)
Washington (WA)	Paid Family & Medical Leave (PFML)	Employee Family Leave Insurance Tax (087) Employee Medical Leave Insurance Tx (099) Employer Medical Leave Insurance Tx (100)
	Unemployment Insurance	Employer Unemployment Tax (010)
	WA Cares / Long Term Services & Supports (LTSS)	WA Cares Fund LTC Tax – EE (113)
	Workers Compensation	Employee Medical Aid Fund Tax (043) Employee Suplmtal Pension Tax (042) Employer Accident Fund Tax (032) Employer Medical Aid Fund Tax (033) Employer Suplmtal Pension Tax (034)

Note: Refer to Withholding Info W4/W5 US (0210), on page 12, for exempting federal, Oregon, or Idaho income tax withholding.

Paying OOS Taxes

HRMS has been configured to pay some Oregon taxes via Automated Clearing House (ACH) each pay period. For Idaho state taxes and the remaining Oregon local transit taxes (not included in the Oregon Combined payment), agencies will need to send payment via warrant.

Tax Authority	Tax Description	Payment Type	Payment Process
Idaho (ID)	Income Tax Withholding	Warrant	Warrant returned to agency
Oregon (OR)	Income Tax Withholding Statewide Transit Tax Paid Leave Oregon Workers Compensation	ACH	HRMS automatically sends payment
Portland Tri-met Authority (OR01)	Portland Tri-Met Transit Tax	ACH	HRMS automatically sends payment
Eugene-springfield Ltd Auth. (OR02)	Lane Transit District Tax	ACH	HRMS automatically sends payment
City of Canby Ltd (OR06)	Canby Area Transit (CAT) Tax	Warrant	Warrant returned to agency
Sandy Transit System (OR05)	Sandy Area Metro (SAM) Tax	Warrant	Warrant returned to agency
Wilsonville Transit District (OR04)	South Metro Area Regional Transit (SMART) Tax	Warrant	Warrant returned to agency

Note: Oregon Combined payment includes all taxes administered by the Oregon Department of Revenue (all taxes under the Oregon (OR), Portland Tri-met Authority (OR01), and Eugene-springfield Ltd Auth. (OR02) tax authorities).

Reporting OOS Taxes

Agencies are responsible for satisfying all employer reporting requirements related to employees living and/or working in Oregon and Idaho. HRMS will not automatically generate any filing reports or forms for Oregon or Idaho taxes. Agencies are responsible for independently fulfilling all out-of-state tax reporting requirements. Refer to each state or local tax entity's reporting requirements.

There are two reports available in HRMS to help agencies gather wages, hours, and taxes associated with the Oregon and Idaho tax types:

- The Oregon Filing Report (ZHR_RPTPYN37)

- Idaho Filing Report (ZHR_RPTPYN38)

Note: For taxes collected systematically through the new OOS automated process, HRMS will add Oregon and Idaho Withholding information to employees' W-2s. Taxes collected using the manual wage types will still require manual year-to-date adjustments.

Reporting OOS Taxes cont.

In addition to the two filing reports (page 17), there are additional reports that might assist managing and reporting out-of-state employees.

- Tax Authority code and text fields are now included in several reports, including Payroll Posting (ZHR_RPTPY126), Earnings Statements, and GAP files.

- Federal / State / Local Employer Identification Numbers Report (ZHR_RPTPY061) will display federal, state, and local EINs that have been configured in HRMS.

- Payroll Reconciliation Report (PC00_M10_REC) is commonly used for quarterly 941 reconciliations but can also be used for out-of-state tax reconciliations.

- Out-of-State Tax Authority Locator Report (ZHR_TAXFINDER) can be used to check the tax area and tax authorities that may be applicable to an out-of-state employee based on where they are living and/or working. This report will also return whether the employee's tax company is fully set-up for the suggested tax authorities and tax types.

- Flexible Employee Data Report (ZHR_RPTPAN02) can be used to check employee address records to ensure complete and accurate records, especially for out-of-state employees.

Note: You can find HRMS report procedures on the HRMS Support Hub, under Reports or HRMS Roles.