

Income/Franchise:

Nebraska DOR Says Special Pandemic-Related Employee Telecommuting Rules Have Expired

Income Tax Withholding FAQs, Neb. Dept. of Rev. (7/27/21); *Notice of the Expiration of GIL 29-20-2*, Neb. Dept. of Rev. (7/20/21). The Nebraska Department of Revenue (Department) explains that through July 29, 2021, it will *not* require employers to change the state which was previously established in their payroll systems for income tax withholding purposes for those employees who were telecommuting or temporarily relocated to a work location within or outside Nebraska due to the COVID-19 pandemic. According to the Department, this change in employee work location is not required beginning with the date the emergency was declared by Nebraska Governor Pete Ricketts (*i.e.*, beginning March 13, 2020) and ending 30 days after the end of the emergency (*i.e.*, ending July 30, 2021). As a result, the Department suggests that beginning on July 30, 2021, “employers must review their payroll systems for income tax withholding purposes for employees working at a location that is in a different state to assure compliance with Nebraska requirements in 316 Neb. Admin. Code, Ch. 21 and Ch. 22, § 003.”

URL: <https://revenue.nebraska.gov/about/frequently-asked-questions/income-tax-withholding-faqs>

URL: <https://revenue.nebraska.gov/incentives/notice-expiration-gil-29-20-2>

Similarly, the Department states that Nebraska’s special treatment of alternative employment arrangements due to the COVID-19 pandemic for purposes of calculating employment levels under the Nebraska Advantage Act expires on July 30, 2021, and thus its underlying general information letter on the subject (*i.e.*, GIL 29-20-2) expires on this date, too. Pursuant to GIL 29-20-2, the Department considers employees who worked at a project location prior to March 13, 2020, and who were displaced by the COVID-19 pandemic, to have worked at the project location through July 30, 2021. Accordingly, the Department explains that after July 30, 2021:

1. “Employees must work at the project, or as a teleworker pursuant to Neb. Rev. Stat. § 77-5714(3), to count toward the calculation of new employees,” and
2. “Taxpayers should resume tracking the location from which each employee works.”

Please contact us with any questions.

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