

U.S. House Passes Mobile Workforce Bill

The U.S. House of Representatives passed the *Mobile Workforce State Income Tax Simplification Act of 2015*, H.R. 2315, by voice vote on September 21. The bill, sponsored by U.S. Representatives Mike Bishop (R-MI) and Hank Johnson (D-GA), would establish a uniform national standard governing the withholding of state income taxes for nonresident employees.

Many state CPA societies sent letters to their representatives in the House urging them to vote for H.R. 2315. This bipartisan legislation would enhance compliance with state personal income tax laws and greatly simplify the onerous burdens placed on employees who travel outside of their resident states for temporary periods and on employers who have corresponding withholding and reporting requirements.

The bill would establish a uniform requirement that nonresidents would have to work in a state for more than thirty days before becoming subject to out-of-state income taxes. The change would make state income tax withholding easier to administer and would help ensure that states and local jurisdictions get the taxes they are owed.

H.R. 2315 includes several key components designed to alleviate the burden the current state income tax withholding system places on traveling employees and their employers. For the vast majority of states, the legislation contains minimal or no revenue impact.

H.R. 2315 would:

- Provide for a uniform and easily administered law for traveling employees and their employers, establishing a national threshold of thirty days.
- Ensure the correct amount of tax is withheld and paid to the states without the undue burden the current system places on employees and employers.
- Simplify the patchwork of existing inconsistent and confusing state rules as well as reduce administrative costs to states and lessen compliance burdens on consumers.
- Establish provisions for the use of time and attendance systems that would provide protection for honest mistakes by the employer and a reduction in audit risk.
- Align the many different tax requirements of forty-one states regarding the withholding for income tax of nonresidents by setting a national threshold of thirty days or more before liability to withhold and pay taxes.
- Provide an opportunity for greater compliance because of the certainty and consistency of minimum withholding rules across all states, thus encouraging the free movement of personnel within the marketplace.

The bill now moves to the Senate, where its companion bill—sponsored by Senators John Thune (R-SD) and Sherrod Brown (D-OH)—has 46 cosponsors.