I. POLICY SUMMARY

It is the policy of the University to comply with the requirements of non-California states for withholding state income taxes from employees, where applicable. This policy does not apply to federal and California state withholding for employee income taxes.

II. DEFINITIONS

Out-of-state

This term refers to any U.S. state outside the state of California.
III. POLICY TEXT

A. Introduction

The University occasionally employs individuals who work in another state and who either reside in that state or are California residents on short-term assignment outside of California. University employees working out-of-state are subject to state income taxes for the state in which they work, and the University is responsible for applicable withholding laws and for remitting the tax withheld. The University also maintains Workers’ Compensation and Unemployment Insurance Coverage for employees working out-of-state.

B. Procedures

1. State Income Tax Withholding

Payroll Coordination and Tax Services in the Office of the President registers with the appropriate taxing authorities all University locations with employees who may be subject to withholding from another state (Appendix A). When a campus or Laboratory assigns an employee to work in a state with which the campus or Laboratory is not registered, Payroll Coordination should be informed so that the appropriate registration arrangements may be completed. Such information should be directed by mail or telephone to:

Payroll Coordination and Tax Services
1111 Franklin Street, 10th Floor
Oakland, California 94607-5200
(510) 987-0943

Employees on temporary, short-term assignments of more than two weeks are subject to the out-of-state withholding requirements. However, employees receiving compensation pursuant to a sabbatical leave who are located in another state are not subject to withholding for the other state. Employees on sabbatical leave are not performing services for the University, but are receiving pay for services previously rendered or to be rendered in the future.

Employees who are subject to state income tax withholding for a state other than California must complete a UPAY 830, Out-of-State Income Tax Withholding Form. The completed form should be sent to the Payroll Director of the campus or Laboratory. The Director is responsible for calculating the deduction amount and for remitting the tax withheld to the appropriate state agency. If the state requires the posting of a bond, the cost of the bond is recharged to the location.

1 The UPAY 830, Out-of-State Income Tax Withholding Form, is available on the Payroll Coordination and Tax Services web site. The web site is located at http://www.ucop.edu/financial-accounting/units/payroll-coordination-and-tax-services/.
2. Workers’ Compensation Coverage

The Office of the President, Office of Risk Management maintains an Out-of-State Workers’ Compensation policy for employees who work in any state except Alaska, Maine, Nevada, North Dakota, Ohio, Washington, West Virginia, and Wyoming. For the states listed above, separate coverage must be obtained. Coverage for a specific employee will not apply without prior notice of activities based outside of California and a premium payment for the coverage made. The cost of the out-of-state coverage is recharged to the employee’s department.

3. Unemployment Insurance Coverage

Employees working out-of-state continue to be covered for unemployment insurance with the state of California, and any claims for unemployment benefits should be processed as interstate claims and referred back to California. In the few states, such as Alaska, that impose an unemployment insurance tax directly on the wages and to remit the tax as required.

IV. COMPLIANCE / RESPONSIBILITIES

A. Payroll Coordination and Tax Services-Office of the President

Payroll Coordination and Tax Services in the Office of the President registers with the appropriate taxing authorities all University locations with employees who may be subject to withholding from another state (Appendix A).

B. Campus or Laboratory

When a campus or Laboratory assigns an employee to work in a state with which the campus or Laboratory is not registered, the campus or Laboratory should inform the Payroll Coordination and Tax Services-Office of the President so that the appropriate registration arrangements may be completed.

C. Payroll Director of the Campus or Laboratory

The Payroll Director is responsible for calculating the deduction amount and for remitting the tax withheld to the appropriate out-of-state agency.

D. Office of Risk Management-Office of the President

Office of Risk Management-Office of the President maintains an Out-of-State Workers’ Compensation policy for employees who work in any state except Alaska, Maine, Nevada, North Dakota, Ohio, Washington, West Virginia, and Wyoming. For the states listed above, separate coverage must be obtained.
V. RELATED INFORMATION

University Counsel Romulus B. Portwood, memo to Director Donald L. Alter on Withholding State Income Taxes from Wages of University Employees Residing and Performing Services in States Other than California, March 9, 1993.

Related Accounting Manual Chapters

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<th>Code</th>
<th>Description</th>
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<tr>
<td>D-371-77</td>
<td>Disbursements: State Tax Withholding from Nonwage Payments to Nonresidents of California</td>
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<tr>
<td>P-196-77</td>
<td>Payroll: State Tax Withholding From Employees</td>
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<tr>
<td>P-196-77.5</td>
<td>Payroll: Unemployment Insurance</td>
</tr>
<tr>
<td>P-196-86</td>
<td>Payroll: Workers’ Compensation Insurance</td>
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VI. FREQUENTLY ASKED QUESTIONS

Not applicable

VII. REVISION HISTORY

12/30/00: First Published

Revised:
6/30/01
12/30/01
6/30/02: Revised to reflect registration for tax withholding purposes with out-of-state taxing authorities for the following campuses: Los Angeles (Georgia, Oklahoma) and San Francisco (Georgia).
3/31/03: Revised to reflect registration for tax withholding purposes with out-of-state taxing authorities for the following campuses: Davis (New York, Utah), Irvine (Virginia), San Francisco (Colorado), and Santa Barbara (Mississippi).
6/30/03
12/31/03: Updated to include a revised UPAY 830, Out-of-State Income Tax Withholding Form.
6/30/04
6/30/05
6/30/06: Updated to include new registrations with out-of-state taxing authorities.
3/31/07
9/30/07
3/31/08
2/29/09
9/30/09
6/30/10
9/30/11

9/1/12: Reformatted policy to new template and updated for recent registrations. Replaced Appendix B with the link to UPAY 830, Out-of-State Income Tax Withholding Form.

7/31/13: Updated the link to UPAY 830, Out-of-State Income Tax Withholding Form.
### Appendix A: Registered Out-of-State Taxing Authorities

<table>
<thead>
<tr>
<th>Campus/Lab</th>
<th>Registered Out-of-State Taxing Authorities</th>
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<tbody>
<tr>
<td>Berkeley</td>
<td>Alabama; Arizona; Colorado; Connecticut; District of Columbia; Georgia; Hawaii; Idaho; Illinois; Indiana; Iowa; Kentucky; Maine; Maryland; Massachusetts; Michigan; Minnesota; Missouri; Montana; Nebraska; New Jersey; New Mexico; New York; North Carolina; Ohio; Oklahoma; Oregon; Pennsylvania; Utah; Vermont; Virginia; Wisconsin</td>
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<td>Davis</td>
<td>Colorado; District of Columbia; Hawaii; Idaho; Illinois; Iowa; Maryland; Missouri; New Jersey; New York; Oregon; Utah; Virginia; Wisconsin</td>
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<td>Irvine</td>
<td>Alabama; Arizona; Arkansas; Colorado; Connecticut; Delaware; District of Columbia; Georgia; Hawaii; Idaho; Illinois; Iowa; Kansas; Kentucky; Louisiana; Maine; Maryland; Massachusetts; Michigan; Minnesota; Mississippi; Missouri; Montana; New Jersey; New Mexico; New York; North Carolina; Oklahoma; Ohio; Oregon; Pennsylvania; Rhode Island; South Carolina; Utah; Virginia; Wisconsin</td>
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<tr>
<td>Los Angeles</td>
<td>Alabama; Arizona; Arkansas; Colorado; Connecticut; District of Columbia; Georgia; Hawaii; Idaho; Illinois; Indiana; Iowa; Kansas; Kentucky; Louisiana; Maine; Maryland; Massachusetts; Michigan; Minnesota; Mississippi; Missouri; Montana; New Jersey; New Mexico; New York; North Carolina; North Dakota; Ohio; Oklahoma; Oregon; Pennsylvania; Rhode Island; South Carolina; Utah; Vermont; Virginia; West Virginia; Wisconsin</td>
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<tr>
<td>Riverside</td>
<td>Alabama; Illinois; New Mexico; New York; Virginia</td>
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<td>San Diego</td>
<td>Arizona; Colorado; Connecticut; District of Columbia; Georgia; Hawaii; Idaho; Illinois; Iowa; Kansas; Kentucky; Maryland; Massachusetts; Michigan; Minnesota; Montana; New Jersey; New Mexico; New York; North Carolina; Ohio; Oklahoma; Oregon; Pennsylvania; Utah; Virginia; West Virginia</td>
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<td>San Francisco</td>
<td>Alabama; Cincinnati*; Cleveland*; Colorado; Connecticut; Detroit*; District of Columbia; Georgia; Hawaii; Illinois; Indiana; Kentucky; Louisiana; Maryland; Massachusetts; Michigan; Minnesota; Montana; Nebraska; New Mexico; New York; North Carolina; Ohio; Oregon; Pennsylvania; Philadelphia*; South Carolina; Virginia; West Virginia; Wisconsin</td>
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<td>Santa Barbara</td>
<td>Arizona; Colorado; Connecticut; District of Columbia; Georgia; Hawaii; Idaho; Illinois; Maine; Maryland; Massachusetts; Michigan; Mississippi; Missouri; Montana; New Jersey; New Mexico; New York; North Carolina; Ohio; Oregon; Pennsylvania; Rhode Island; Utah; Vermont; Virginia; Wisconsin</td>
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* Cities
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<tr>
<th>Campus/Lab</th>
<th>Registered Out-of-State Taxing Authorities</th>
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<tr>
<td>Santa Cruz</td>
<td>Arizona; Colorado; District of Columbia; Georgia; Illinois; Indiana; Maryland; Massachusetts; Michigan; Minnesota; Montana; New Jersey; New Mexico; New York; North Carolina; Oregon; Virginia; Wisconsin</td>
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<td>Lawrence Berkeley National Laboratory</td>
<td>Arizona; Colorado; District of Columbia; Connecticut; Hawaii; Georgia; Illinois; Indiana; Iowa; Kentucky; Maine; Maryland; Massachusetts; Michigan; Minnesota; New Jersey; New Mexico; New York; North Carolina; North Dakota; Ohio; Oklahoma; Oregon; Pennsylvania; Utah; Virginia; Wisconsin</td>
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<td>Hastings College of the Law</td>
<td>Alaska; Arizona; District of Columbia; Delaware; Hawaii; Illinois; Iowa; Maryland; Maine; Massachusetts; Mississippi; New Mexico; New York; Pennsylvania; Virginia</td>
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