
DEPARTMENT OF STATE REVENUE
Information Bulletin #33
Income Tax
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SUBJECT: Withholding Requirements for Nonresident Employees

EFFECTIVE DATE: Upon Publication

REFERENCE: [IC 6-3-5-1](#); [IC 6-3.5-1.1](#); [IC 6-3.5-6](#); [IC 6-3.5-7](#); [45 IAC 3.1-1-115](#)

INTRODUCTION

The withholding of income taxes is required for all nonresidents employed in Indiana, except for legal residents of states complying with Indiana's reciprocity statute, [IC 6-3-5-1](#).

Indiana has established reciprocity agreements with Kentucky, Michigan, Ohio, Pennsylvania, and Wisconsin concerning the collection of income tax from nonresidents employed in Indiana. These agreements provide that Indiana will not impose adjusted gross income tax on the salaries, wages, tips, and commissions earned by the legal residents of states with reciprocity who work in Indiana.

Indiana residents who work in states with reciprocity will receive identical treatment from those states.

I. REQUIREMENTS OF EMPLOYERS

Because of reciprocity agreements, Indiana employers are not required to withhold Indiana adjusted gross income tax from qualified nonresidents but are encouraged to withhold local option income taxes at the nonresident rate if applicable. Employers are also encouraged to withhold the appropriate taxes on behalf of the state where the employee resides.

II. REQUIREMENTS OF NONRESIDENT EMPLOYEES

A qualified nonresident employee who works in Indiana is required to submit a properly completed form WH-47 to his or her employer. This form identifies the employee's state of legal residence.

III. TAXES NOT AFFECTED

Indiana reciprocity agreements do not affect withholding requirements concerning the Indiana County Adjusted Gross Income Tax (CAGIT), County Economic Development Income Tax (CEDIT), or County Option Income Tax (COIT).

John Eckart
Commissioner

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