
DEPARTMENT OF STATE REVENUE

Information Bulletin #33
Income Tax
November 2022
Effective Date: Upon Publication
(Replaces Bulletin #33, dated August 2008)

SUBJECT: Withholding Requirements for Nonresident Employees

REFERENCES: [IC 6-3-5-1](#); [IC 6-3.6](#); [45 IAC 3.1-1-115](#)

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SUMMARY OF CHANGES

Aside from nonsubstantive, technical changes, this bulletin has been changed to remove references to CAGITs, CEDITs, and COITs, and replace those references with references to LITs.

INTRODUCTION

The withholding of Indiana 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 Indiana adjusted gross income tax on the salaries, wages, tips, and commissions earned by the legal residents of states with reciprocity who work in Indiana. Income from sources other than salaries, wages, tips, and commissions are subject to Indiana adjusted gross income tax.

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

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 Indiana local income taxes (LITs). Employers are also encouraged to withhold the appropriate taxes on behalf of the state where the employee resides.

REQUIREMENTS OF NONRESIDENT EMPLOYEES

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

TAXES NOT AFFECTED

Indiana reciprocity agreements do not cover withholding requirements concerning Indiana Local Income Taxes. As mentioned above, employers are encouraged to collect any applicable LITs for the employee. Employees who are residents of reciprocal states are subject to LIT in the same manner as residents of nonreciprocal states.

If you have any questions concerning this bulletin, please contact the Tax Policy Division at taxpolicy@dor.in.gov.

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Commissioner

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