



U.S. Domestic Wage Allocation



Managing flexible work arrangements

KPMG and Workday offer a U.S. domestic business traveler/hybrid worker solution

Is your organization struggling with flexible work arrangements and activities (e.g. hybrid and remote options)? The U.S. Domestic Wage Allocation is a structured solution to help manage tax and regulatory risks associated with domestic business travelers and hybrid workers. The solution streamlines the process of assessing multistate income tax withholding by providing an integrated online calendar and mobile app for employees to track their work locations. The data helps prepare wage allocation reporting for the employer.

Companies in the U.S. often offer flexible work arrangements as a benefit to their employees, but these arrangements can be labor-intensive and expensive to administer. Any organization that is looking to be compliant with U.S. multistate payroll income tax obligations, is presented with the **U.S. Domestic Wage Allocation** packaged solution, comprised of Workday HCM and integration to KPMG LINK Business Traveler. This solution *helps assess worker/employer's multistate income tax withholding* by leveraging tax and regulatory logic, not held in Workday.



U.S. Domestic Wage Allocation is a Workday and KPMG joint solution that requires Workday HCM and KPMG LINK Business Traveler and is designed for employers with 50 or more U.S. domestic business travelers and/or hybrid workers.”



When the pandemic hit, a Fortune 500 pharmaceutical company had to manage people working from home and elsewhere rather than from their usual office location; as new state tax rules continually change (e.g., NY telecommuting rules). Luckily, the company had a working solution leveraging Workday and KPMG's global mobility technology (KPMG LINK). KPMG LINK tracked employees' travel and incorporated the complex U.S. state tax and payroll rules for accurate reporting and withholding. The company was able to scale this existing solution to include

flexible work arrangements added for its workforce during and post pandemic. The solution tracks worked-in/lived-in locations for employees for business travel, remote work, and equity purposes, providing a greater level of tax precision and compliance.

"Accurate tracking and reporting was a priority for us from Day One eight years ago and continues today as their workforce changes and evolves. Workday and KPMG did it!"

– Fortune 500 pharmaceutical company

Solution highlights

- Provides a user-friendly online calendar and mobile app that can be used to track where employees are working
- Helps with assessing employee/employer multistate income tax withholding for domestic business travelers and hybrid workers
- Enables easy integration with Workday HCM and respective payroll providers
- Provides tax and regulatory logic maintained by KPMG
- Provides payroll allocations on compensation, variable compensation, and Nexus reporting

U.S. Domestic Wage Allocation potential benefits

Automated business processes with email reminders, optional location-based tracking, and self-service, to streamline payroll tax withholding

Reduced administrative burden associated with the U.S. Domestic Wage Allocation solution via self-service, integrations with HR and payroll systems, and automation



More accurate withholding as employees are able to verify work locations via self-service and view their own U.S. Domestic Wage Allocation instructions to confirm state tax withholding on their pay slips

Supports Nexus logic for statutory reporting requirements. Wage allocation reporting can be imported directly to a third-party payroll provider

Why collaborate with Workday and KPMG

KPMG has an exceptional working relationship with Workday. We continue to expand our long-standing alliance, working with our clients and Workday to enable an insights-driven future powered by Workday. We've been an experienced, longstanding partner with Workday since 2008.

Additional resources

Learn more about KPMG and Workday at <https://kpmg.com/us/en/capabilities-services/alliances/kpmg-workday.html>

Let's talk!

Contact us to learn how KPMG and Workday can help you increase efficiency and ensure tax compliance with our U.S. Domestic Wage Allocation solution for domestic travelers and hybrid workers.

KPMG complements the U.S. Domestic Wage Allocation by providing services that manage end-to-end business traveler processes. We help clients identify risks and compliance exposure for business travelers and quantify tax exposure due to working from home arrangements. We support policy design, the implementation of a business traveler program and can provide ongoing outsourcing services.

Contact us

Anna Wheeler
Principal
Global Mobility Services
KPMG LLP
E: avolinkaty@kpmg.com

Anne d'Arcy
Principal
Global Mobility Services
KPMG LLP
E: annedarcy@kpmg.com

Jenny Lu
Senior Manager
Global Mobility Services
KPMG LLP
E: jlu1@kpmg.com

Sandra Miller
Senior Manager
Global Mobility Services
KPMG LLP
E: sandramiller@kpmg.com

The Workday Approved Solution badge is awarded to partner-created solutions built leveraging foundational Workday products and technology that have been reviewed by Workday for consistency with Workday's best-practice design guidelines.



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us:  [kpmg.com](https://www.kpmg.com)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. USCS005297-1B