

4 payroll trends likely to outlive the pandemic

What comes after omicron? We shiver at the answer. What we thought were temporary changes in response to the pandemic may not, in fact, be so temporary, especially if the virus keeps mutating and company executives keep postponing return-to-office dates.

So where do we go from here? There are four factors that have probably become a permanent part of the payroll practice.

Electronic everything in payroll

It's time to get tough with employees who still insist on paper paychecks. Most states don't allow you to push employees into direct deposit, but you can make these employees' lives increasingly uncomfortable by mailing their paychecks home. If the checks are late, say, because the Post Office's services are appalling, well, that's not your problem. Offer direct deposit when they complain to you.

Electronic pay statements complement direct deposit. Again, states generally don't allow you to require employees to receive their pay statements electronically, but persuasion usually works with the holdouts. *How to do it:* No one wants to be the lone holdout against a system that obviously works well. Arrange one-on-one meetings with the holdouts (Zoom meetings are fine) and strategically let slip a high percentage of employees who have agreed to electronic pay statements.

You can incentivize employees to receive their W-2s electronically. [Pub 15-A](#) reviews the rules.

Onboarding can be done electronically, through employee self-service portals.

Confirm the following with new employees:

- Their Social Security numbers (always use the Social Security Administration's [Social Security Number Verification Service](#)).
- Their checking account numbers for direct deposit (ask them to scan in a voided check and attach it to a secure email).
- Their federal and state W-4s.

As for timekeeping, timesheets can be moved to the cloud and made accessible through employees' computers or smartphones.

Multistate payrolls are here to stay

Employees working remotely from other states will be the new normal. You can, of course, put the company's foot down and not hire these employees, but you'll lose out on talent.

For multistate employees:

- You will need to register as a withholding agent in each state.
- If you're located in Connecticut (only in relation to New York), Delaware, Nebraska, New York and Pennsylvania, you'll need to withhold your state's taxes, in addition to employees' states' taxes, unless you can show employees are working remotely for your convenience.
- You will need to register for unemployment taxes in each state.
- You will need to pay workers' compensation in each state.
- You may need to register the business in each state for corporate income tax purposes (this will depend on how the state apportions taxable income)
- You will need to implement each state's wage payment and wage-and-hour laws

Working from home will continue

Employees will continue to work from home, either by choice under hybrid arrangements or necessity, as during bad weather.

- You will need to determine whether employees working from home in different states have created nexus for you with those states. If yes, you should first determine whether their home states have reciprocity agreements with your state. If not, determine whether there are *de minimis* exclusions from withholding. If not, you'll have to register as a withholding agent.
- You will need to touch base with employees regularly regarding where they're living. If they move out of a reciprocity state, you may need to register as a withholding agent in their new state of residence.
- Computer security will need to remain robust.
- Review and update WFH agreements as necessary.

Schools may close at a moment's notice

Teaching is stressful and teachers are burning out. In response, some school districts are now going remote for one or more days a week. And they're not giving parents much notice. School lock-downs may be a continuing problem if coronavirus variants cause infection spikes.

Employees affected will be scrambling for child care, which means you need to be flexible about their schedules.