

## State and Local Withholding

SIUE is required to withhold the appropriate state and local **earnings** taxes according to each employee's work location(s). Many employees have only one work location, but others may have multiple assigned work locations. Some employees may also work fulltime in another state such as Missouri. In those cases, the employee is subject to pay tax in the state in which they work even if they live in another state. Due to our proximity to the St. Louis area, some employees will work in and have Missouri tax withheld and in some cases have St. Louis city tax **withheld as well**.

Each state has different employer filing requirements. When those requirements are met, the University must withhold the appropriate state and local tax. Illinois currently has reciprocal agreements with certain states and this means that we do not withhold those state's taxes. The states that currently have reciprocal agreements with Illinois are: Iowa, Kentucky, Michigan, and Wisconsin. For all other states, when we meet the employer filing requirements, we must begin withholding and reporting to that state.

Earnings tax (withholding) is calculated on where **an employee works, not where an employee lives**. For employees who work in both Illinois and Missouri during the year, earnings will be taxed by the location and percent of time of where they worked. For example if an employee worked 40% in Missouri and 60% in Illinois, then their total gross earnings will be taxed 40% by Missouri and 60% by Illinois. **These employees** do not pay tax to both states on the same earnings. Employees who work outside of Illinois will need to file an annual income tax return with both states and file a credit for the state in which they are not a resident.

An employee's work location and percent of time is determined by their department and is reported to Payroll for withholding purposes. If a work location in Missouri is also within the St Louis city limits, **University is required to withhold the 1% St. Louis City Earnings tax as well. There is not a St. Louis city tax withholding form since the tax is a flat percentage of earnings.** Employees who are determined to have a work location in another state will be required to complete the appropriate withholding form for that state.

More information about Missouri Individual Income tax can be found at:  
<http://dor.mo.gov/business/withhold/>. Information about the St Louis City earnings tax can be found at:  
<http://dynamic.stlouis-mo.gov/collector/earnings-tax-forms-info.cfm>.