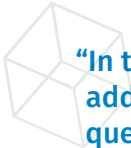

BUSINESS LICENSE REQUIREMENTS FOR REMOTE WORKERS



“In this article, we address important questions asked about changes to business license obligations that many businesses have as a result of a remote workforce.”

In our webinar, [6 Steps to Creating a Business License Compliance Plan](#), we asked the audience about their level of confidence in handling business license compliance — 81% expressed definite room for improvement.

The results were not surprising. COVID-19 has had a dramatic impact on day-to-day operations with a large shift to remote working. This has led to some confusion about how telework impacts a company's business license and other compliance obligations.

In this article, we address important questions asked about changes to business license obligations that many businesses have as a result of a remote workforce.

HOW DO YOU MANAGE WORK-FROM-HOME LOCATIONS DUE TO COVID?

There are a number of compliance items that you should consider related to work from home practices. These include the following:

- › **Payroll requirements:** If a remote employee is located in a state that your business previously did not register for payroll taxes, you may need to file for employee withholding and unemployment taxes. This may come into play when an employee resides in a border state that is different from where the workplace state is.
- › **Foreign qualification:** If your company has not registered with the Secretary of State as a business entity, depending on the activities of the employee, you may need to file a foreign qualification. Many states offer a litmus test of “what constitutes doing business”. Analyze these requirements and apply them to your remote employees.
- › **Home occupation permits or licenses:** Many cities now require home occupation licenses or permits. Even though an employee may not be technically operating a business from their residence, a license or permit may be required. Read [Top regulated states for business license](#) for information on the strictest states when it comes to business license compliance. Be sure to check local rules as there has been an increase in regulatory audits to check for compliance.
- › **Tax nexus:** A tax nexus may be created if a remote employee is working from home in a state in which your company previously did not transact business. Depending on the nature of work conducted, your business may be subject to that state's income or other tax laws. If so, tax registration may be necessary.

Regulatory agencies often cross-check to identify if an entity has a business license. This is the leading cause of non-compliance among businesses. It also raises the

continued on page 2

This information is not intended to provide legal advice or serve as a substitute for legal research to address specific situations.

need to search for the requirements to identify all license prerequisites.

- › **Data privacy and security:** As your business adds remote employees to your workforce, the avenues for security incidents increase. Ensure that you have security policies in place to prevent data loss and adherence to privacy regulations such as the California Consumer Privacy Act.

For more information, see [6 compliance considerations for remote employees](#).

WHEN DO EMPLOYEES WITH WORK-FROM-HOME AGREEMENTS CREATE BUSINESS LICENSE OBLIGATIONS?

It's important to consider if employees are working from home temporarily or if this will be a more permanent solution. If it's the latter, you may need to conduct license research at the city, town, or county level to determine if they require a home occupation or remote employee license and/or permit.

CT's research service can help you identify all the requirements for your remote employees based on their unique locations. Currently, Connecticut, Washington, DC, Hawaii, Iowa, North Carolina, New Hampshire, and New York do not have requirements for remote employees.

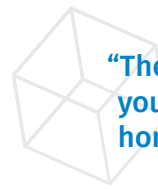
DO JURISDICTIONS REQUIRE A BUSINESS TO HAVE A GENERAL BUSINESS LICENSE IF AN EMPLOYEE IS WORKING REMOTELY IN A PARTICULAR CITY?

In addition to a home occupancy permit or remote licenses, there may be license requirements for both your company and your employee depending on the city or county and the business activities involved. For example, you may need to obtain a general business license on behalf of your company and a home occupation permit for your employee.

There are also various thresholds for a company to submit payroll filings. These types of filings are often filed along with the general business license.

WHAT TECHNOLOGY WOULD YOU RECOMMEND FOR BUSINESS LICENSE MANAGEMENT?

If you handle a lot of business licenses, you may be tempted to use an existing tool such as SharePoint or Salesforce. The challenge is that these technologies are not designed for compliance management — particularly when it comes to maintaining data about all your various business licenses.



“There are a number of compliance items that you should consider related to work from home practices.”

There are many variables associated with licenses: changing registration requirements, multiple expiration and renewal dates, active links to authorities, document management, etc. Having the ability to customize the interface will be critical in managing the license renewals.

A dedicated system allows you to consolidate and centralize your license data and share that information across the stakeholders in your company with role-based security. Other features include the ability to track and manage renewals, set up renewal alerts, store documents, run reports, and more.

LEARN MORE

Business license management is challenging. CT is here to help you with your business license needs. You can find out how many licenses your business needs with the [Business License Wizard](#).

Learn more about how CT can help with your business license needs. Call us at (844) 400-9804 (toll-free U.S.) or visit our [Business License Solutions](#).