

# GOVERNMENT OF THE DISTRICT OF COLUMBIA

## Department of Employment Services

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MAYOR



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Subject: Change in Requirements for Out of State Wage Adjustment Requests to comply with the D.C. Code Title 51.

Dear Employers and TPAs,

Effective July 1, 2020, the Department of Employment Services (DOES) is requiring employers to observe the D.C. localization laws as prescribed in D.C. Code § 51-101 (2)(B). As a result, out of state wage adjustments to D.C. taxable wages will be limited to employee taxable wages reported to another state for employment that is in accordance with localization of employment rules (guidance provided below). Therefore, an out of state taxable wage adjustment for an employee will be limited to one state. Additionally, upon staff review of out of state wage adjustment requests for employees reported to another state, adjustments will be denied for any employee who has wages reported to multiples states in multiple quarters. In the event that an employee has been reported to more than one other state in accordance with localization rules, the employer may submit a request for an exception adjustment along with supporting documents. Per D.C. Code § 51-104 (i), an employer may submit a request for an adjustment to contributions not later than 3 years after the date contributions were due and paid.

DOES guidance for reporting employees **who do not work exclusively** in the District of Columbia:

Ordinarily, an employee's wages is reported to the state in which the work is performed. However, it can be difficult to determine where an employee's wages should be reported when an employee performs services in more than one state. If you have employees who perform services in the District of Columbia and in one or more other states, the application of the following guidelines will determine whether you should report such employees to the District of Columbia:

1. Is the employee's service localized in the District of Columbia? Localization occurs when the service performed outside of the District of Columbia is incidental in nature. Service is considered incidental if it is temporary or transitory in nature or consists of isolated transactions. (Note: If it is determined that an employee's service is not localized in the District of Columbia, you must consider whether the employee's service is localized in any other state in which he or she worked or not.)
2. If the employee's service is not localized in the District of Columbia or another state, is the employer's base of operations located in the District of Columbia? The base of operation is a fixed center, of a more or less permanent nature, from where the employee starts work and to where the employee customarily returns to received instructions from the employer, or communications from customers or other persons, or to replenish stock and materials, to repair equipment or to perform any other functions necessary to his or her trade or profession. (Note: If it is determined that an employer's base of operations is not located in the District of Columbia, you must consider whether the employer's base of operations is located in another state in which he (she) worked or not.)
3. If the employee's service is not localized in the District of Columbia and the employer's base of operations is not located in the District or another state, is the employee's service directed or controlled

from the District of Columbia? The place where an individual's services are directed and controlled is the place where basic authority resides and where general control originates, rather than the place where a manager or foreman may directly supervise the services. (Note: If it is determined that an employee's service is not directed or controlled from the District of Columbia, you must consider whether the employee's service is directed or controlled from another state in which he or she worked or not.)

4. If none of the above is applicable, is the employee a resident of the District of Columbia? (Note: If it is determined that an employee is not a resident of the District of Columbia, you must consider whether the employee is a resident of another state in which he or she worked or not.)

Use the standards above, in order of priority, to determine whether to report the employee's wages to the District of Columbia.

If you have any questions or concerns, please send all inquiries to [uitax.info@dc.gov](mailto:uitax.info@dc.gov). Thank you.

UI Tax Chief  
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