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Taxing Remote Workers: “Convenience,” Conflict, And The Courts.

When your commute to work takes place within the confines of your home, where should you pay income taxes? The answer is complicated. For remote workers, it could mean more work when filing their taxes. State and local budgets can pay a price, too.

Not all jobs can be done remotely. But for people who have the option, an estimated 35 percent are working from home all of the time. A McKinsey & Company survey estimates that there are 92 million people in the US who can, at times, skip their commute to other cities—or even states. When they do, they don’t need the same tax-funded public services provided to people on the ground in those jurisdictions.

But communities need people, and their tax dollars, to thrive. States and cities with income taxes can simplify the way remote work is taxed, maintain fiscal balance, and better support their communities, but state-by-state responses could lead to conflicting guidance. Absent a coordinated response from state lawmakers—or intervention by Congress—these conflicts will be settled in the courts.

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