

City of East Lansing Income Tax Withholding Update

April 9, 2020

Currently, MSU is only able to withhold a full 0.5% for employees working in East Lansing, even for employees who only work part-time in the city. Effective, May 30, 2020, employees will have the option to withhold a prorated percentage based on the amount of time worked in East Lansing. Employees may select any prorated amount, to two decimal points.

FAQs:

- 1. I work three days per week in the city of East Lansing and two days per week from my home which does not have a local work tax. How do I update my city withholding to deduct the correct amount of taxes?**

You are required to log into EBS and update the W-4 Local Tax – Location of Work section to the appropriate percentage of time you are working in the city of East Lansing. In this example, you can update your percentage of time working in East Lansing to 60%. You must also re-certify the transaction and save your entry.

- 2. What happens if I live in Lansing and work three days per week in East Lansing?**

You will update your work location tax as outlined in question #1. In this example, you will see the city of Lansing tax increase by the difference you are working from home, not to exceed 1%. Our system will withhold the resident rate and subtract the percentage paid to the work location to determine the new resident rate.

- 3. What if my work schedule fluctuates each week from being onsite to working from home?**

Since there is no way to be certain of your total annual income earned while working in the city of East Lansing, we recommend that you keep the full .5% tax. You would then need to file an annual tax return with East Lansing to get a refund of the appropriate amount withheld.

- 4. Why do I need to certify the transaction?**

Employees are required to 'certify' their tax update transactions to declare the accuracy of their taxability. An email confirmation will be generated for you to review the transaction you completed. Based on timing when you enter the transaction, a pop-up message will appear when the transaction will be effective (possibly after the next pay cycle).

- 5. Can I prorate the work tax for any Michigan city?**

Yes, you may prorate the work tax for any Michigan city you are working in.

If you have any questions about the city of East Lansing taxes, please refer to the East Lansing website at: <https://www.cityofeastlansing.com/1812/Income-Tax> or contact the Payroll department at 517 355-5010.