

Localization

WHAT IF MY EMPLOYEE WORKS IN MORE THAN ONE STATE?

To avoid conflicts and overlapping unemployment coverage on an employee who performs services in more than one state for the same business, four tests determine which state receives the unemployment insurance taxes for that individual. The tests are applied in the following order to each employee and not the employer:

1. Place Where Work is Localized

If the individual works entirely within this state, Vermont law would cover them. If they worked in Vermont and in another state, but the work in the other state is incidental to the individual's services performed within Vermont, they would be subject to Vermont law. The word "incidental" is interpreted to mean temporary or transitory in nature, or consisting of isolated transactions.

2. Place Where Base of Operations is Located

If the individual's work is not localized in any state, they will be covered by Vermont law if they do some work in Vermont and their base of operations is in Vermont. "Base of operations" means a place from which the employee starts work and to which they customarily return to receive instructions from their employer, communications from their customers, to replenish stocks of material, repair equipment, etc. It may be a business office, the worker's home, or some other place specified in the contract of employment.

3. Place From Which the Work is Directed or Controlled

If the individual has no base of operations or if they perform no work in the state, which has their base of operations, their services will be covered by Vermont law if they are directed or controlled from Vermont. This refers to a company's headquarters, and not the base of operations for a manager or foreman who directly supervises the worker, if that manager or foreman receives general instructions from another site.

4. Place of Residence

If none of the three tests apply in a given case, the individual's work will be covered by Vermont Law if the individual both lives and does some work in Vermont.