

## How to Hire Remote Employees in Pennsylvania

**Purpose:** Use this guide to complete the necessary steps to hire a remote employee working in PA.

### Step 1: Registering with the Pennsylvania Department of State

If you do not meet any of the exclusions outlined on the Department of State's [General Rule – Exclusions webpage](#) then you must register as a Foreign Entity in PA. You can do so by completing the Foreign Registration Statement in the Department of State's Business Filing Services system. For assistance with accessing the Foreign Registration Statement, refer to the [Start a New Business in BFS help guide](#). The fee is \$250.

There is a requirement that you use a physical PA address on the application. If you do not have a physical PA address, you can use a Commercial Registered Office Provider (CROP). If you would like to use a CROP as your registered agent you can select one while completing your filing. The CROP will be notified and reach out to you with more information.

### Step 2: Obtaining the Necessary State Employer Accounts

You will need the following state tax accounts:

- **State Employer Withholding and Unemployment Compensation:** Employers are required to obtain accounts for employer withholding and unemployment compensation. To register for employer withholding and unemployment compensation complete a registration in the Department of Revenue's [myPATH](#) system.\*For assistance with registering in myPATH, refer to the [Apply for State Business Taxes help guide](#) and/or the [Obtaining State Tax Accounts video tutorial](#).

\*If you also need any other business tax accounts (e.g., sales tax, tobacco products license, public transportation taxes and fees, etc.) you can apply for them all at one time in myPATH.

- **Worker's compensation:** If you have third-party worker's compensation coverage, enter this information into your application in myPATH as you are registering for employer withholding and unemployment compensation. If you do not have third-party worker's compensation coverage you can also select this option in section 3 of the application.
- **New Hire Reporting Requirement:** You should report new hires to the PA Department of Labor and Industry. To report new hires, visit PA Career Link's [New Hire Reporting Program homepage](#) to create an account. Once you follow the link, click on the *Register with PA CareerLink* button to begin. You can also report up to three employees per web session without creating an account.

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### Step 3: Obtaining the Necessary Local Employer Accounts

You will need the following local tax accounts:

- **Earned Income tax and Local Services Tax:** Employers should also withhold and remit the local Earned Income Tax and Local Services Tax on behalf of their employees working in PA. These taxes are administered by third-party agencies determined by the county in which the employee works and lives. If the employee works and lives in two different counties, you will withhold at the higher Earned Income Tax rate. The local services tax is always determined by where the employee works. To determine with whom you must register and the rates of withholding, you should use the [Municipal Statistics website](#). For remote employees, use the employee's address for both home and work address.

### Step 4: Federal Business Income Taxes

Additional tax considerations can be found by reviewing the Department of Revenue's [Telework Guidance webpage](#).