

# CITY OF ST. LOUIS OFFERS EARNINGS AND PAYROLL EXPENSE TAX REFUND OPPORTUNITIES

In a significant development for nonresidents of the City of St. Louis (City), the City has reached a settlement agreement with the plaintiffs in *Boles v City of St. Louis* regarding the City's ability to collect earnings tax on compensation paid to nonresidents of the City who worked remotely outside City limits. The City recently lost on this issue at the trial court and Missouri Court of Appeals levels.

As part of the settlement, nonresidents of the City can now claim refunds on earnings tax collected by their City employers for remote work. For these purposes, remote work is defined as compensation for services provided by an employee who was not physically present for *any* part of the day within City limits. It is worth noting that with respect to earnings tax refunds, the City is taking the position that vacation, holiday and sick days are not treated as remote work.

Pursuant to the settlement, earnings tax refund claims for 2020-2022 must be filed no later than Sept. 30, 2024. Claims for 2023 must be filed no later than April 15, 2025. Interest will be credited on timely filed refund claims. Employers of employees filing earnings tax refund claims must sign a certification statement included on the employee's earnings tax refund claim form (Form E-1R). Employers must carefully consider the factual circumstances which will allow it to sign this certification statement.

The settlement also provides that City-based employers with nonresident employees working remotely can claim refunds of payroll expense taxes for 2020-2023. The payroll expense tax is a tax imposed on employers equal to 0.5% of wages earned by its employees for work in the City. Refund claims of the payroll expense tax for remote work for 2020-2022 must be filed no later than Sept. 30, 2024. Refunds of payroll expense tax for 2023 must be filed no later than April 15, 2025. Interest will be credited on timely filed refund claims.

Please contact your regular AT lawyer or one of the listed authors should you have any questions about employee and employer responsibilities associated with these refund opportunities in the City.

## PEOPLE

Scott E. Hunt

## SERVICES AND INDUSTRIES

Tax



Armstrong  
Teasdale