Michigan Local Income Tax
Wage Allocation – 2020 Tax Year
Stay at Home Order Implications
Examples

Example 1:
Employee A normally works in a factory in Grand Rapids for Employer B. Employee A is a non-resident of Grand Rapids. On March 24, 2020, Employee A was sent home due to COVID-19 and the stay at home order and continued to be paid by Employer B until June 1, 2020 when Employee A returned to work in Grand Rapids. Employee A did not work from home from March 24 to May 30.

Employee A would answer 'No' to questions 1, 3 and 4 and 'Yes' to question 2 on CF-COV. No wage allocation is allowed. All of Employee A's wages from Employer B would be taxable in Grand Rapids for 2020.

Example 2:
Same as example 1, except Employee A was laid off on June 1 and began collecting unemployment. Employee A did not return to work in 2020 for Employer B.

Employee A would answer 'No' to questions 3 and 4 and 'Yes' to questions 1 and 2 on CF-COV. No wage allocation is allowed. All of Employee A's wages from Employer B would be taxable in Grand Rapids for 2020. Unemployment compensation received from June 1 to December 31 is not taxable to Grand Rapids.

Example 3:
Employee C normally works in an office in Walker for Employer D. Employee C is a non-resident of Walker. On March 24, 2020, Employee C was sent home due to COVID-19 and the stay at home order. Employee C was paid by Employer D for March 24 to March 30 but did not perform work at home during that time. On April 1, Employee C was provided a laptop by Employer D and began working normal shifts from home on that date. Employee C returned to the office in Walker on October 1.

Employee C would answer 'No' to questions 1 and 3 and 'Yes' to questions 2 and 4. Dates for question 2 would be March 24 to March 30. Dates for question 4 would be April 1 to September 30. Wage allocation would be allowed for April 1 to September 30 only.

Calculation of days worked everywhere:
January 1 to March 23 is 59 days minus 1 holiday and 5 days of vacation = 53
March 24 to March 30 are not days worked
April 1 to September 30 is 131 days minus 3 holidays and 5 days of vacation = 123
October 1 to December 31 is 66 days minus 5 holidays = 61
Days worked everywhere = 237

Calculation of days worked in Walker:
January 1 to March 23 = 53
October 1 to December 31 = 61
Days worked in Walker = 114

114/237 = 48% of Employer D wages would be taxable in Walker

Taxpayer's name		Taxpayer's SSN	2020 {CITY NAME}	CF-COV
Employer Name		Employer Federal ID number	Pay Type ☐ Hourly ☐ Salary ☐ Commission	Job Title

NON-RESIDENT Wage Allocation - 2020 Tax Year

Stay at Home Order Implications- must be completed for each employer for which you are allocating wages.   Revised 09/20/2020

ALLOCATION TEST WORKSHEET

Check the box(es) below that apply.

1. Were you laid off during the stay at home order and did you collect unemployment? 1	☐ Yes	☐ No	If Yes, enter dates	From __/__/__ To __/__/__
2. Were you paid by your employer but did not perform any work? 2	☐ Yes	☐ No	If Yes, enter dates	From __/__/__ To __/__/__
3. Were you paid by your employer and only answered occasional emails, had occasional work-related phone conversations and/or were on call? 3	☐ Yes	☐ No	If Yes, enter dates	From __/__/__ To __/__/__
4. Did you work by remote from your home outside of the taxing City for hours approximating your regular shift? 4	☐ Yes	☐ No	If Yes, enter dates	From __/__/__ To __/__/__

5 Did you answer Yes to question 4?	No	You cannot allocate your wages as a non-resident. *please see explanation below
	Yes	Wage allocation is allowed to the extent that you worked remotely not including any sick/vacation you may have taken. Use the wages and excludible wage schedule to calculate the exclusion based only on the dates shown on line 4. A signed copy of this worksheet must be attached to your return or your wage allocation will be disallowed. See below for additional support that may be required.

Under the penalty of perjury, I declare that I have examined this form, and to the best of my knowledge and belief it is true, correct and complete. If prepared by a person other than taxpayer, the preparer's declaration is based on all information of which preparer has any knowledge. I understand that this information will be verified with my employer.

SIGN HERE Employee Signature ===>	Date (MM/DD/YY)	Taxpayer's occupation	Daytime phone number

Explanation of why questions 1 to 3 are not part of the allocation.

1) Days out of work are not considered to be days worked. Unemployment compensation is not taxable and is not reported on your W-2.

2) No wage allocation is allowed, because days at home are not considered to be days work. These days fall under the same category as vacation/sick time.

3) No wage allocation allowed unless taxpayer was called in (i.e. worked by remote for hours approximating their regular shift). This appears to fall under many City Regulations as follows: The mere fact that a non-resident employee is subject to call at any time does not permit the allocation of compensation on a seven day per week basis. The mere fact that a non-resident employee is compensated on a seven day per week salary basis, when he/she does not in fact perform work or render services seven days per week, does not permit the allocation of compensation on a seven day per week basis. The mere fact that a non-resident employee takes work home does not permit the allocation of compensation.