

# Non Resident Wage Allocation -Covid 19 Test Worksheet (Form AL-COV)

Due to the Covid-19 pandemic some nonresident filers may have been forced to work from home due to Stay at Home orders or were laid off. This resulted in less time worked within city limits and therefore may be eligible for reduced taxation by allocating the wages by that reduction in time. To help taxpayers see if they are eligible for this allocation the Cities that have an income tax have come up with the form AL-COV to do a simple test to see if you qualify. Please answer the questions on the following form and include it with your tax return for consideration.

We have provided examples to help answer some of the questions that may arise from the form.

Taxpayer's name		Taxpayer's SSN		2020 City of Albion		AL-COV	
Employer Name		Employer Federal ID number		Pay Type <input type="checkbox"/> Hourly <input type="checkbox"/> Salary <input type="checkbox"/> Commission		Job Title	
<b>NON-RESIDENT Wage Allocation - 2020 Tax Year</b> <b>Stay at Home Order Implications-</b> must be completed for each employer for which you are allocating wages. <span style="float: right;">Revised 09/20/2020</span>							
<b>ALLOCATION TEST WORKSHEET</b>							
Check the box(es) below that apply.							
1. Were you laid off during the stay at home order and did you collect unemployment?		1	<input type="checkbox"/> Yes	<input type="checkbox"/> No	If Yes, enter dates From ___/___/___ To ___/___/___		
2. Were you paid by your employer but did not perform any work?		2	<input type="checkbox"/> Yes	<input type="checkbox"/> 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	<input type="checkbox"/> Yes	<input type="checkbox"/> 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	<input type="checkbox"/> Yes	<input type="checkbox"/> 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.							
<b>SIGN HERE</b> Employee Signature ====>		Date (MM/DD/YY)		Taxpayer's occupation		Daytime phone number	
<input checked="" type="checkbox"/> If this box is checked your City requires an employer letter confirming you worked remotely.							

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.

## Examples of the Stay at Home Order Implications

### Example 1:

Employee A normally works in a factory in the City of Albion for Employer B. Employee A is a non-resident of the City of Albion. 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 the City of Albion. 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 the AL-COV form. No wage allocation is allowed. All of the Employee A’s wages from Employer B would be taxable in the City of Albion 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 the AI COV form. No wage allocation is allowed. All of Employee A’s Wages from Employer B would be taxable to the City of Albion for 2020. Unemployment compensation received from June 1 to December 31 is not taxable to the City of Albion.

### Example 3:

Employee C normally works in an office in the City of Albion for Employer D. Employee C is a non-resident of the City of Albion. 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<sup>th</sup> but did not perform work at home during that time. On April 1<sup>st</sup>, 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 the City of Albion 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:

January1 to March 23 is 59days minus 1 holiday and 5 days of vacation = 53

March 24 to March 30 are not days worked

April 1 to September30 is 131 days minus 3 holidays and 5 days of vacation = 123

October 1 to December 31 is 66 days minue 5 holidays = 61

Days worked everywhere = 237

Calculation of days worked in the City of Albion:

January 1 to March 23 = 53

October 1 to Decemberr 31 = 61

Days worked in the City of Albion = 114

$114/237 = 48\%$  of Employer D Wages would be Taxable in the City of Albion.