

## Income/Franchise:

### Michigan Department of Treasury Explains Imposition of City Income Tax on Telecommuters

*City Income Taxes and Telecommuting FAQ*, Mich. Dept. of Treas. (12/22). In question-and-answer format, the Michigan Department of Treasury (Department) explains that nonresidents of a Michigan city that imposes a city income tax under Michigan's "City Income Tax Act" (CITA) are not subject to that Michigan city's income tax on compensation earned while telecommuting from a location that is physically outside of that city. Accordingly, the Department explains that a City of Detroit nonresident is not subject to tax on wages earned while telecommuting from a location outside the City of Detroit; however, any wages earned by the nonresident while working within the City of Detroit are taxable. Regarding underlying documentation requirements, the Department explains that telecommuting employees should keep a work log of the days worked within and outside of Michigan cities imposing such income taxes. Furthermore, "employers should provide employees with a letter, on company letter head, stating the dates that employees were directed to work from home." According to the Department, "employees are not required to submit the work log and employer letter with a city income tax return, but taxpayers should still retain the documents and may be required to furnish the documents upon request by a city tax administrator." Please contact us with any questions.

**URL:** <https://www.michigan.gov/taxes/citytax/banner/city-income-taxes-and-telecommuting-faq>

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