

Property Tax Credit (MI-1040CR) – ADJUSTMENT or DENIAL

HOMEOWNER'S CHECKLIST

Prior to sending additional information for review, we ask that you first verify the following information.

Use *summer and winter** property tax statements for the tax year(s) in question to verify the following:

*If you live in a village you may receive a separate property tax statement from the village it self in addition to summer and winter tax statements.

✓ Verify the correct statements were used

- ⌘ Use *summer and winter** property tax statements for the tax year in question no matter when the taxes were paid (example: for the 2009 tax year use the 2009 summer and the 2009 winter property tax statements)
 - If **Correct** statements were used continue to next topic.
 - If **Incorrect** statements were used re-calculate the MI-1040CR using the correct *summer and winter** property tax statements and corresponding amounts. If you still disagree with the *corrections* made by Michigan Department of Treasury submit your *summer and winter** property tax statements for the tax year(s) in question to Treasury for review. Be sure to include a day time phone number.

✓ Verify the correct school district code was reported (MI-1040CR, line 4)

- ⌘ **School District Code:** If you are unsure of what your school district code is, please contact your county, city, township or village office. A [list of school district codes](#) can be found in the MI-1040 Instruction Booklet.
 - If **Correct** school district was reported continue to next topic.
 - If **Incorrect** school district was reported please submit your *summer and winter** property tax statements for the tax year(s) in question to Treasury for review.

✓ Verify the correct taxable value of your homestead was reported (MI-140CR, line 6) if you did NOT buy and/or sell your home.

- ⌘ **Taxable Value:** This can be found on your property tax statements sent to you by your county, city, township or village office. **Do not use the State Equalized Value (SEV) or Assessed Value.**
 - If **Correct** taxable value was reported, continue to next topic.
 - If **Incorrect** taxable value was reported, submit *summer and winter** property tax statements for the tax year(s) in question for Treasury to review.

✓ Verify the correct taxable value of your homestead was reported (MI-140CR, line 6) if you bought and/or sold your home.

⌘ **Taxable Value:** This can be found on your property tax statements sent to you by your county, city, township or village office. *Do not use the State Equalized Value (SEV) or Assessed Value.* NOTE: Be sure to complete "Part 1: Homeowners" on page 2 of the MI-1040CR form.

- If **Correct** taxable value was reported, submit property tax statements and/or lease agreements for **all** homes owned and occupied during the year.

If **Incorrect** taxable value was reported, review all calculations from your *summer and winter** property tax statements and/or lease agreements from **all** homes.

✓ Verify the taxes *levied* for the tax year(s) in question were reported correctly (MI-1040CR, line 7)

⌘ **Taxes Levied:** You can only claim the amount of property taxes (less special assessments - see next topic) that have been levied during the calendar year no matter when they were paid. You will have *summer and winter** property tax bills. Do **Not** use property tax information from your mortgage statement, as this may contain taxes paid from a prior tax year.

- If **Correct** taxes levied amount was reported continue to next topic.
- If **Incorrect** taxes levied amount value was reported please submit your *summer and winter** property tax statements for the tax year(s) in question to Treasury for review. Be sure to include a day time phone number.

✓ Verify the taxes *levied* and reported for the tax year(s) in question did not include special assessments (MI-1040CR, line 7)

⌘ **Special assessments may include recycling, garbage/rubbish removal, street lights, sidewalks and drains etc. These are not charged based on a millage rate. Such charges have to be subtracted out of the property taxes, since these are not allowed to be claimed for credit.**

- If Special assessments **were not** included, continue to next topic.
- If Special assessments **were** included, please recalculate the MI-1040CR using the correct amount of taxes levied, minus the special assessments, before submitting your *summer and winter** property tax statements for the tax year(s) in question to Treasury for review.

✓ Did you move during the year?

- If Yes, See Information for [Home Buyers and Sellers](#).
- If No, continue to next topic.

✓ What was the principal residence exemption (P.R.E.) percentage on the property?

100% P.R.E. means that your property is exempt from school operating tax.

Between 99% and 1% P.R.E. means that part of your property is not used as your principal residence and your property is subject to a portion of school operating tax.

For example, if you use 10% of your property as a business, then your principal residence exemption would be 90%. You cannot claim any of the school operating tax for the property tax credit because that is taxed to the business on your property. After subtracting the school operating tax from your property tax bill, you can claim 90% of the remaining property tax for the credit.

How to compute your Homestead Property Tax Credit, if your P.R.E is between 99% and 1% P.R.E.

Total taxes levied for tax year	\$1,348
Subtract School Operating Tax.....	<u>- 123</u>
	\$1,225
Multiply by percentage declared as P.R.E.....	<u>x 90%</u>
Amount of taxes that can be claimed.....	\$1,102

0% P.R.E. means that you have not claimed a principal residence exemption and all of your property is subject to school operating tax. If you own and occupy the property as your home, you should file a Principal Residence Exemption Affidavit (Form 2368) with your county, city, township or village and submit your *summer and winter** property tax statements to Treasury for review. Please note that a second home or a vacation home does not meet the qualifications of a principal residence.

If you still disagree with the adjustment, please respond in writing, along with a copy of your *summer and winter** property tax statements for the tax year(s) in question, a day time phone number and a copy of the adjustment message/letter you received to:

Michigan Department of Treasury
P.O. Box 30058
Lansing, MI 48909

Please be advised that this review can take up to six months to complete.

For the status of correspondence please visit our [Check My Income Tax Info](#) site.

[Property Taxes That Can Be Claimed for Credit](#)