

# 2005 MICHIGAN MI-1040 Schedule 1

Type or print in blue or black ink. Print numbers like this: 0123456789 - NOT like this: 0147

Attach to Form MI-1040.

**Attachment Sequence No. 01**

Filer's First Name	M.I.	Last Name	▶ Filer's Social Security Number (Example: 123-45-6789) _____
If a Joint Return, Spouse's First Name	M.I.	Last Name	Spouse's Social Security Number (Example: 123-45-6789) _____

## Additions to Income

1. Gross interest and dividends from obligations issued by states (other than Michigan) or their political subdivisions.....	1.	00
2. Deduction for taxes on, or measured by, income including self-employment tax taken on your federal return (see p. 14) .....	2.	00
3. Gains from Michigan column of MI-1040D and MI-4797 .....	3.	00
4. Losses attributable to other states (see p. 14) .....	4.	00
5. Net loss from federal column of your Michigan MI-1040D or MI-4797 .....	5.	00
6. Other (see p. 14). <b>Describe:</b> _____	6.	00
7. <b>Total additions.</b> Add lines 1 through 6. Enter here and on MI-1040, line 11 .....	7.	00

## Subtractions from Income

8. Income from U.S. government bonds and other U.S. obligations included in MI-1040, line 10. (Attach U.S. <i>Schedule B</i> or <i>1040A Schedule 1</i> if over \$5,000.) .....	8.	00
9. Military pay from U.S. Armed Forces included in MI-1040, line 10 (attach Schedule W). (Include retirement pay on line 12 of this schedule.) .....	9.	00
10. Gains from federal column of Michigan MI-1040D and MI-4797 .....	10.	00
11. Income attributable to another state. <b>Explain type and source:</b> _____	11.	00
12. Retirement or pension benefits included in MI-1040, line 10. (Include military retirement here.) See exceptions, p. 15. <b>Name of payer:</b> _____	12.	00
13. Dividend/interest/capital gains deduction for senior citizens (see p. 15) .....	13.	00
14. Social Security benefits from U.S. <i>1040</i> , line 20b or U.S. <i>1040A</i> , line 14b .....	14.	00
15. Income earned while a resident of a renaissance zone. <b>Name of zone:</b> _____	15.	00
16. Michigan state and local income tax refunds received in 2005 and included in MI-1040, line 10 .....	16.	00
17. Michigan Education Savings Program  .....	17.	00
18.  Michigan Education Trust .....	18.	00
19. Miscellaneous subtractions (see p. 16). <b>Describe:</b> _____	19.	00
20. <b>Total subtractions.</b> Add lines 8 through 19. Enter here and on MI-1040, line 13 .....	20.	00

### EXAMPLE A: Computing Pension Deduction

John and Karen file jointly and received the following income during 2005:

Michigan Public School Retirement System .....	\$12,000
Military Retirement Benefit .....	\$ 8,000
General Motors Retirement Program .....	\$20,000
IRA Distribution .....	\$ 4,000

John and Karen are allowed to deduct the entire amount of pension income they receive from public/military retirement systems in determining Michigan taxable income. However, the maximum allowable private pension deduction must be reduced by the amount of public/military pension income claimed as a deduction.

#### Determining the private pension deduction:

**Step 1:**

Total public retirement benefits .....	\$12,000
Total military retirement benefits .....	+ \$8,000
Total 2005 public and military retirement benefits .....	\$20,000

**Step 2:**

Maximum allowable private pension deduction \$79,140 (79,140 if joint filer; \$39,570 if a single filer) .....	\$79,140
Deduct the amount calculated in Step 1 .....	- \$20,000
The maximum allowable private pension deduction .....	\$59,140

**Step 3:**

Total General Motors Retirement Program .....	\$20,000
Total IRA Distribution .....	+ \$4,000
Combine the total amount of private pension income including IRAs .....	\$24,000

**Step 4:** Determine which is smaller: the amount computed in Step 2 or Step 3.  
The \$24,000 from Step 3 is smaller and is the allowable private pension deduction.

**Step 5: Determine the total pension deduction** by adding the amounts computed in Step 1 and Step 4.

Total public and military pension benefits .....	\$20,000
Total allowable private pension deduction .....	24,000
Total 2005 pension deduction. Enter on MI-1040 Schedule 1, line 12 .....	\$44,000

### EXAMPLE B: Senior Citizen Interest, Dividend and Capital Gains Deduction

Joe and Susan are both 67 and file jointly. They received the following income during 2005:

Capital Gains .....	\$10,000
Pension .....	\$ 2,000
Social Security .....	\$ 4,800
Dividends .....	\$ 500
Interest .....	\$ 2,000

They may deduct the \$2,000 pension on their MI-1040 and the senior citizen interest, dividend and capital gains income as shown in Steps 1 through 3 below.

#### Determining the interest, dividend and capital gains deduction:

**Step 1:** Add all capital gains, dividends and interest income:

Capital Gains .....	\$10,000
Dividends .....	500
Interest .....	2,000
Total .....	\$12,500

**Step 2:** Subtract pension from the maximum capital gains, dividends and interest deduction of \$17,655 for joint filers (\$8,828 for single filers).

Maximum Deduction Amount .....	\$ 17,655
Less Pension Subtraction .....	(2,000)
Total .....	\$ 15,655

**Step 3:** Total interest, dividend and capital gains deduction is the smaller of the calculation from Step 1 or Step 2; \$12,500 is the allowable deduction. Enter this amount on MI-1040 Schedule 1, line 13.