

2008

Michigan 1040

Forms and Instructions

Jennifer M. Granholm, Governor
Robert J. Kleine, State Treasurer

www.michigan.gov/taxes



What's New for 2008

Michigan Earned Income Tax Credit (EITC): Eligible taxpayers may now claim an EITC equal to 10 percent of the federal EITC.

Voluntary Contributions: Several new designated funds are available to which taxpayers may contribute.

Exemption for Qualified Disabled Veterans: A new exemption is available for taxpayers who either have a service-connected disability or have a dependent with a service-connected disability.

See *Important News for 2008* on page 3 for additional information.



www.MIfastfile.org

- ✓ E-filing your return is easy, fast and secure!
- ✓ Almost two-thirds (over 3.2 million) of all Michigan taxpayers use e-file.
- ✓ Tax preparers who complete 200 or more Michigan Individual Income Tax returns are required to e-file all eligible returns supported by their software.
- ✓ Free e-file is available. Do you qualify?

This booklet is intended as a guide to help complete your return. It does not take the place of the law.

Filing Due Date: April 15, 2009

Help With Your Taxes

Self Service Options

The Michigan Department of Treasury offers a variety of services designed to assist you, and most are available 24 hours a day, seven days a week.

IMPORTANT: To obtain information about your account using the Internet and Telephone Options listed below, you will need the following information from your return:

- Social Security number of the primary filer (the filer listed first on the return)
- Tax year of the return
- Adjusted gross income (AGI) or household income
- Filing status (single, married filing jointly, married filing separately).

Internet Options

www.michigan.gov/incometax

Find the following information on this Web site:

- Current year forms and instructions
- Answers to many tax preparation questions
- Most commonly used tax forms
- Free assistance in preparing your return
- Other tax time resources.

www.michigan.gov/iit

This secure Web site was designed specifically to protect your personal tax information. Use this Web site to:

- Check the status of your return
- Check estimated payments you made during the year

- Check the status of letters you have sent to Treasury
- Change your address
- Ask a specific question about your account.

Telephone Options

1-800-827-4000

Automated Information Service

With Treasury's automated phone system, you can:

- Request the status of your refund
- Request information on estimated payments
- Order current tax year forms.

Tele-Help: For prerecorded information about income tax and tax credit topics, dial 1-800-827-4000 and press option "1." See a list of topics below.

While most questions can be answered by the Automated Information Service, you may speak with a customer service representative from 8:00 a.m. to 4:45 p.m., Monday through Friday, by calling 1-800-827-4000.

Telephone help is available using teletypewriter (TTY) equipment by calling (517) 636-4999. Printed material in an alternate format may be obtained by calling 1-800-827-4000 and pressing options 1, 4, and 223.

Forms

Find tax forms using the Internet and Telephone Options listed on this page. Commonly used forms are also available at Treasury offices (see back cover) and most public libraries, Northern Michigan post offices, Michigan Secretary of State branch offices, and Department of Human Services (DHS) county offices.

Tele-Help Code Numbers and Topics Tax Information at Your Fingertips! Call 1-800-827-4000

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Important News for 2008

Earned Income Tax Credit (EITC)

For tax year 2008, a taxpayer may claim a Michigan EITC equal to 10 percent of the federal EITC for which the taxpayer is eligible. If you are not eligible for a federal credit, you are not eligible for a Michigan credit. Enter your federal EITC on MI-1040, line 31a, and 10 percent of line 31a on line 31b.

Use Tax

Every state that has a sales tax has a companion tax for purchases made outside that state, by catalog, or over the Internet. In Michigan, that companion tax is called the “use tax,” but might be described more accurately as a remote sales tax because it is a 6 percent tax owed on purchases made outside of Michigan. See page 9 for more information on use tax.

Tax Rate, Exemption Allowances, and Pension and Interest Deductions

The income tax rate for 2008 is 4.35 percent.

For tax year 2008, the personal exemption allowance increased to \$3,500 and the special exemptions allowance remained at \$2,200. See page 10 for more information.

For tax year 2008, pension benefits included in AGI from a private pension system or an Individual Retirement Account (IRA) are deductible to a maximum of \$43,440 for a single filer or \$86,880 for joint filers.

Senior citizens age 65 or older may be able to deduct part of their interest, dividends, and capital gains that are included in AGI. For 2008, the deduction is limited to a maximum of \$9,690 for single filers and \$19,380 for joint filers. See Schedule 1 instructions beginning on page 12 for further details regarding pension benefits and senior citizen interest deductions.

New Exemption for Qualified Disabled Veterans

Taxpayers who either have a service-connected disability or have a dependent with a service-connected disability may be eligible to claim a \$250 exemption for tax year 2008. See the instructions for line 9e on page 10.

New Voluntary Contributions Schedule

Michigan taxpayers can contribute \$5, \$10, or more to any of the following funds on Form 4642, *Voluntary Contributions Schedule*:

Amanda’s Fund for Breast Cancer Prevention and Treatment

Contributions to Amanda’s Fund for Breast Cancer Prevention and Treatment will be an additional source of funding to provide breast cancer screening, follow-up care, and treatment to an expanded number of low income women served through the Michigan Breast and Cervical Cancer Control Program. Your contribution will increase your tax due or reduce your refund. See page 11.

Animal Welfare Fund

Contributions to the Animal Welfare Fund will go to Michigan animal shelters and nonprofit organizations in the form of grants to help finance the spaying and neutering of homeless pets, promote the importance of spaying and neutering animals to the community, educate

the public on the proper care of animals, and finance the costs of caring for and protecting animals involved in neglect or cruelty cases. Your contribution will increase your tax due or reduce your refund. See page 11.

Michigan Housing and Community Development Fund

Michigan income taxpayers can now voluntarily contribute \$5 or more to the Housing and Community Development Fund. The fund’s purpose is to transform Michigan’s economy by improving the quality of life through affordable housing and economic development. Creating strong communities where families can prosper and businesses can grow will attract and keep our workers and our jobs here in Michigan. Your contribution will increase your tax due or reduce your refund. See page 11.

Prostate Cancer Research Fund

Contributions to the Prostate Cancer Research Fund will be used to fund prostate cancer research in Michigan. Your contribution will increase your tax due or reduce your refund. See page 11.

Michigan Law Enforcement Officers Memorial Monument Fund

Contributions to the Michigan Law Enforcement Officers Memorial Monument Fund will provide the additional monies needed to complete this memorial monument to the more than 500 law enforcement officers from across Michigan who died in the line of duty in service to their communities. Your contribution will increase your tax due or reduce your refund. See page 11.

Filing Extension Granted for Military Personnel Serving in a Combat Zone

United States military personnel serving in a combat zone on April 15, 2009, will be given 180 days after leaving the combat zone to file their federal and state tax returns and will be exempt from penalties and interest. Service men and women serving in combat zones must print “*Combat Zone*” in ink on the top of page 1 of their MI-1040. Visit Treasury’s Web site at www.michigan.gov/taxes for more information.

Pension Interest/Dividends/Capital Gain Estimator

Certain amounts of pension interest/dividends/capital gains and pension distributions are subtractable from taxable income. A new online estimator is available to assist taxpayers in determining what amounts can be subtracted. Visit Treasury’s Web site at www.michigan.gov/taxes and select Pension Estimator from the Quick List, Services dropdown menu.

Mailing of Preprinted MI-1040ES Forms

Effective January 2009, Treasury will not mail preprinted *Michigan Estimated Income Tax Voucher* (MI-1040ES) forms to taxpayers who used tax preparers to complete and file their 2007 tax returns.

Postal Changes

Effective May 2007, the U.S. Post Office calculates postage based on the weight, size, and thickness of an envelope. Consult with the Post Office before mailing to avoid delays in delivery; items with insufficient postage will be returned to the sender by the Post Office.

Federal Economic Stimulus Payments

Federal economic stimulus payments (rebates) issued by the Internal Revenue Service (IRS) in 2008 are not taxable in Michigan. These rebates should not be included in adjusted gross income or household income for the 2008 tax year, and do not impact any calculations on the Michigan return.

Appeals of Adjusted Refunds or Credits

Taxpayers have 60 days from the issuance of refund denials, refund adjustments, or Treasury decisions (other than final assessment), that may be appealed under Section 22 of the Revenue Act, to request informal conferences.

Renaissance Zones

Certain Renaissance Zones, along with the tax benefits, will continue to phase out. See instructions for Schedule 1, line 15, on page 14.

Property Tax Credits/Refunds

A reminder from the IRS. Michigan homestead property tax credit and homestead exemption refunds received in 2008 may be taxable on your 2008 U.S. Form 1040. If you claimed an itemized deduction for property taxes on your 2008 U.S. Form 1040 and then received a refund in 2008 from the State or your local unit of government for a portion of those taxes, you must include that refund as income on your 2008 U.S. Form 1040. If you have questions about the taxability (for federal tax purposes) of the refunds, call the IRS at 1-800-829-1040.

What You Should Know About Your Michigan 1099-G

If you itemized deductions on your 2007 federal income tax return and received a Michigan tax refund in 2008, you will be mailed a 2008 Michigan 1099-G in early 2009 that shows the amount of your 2007 refund that was issued in 2008. The refund amount will include any amounts credited forward to 2008 estimated tax, prior year refunds issued in 2008, refund amounts intercepted for back tax assessments or other debts (such as child support or court ordered garnishments), and any portion of a refund assigned to pay use tax or any amount you contributed as a voluntary contribution. The refund amount will not include homestead property tax credits, adoption credits, or other refundable tax credits claimed on the MI-1040. **The 1099-G IS NOT A BILL.** Visit www.michigan.gov/taxes for more information about your Michigan 1099-G.

A Note About Debts

By law, any money you owe to the State and other agencies must be deducted from your refund or credit before it is issued. Debts include money you owe for past-due taxes, student loans, child support due the Friend of the Court, an IRS levy, money due a State agency, a court-ordered garnishment, or other court orders. Taxpayers who are married, filing jointly, may receive an *Income Allocation to Non-Obligated Spouse* (Form 743) after the return is filed. Completing and filing this form may limit the portion of the refund that can be applied to a debt. If Treasury applies all or part of your refund to any of these debts, you will receive a letter of explanation.

Adjusted Gross Income (AGI)

Throughout this booklet, we refer to adjusted gross income as AGI. Copy your AGI directly from your U.S. Form 1040 line 37, or U.S. Form 1040A, line 21.

Easy to Use Direct Deposit

For more information, see page 11.

Who Must File a Return

File a return if you owe tax, are due a refund, or your AGI exceeds your exemption allowance. You should also file a Michigan return if you file a federal return, even if you do **not** owe Michigan tax. This will eliminate unnecessary correspondence from Treasury.

- If your parents (or someone else) can claim you as a dependent on their return and your AGI is \$1,500 or less if single or married filing separately, you do not need to file a return unless you are claiming a refund of withholding.
- If single or married filing separately and your AGI is over \$1,500 or if married filing jointly and your AGI is over \$3,000, you must file a return. See instructions on page 10.

Important: If your income subject to tax (MI-1040, line 14) is less than your personal exemption allowance (line 15) and Michigan income tax was withheld from your earnings, you must file a return to claim a refund of the tax withheld.

Who Must File a Joint Return

File a joint Michigan return if you filed a joint federal return. If you filed separate federal returns, you may file separate or joint Michigan returns. You may file a joint return only with your spouse.

When to File Your Return

Always complete your federal tax return before your Michigan return. You may file a Michigan return even if you are not required to file a federal return.

Your return must be postmarked no later than April 15, 2009, to be considered timely. Payment must be included with your return. Make your check payable to "State of Michigan" and write your Social Security number(s) and "2008 income tax" on the front of the check. To avoid penalty and interest, if you owe tax, postmark no later than April 15, 2009.

If you cannot file before the due date and you owe tax, you may file an *Application for Extension of Time to File Michigan Tax Returns* (Form 4) with your payment. See page 6. If you are due a refund, you must file a return within four years of the due date to obtain the refund. Keep a copy of your return and all supporting schedules for six years.

Penalty and Interest Added for Filing and Paying Late

If you file and pay late, Treasury will add a penalty of 5 percent of the tax due. After the second month, penalty will increase by an additional 5 percent per month, or fraction thereof, up to a maximum of 25 percent of the tax due. If you pay late, you must add penalty and interest to the amount due. The interest rate through June 30, 2009, is 6.0 percent. For interest rates after June 30, 2009, visit Treasury's Web site at www.michigan.gov/taxes or call 1-800-827-4000.

Choose e-file Instead of Paper Returns. Get Your Refund Fast!

E-filing eliminates many of the errors that lengthen processing times. Tax preparers who complete more than 200 income tax returns are required to e-file all eligible returns. Visit Treasury's Web site at www.MIfastfile.org to find an authorized e-file provider near you, a list of resources offering this service, and information on free e-file services.

How to Complete and File Paper Returns

Completing Your Forms

Treasury uses scanning equipment to capture the information from paper income tax returns. To avoid unnecessary delays caused by manual processing, **follow the guidelines below so your return is processed quickly and accurately.**

- **USE BLACK OR BLUE INK.** Do not use pencil, red ink, or felt tip pens. Do not highlight information.
- **PRINT USING CAPITAL LETTERS (UPPERCASE).** Capital letters are easier to recognize.
- **PRINT NUMBERS LIKE THIS:** 0123456789
Do **not** put a slash through the zero (Ø) or seven (7).
- **LEAVE LINES/BOXES BLANK** if they do not apply to you or if the amount is zero (unless otherwise directed).
- **DO NOT WRITE EXTRA NUMBERS, SYMBOLS, OR NOTES** on your return, such as cents, dashes, decimal points, or dollar signs. Enclose any explanations on a separate sheet unless you are instructed to write explanations on your return.
- **STAY WITHIN THE LINES** when entering information in boxes.
- **USE WHOLE DOLLARS.** Round down amounts less than 50 cents. Round up amounts of 50 cents through 99 cents. Do not enter cents. For example: 129.49 becomes 129, and 129.50 becomes 130.

When You Have Finished

If the preparer is someone other than the taxpayer, he or she must enter the business name and address of the firm he or she represents and Preparer Tax Identification Number (PTIN), Federal Employer Identification Number (FEIN), or Social Security number (SSN). Check the box to indicate if Treasury may discuss your claim with your preparer.

Assemble your returns and attachments and staple in the upper-left corner. (Do not staple your check to your return.) If an *Individual Income Tax Barcode Datasheet* (Form 4220) is part of your filing, it must be the first item in the sequence followed by MI-1040. A sequence number is printed in the upper-right corner of the following Michigan forms to help you assemble them in the correct order behind your MI-1040:

- Schedule 1 and Schedule 2
- Nonresident and Part-year Resident (Schedule NR)
- Farmland Credit (MI-1040CR-5)
- Schedule CR-5
- Property Tax Credit (MI-1040CR or MI-1040CR-2)
- College Tuition Credit (Schedule CT)
- Federal schedules (see Table 2, page 12)
- Schedule of Apportionment (MI-1040H)
- Qualified Adoption Expenses (MI-8839)
- Underpayment of Estimated Income Tax (MI-2210)

- Schedule of Withholding (Schedule W)
- Adjustments of Capital Gains and Losses (MI-1040D)
- Adjustments of Gains and Losses From Sales of Business Property (MI-4797)
- Voluntary Contribution Schedule (4642)
- Farmland Preservation Tax Credit (4594, formerly C-8022)

If you are also filing a Home Heating Credit Claim (MI-1040CR-7) do **not** staple it to your return; fold it and leave it loose in the envelope.

Important Reminder: If you do not include all the required attachments with your return, your refund may be reduced, denied, or delayed. Send original forms. Do not send photocopies.

Do not staple multiple prior year returns together.

Mailing Labels

Review the label on the back cover of this booklet. If your name and address are correct and your filing status is the same as last year (single, married filing jointly, or married filing separately), place the label on the top of page 1 of your tax return. It is important that you place your label in the space provided.

If the information on your label is not correct, do not use the label. Enter the correct information on your return.

Where to Mail Your Return

Mail **refund, credit, or zero due** returns to:

Michigan Department of Treasury
Lansing, MI 48956

If you **owe tax**, mail your return to:

Michigan Department of Treasury
Lansing, MI 48929

Make check payable to “**State of Michigan**” and **print your Social Security number** and “**2008 income tax**” on the front of your check. To ensure accurate processing of your return, send one check for each return type. Do not staple your check to your return.

Do not mail your 2008 return in the same envelope with a return for years prior to 2008; mail your 2008 return in a separate envelope.

E-file and Leave the Paper Behind!



- Accurate
- Quick Refunds
- Proof of Acceptance
- May Be Free – Do you qualify?

www.Mlfastfile.org

Special Situations

Extensions

To request more time to file your Michigan tax return, send a payment of your estimated tax to Treasury with a copy of your approved federal extension (U.S. Form 4868) on or before the original due date of your return. Treasury will extend the due date to your new federal due date. If you do not have a federal extension, file an *Application for Extension of Time to File Michigan Tax Returns* (Form 4) with your payment. Treasury will **not** notify you of approval. **Do not file an extension if you will be claiming a refund.**

An extension of time to file is NOT an extension of time to pay. If you do not pay enough with your extension request, you must pay interest on the unpaid amount. Compute interest from the original due date of the return. Interest is 1 percent above the prime rate and is adjusted on July 1 and January 1.

You may be charged a penalty of 10 percent or more if the balance due is not paid with your extension request.

When you file your MI-1040 return, include on line 33 the amount of tax you paid with your extension request. Attach a copy of your federal or State extension to your return.

2009 Estimated Payments

Usually, you must make estimated income tax payments if you expect to owe more than \$500 when you file your 2009 MI-1040. This is after crediting your property tax and farmland preservation credits and amounts you paid through withholding.

Common income sources which make estimated payments necessary are self-employment income, salary and wages if you do not have enough tax withheld, tips, lump sum payments, unemployment benefits, dividend and interest income, income from the sale of property (capital gains), and rental income.

You may ask your employer to increase your withholding to cover the taxes on other types of income.

Estimated payments are due April 15, 2009; June 15, 2009; September 15, 2009; and January 15, 2010. If you

are a fiscal year filer, the due dates are the same as your federal estimated payment due dates.

If you filed estimates for 2008, Treasury will send you personalized forms for 2009, unless you used a tax preparer (see page 3). Otherwise, request *Michigan Estimated Income Tax Voucher* (MI-1040ES).

Exceptions. If you owe more than \$500, you may not have to make estimated payments if you expect your 2009 withholding and credits to be at least:

- 90 percent of your total 2009 tax, or
- 100 percent of your total 2008 tax.

Total 2008 tax is the amount on your 2008 MI-1040, line 20, less the amount on lines 27, 28, 29, 30, and 31.

Note: 2009 estimates for taxpayers with 2008 AGI of \$150,000 or more for joint or single filers (\$75,000 or more for married filing separate) must equal 90 percent of the current year's liability or 110 percent of the previous year's liability.

Farmers, fishermen, or seafarers may have to pay estimates, but have different filing options. If at least two-thirds of your gross income is from farming, fishing, or seafaring, you may:

- Delay paying your first 2009 quarterly installment (with MI-1040ES) until as late as January 15, 2010, and pay the entire amount of your 2009 estimated tax due, or
- File your 2009 MI-1040 return and pay the entire amount of tax due on or before March 1, 2010.

You are considered a farmer or fisherman if you file U.S. *Schedule F* or *Schedule C*. Wages earned as a farm employee or from a corporate farm do **not** qualify you for this exception. You are considered a seafarer if your wages are exempt from income tax withholding under Title 46, Shipping, USC, Sec. 11108.

Failure to make payments or underpayment of estimates. If you fail to make required estimated payments, pay late, or underpay in any quarter, Treasury may charge penalty and interest. Penalty is 25 percent of the tax due (with a minimum of \$25) for failing to file estimate payments or

10 percent (with a minimum of \$10) for failing to pay enough with your estimates or paying estimates late. Interest is 1 percent above the prime rate and is computed monthly. The rate is adjusted on July 1 and January 1.

Residency

Resident. You are a Michigan resident if Michigan is your permanent home. Your permanent home is the place you intend to return to whenever you go away. A temporary absence from Michigan, such as spending the winter in a southern state, does **not** make you a part-year resident.

Income earned by a Michigan resident in a nonreciprocal state (see "Reciprocal States" on page 7) or Canadian province is taxed by Michigan, and may also be taxed by the other jurisdiction. If you pay tax to both, you can claim a credit on your Michigan return. See instructions for line 5 of Schedule 2 and the example on page 16.

Part-year resident. You are a part-year resident if, during the year, you move your permanent home into or out of Michigan. You must pay Michigan income tax on income you earned, received, or accrued while living in Michigan.

Use *Michigan Nonresident and Part-year Resident Schedule* (Schedule NR) and the following guidelines to help you figure your tax:

- Allocate your income from the date you moved into or out of Michigan.
- Bonus pay, severance pay, deferred income, and any other amount accrued while a Michigan resident are subject to Michigan tax no matter where you lived when you received it.
- Deferred compensation reported to you on U.S. Form 1099-R and dividend and interest income are allocated to the state of residence when received.
- Part-year residents who lived in Michigan at least six months of the tax year may qualify for a homestead property tax credit (see page 19).

Note: Out-of-state students who live in Michigan while they are attending school are not considered Michigan residents or part-year residents and should file as a nonresident.

Nonresident. Use Schedule NR to figure your Michigan taxable income. You must pay Michigan income tax on the following types of income:

- Salary, wages, and other employee compensation for work performed in Michigan, unless you live in a state covered by a reciprocal agreement (see “Reciprocal States” below)
- Net rents and royalties from real and tangible personal property in Michigan
- Capital gains from the sale or exchange of real property located in Michigan, or of tangible personal property located in Michigan
- Patent or copyright royalties if the patent or copyright is used in Michigan or if you have a commercial domicile in Michigan
- Income (including dividend and interest income) from an S corporation, partnership or an unincorporated business, or other business activity in Michigan
- Lottery winnings
- Prizes won from casinos or licensed horse tracks located in Michigan. Nonresidents from reciprocal states must also declare these prizes as taxable.

Reciprocal States

Illinois, Indiana, Kentucky, Minnesota, Ohio, and Wisconsin have reciprocal agreements with Michigan. Michigan residents pay only Michigan income tax on their salaries and wages earned in any of these states. A Michigan resident can file a withholding form with an employer in a reciprocal state to claim exemption from that state’s income tax withholding. The out-of-state income might make Michigan income tax estimate payments necessary. Residents of reciprocal states working in Michigan do not have to pay Michigan tax on salaries or wages earned in Michigan but do have to pay Michigan tax on business income earned from business activity in Michigan. A resident of a reciprocal state who claims a refund of Michigan withholding tax must file a Schedule NR.

Deceased Taxpayers

A **personal representative** for the estate of a taxpayer who died in 2008 (or 2009 before filing a 2008 return) must file if the taxpayer owes tax or is due a refund. A full-year exemption is allowed for a deceased taxpayer on the 2008 MI-1040.

Use the deceased’s Social Security number and **your** address. If the taxpayer died after December 31, 2007, check the appropriate box(es) in the “Deceased Taxpayers” section on the bottom of page 2 on MI-1040.

The **surviving spouse** may file a joint return for 2008. Write your name and the deceased’s name and both Social Security numbers on MI-1040. Write “DECD” after the deceased’s last name. You must report the deceased’s income. Sign the return. In the deceased’s signature block, write “Filing as surviving spouse.” If the taxpayer died after December 31, 2007, check the appropriate box(es) on page 2 of the MI-1040. See “Deceased Taxpayer Chart of Examples” on page 47, example A.

If filing as a **personal representative** or **claimant** and you are claiming a refund for a **single** deceased taxpayer, you must attach a *Statement of Person Claiming Refund Due a Deceased Taxpayer* (U.S. Form 1310) or *Michigan Claim for Refund Due a Deceased Taxpayer* (MI-1310). Enter the deceased’s name in the Filer’s Name fields and the representative’s or claimant’s name in the Spouse’s Name fields. See “Deceased Taxpayer Chart of Examples” on page 47, example B or C.

If filing as a **personal representative** or **claimant** of a deceased taxpayer(s) for a **jointly** filed return, you must attach a *Statement of Person Claiming Refund Due Deceased Taxpayer* (U.S. Form 1310) or *Michigan Claim for a Refund Due a Deceased Taxpayer* (MI-1310). Enter the names of the deceased persons in the Filer’s and Spouse’s Name fields and the representative’s or claimant’s name, title, and address in the Home Address field. See “Deceased Taxpayer Chart of Examples” on page 47, example D or E.

For information about filing a credit claim, see “Deceased Claimant’s Credit” on page 19.

Amended Returns

If you need to make a correction to your return, file an *Amended Michigan Individual Income Tax Return* (MI-1040X). If you are due a refund on your amended return, you must file it within four years of the due date of the original return.

If a change on your federal return affects Michigan taxable income, you

must file MI-1040X within 120 days of the change. Include payment of any tax and interest due.

You can amend a homestead property tax credit claim by filing a revised claim form clearly marked “Amended.”

Net Operating Losses (NOL)

If you have a federal NOL deduction, you must add back the federal deduction on your Michigan Schedule 1, line 5, to the extent included in federal AGI. A subtraction for a Michigan NOL deduction may be claimed on Schedule 1, line 20, and is calculated on page 1 of *Application for Michigan Net Operating Loss Refund* (MI-1045). Compute your Michigan NOL and Michigan NOL deduction by completing the MI-1045. File MI-1045 to claim a refund for a carryback deduction. Returns for tax years affected by carryforward deductions must have MI-1045 attached to substantiate the deduction.

Repayments of Income Reported in a Prior Year

If you had to repay an amount of money in 2008 which you claimed as income in a previous year (e.g., unemployment benefits), you may be entitled to a credit on your 2008 return for the tax paid in an earlier year.

If you subtracted the repayment in arriving at AGI, no additional credit is allowed on the Michigan return because your income for the year has been reduced by the repayment amount. If the amount of the repayment was deducted on U.S. *Schedule A* or a credit was claimed on U.S. Form 1040, line 68, a credit will be allowed on the Michigan return.

To compute your Michigan credit, multiply the amount you repaid in 2008 by the tax rate which was in effect the year you paid the tax. Then add the amount of the credit to the Michigan tax withheld on MI-1040, line 32. Write “Claim of Right/Repayment” next to line 32.

Attach a schedule showing the computation of the credit, proof of the repayment, and pages 1 and 2 of your U.S. Form 1040 and *Schedule A* if applicable.

Summary of Income Tax Credits, Additions, and Subtractions

Below is a summary of income tax credits, additions, and subtractions available to taxpayers. Detailed information for each is provided on the page number indicated below.

CREDITS

The following refundable credits may be claimed on your MI-1040. The line reference follows the credit listed below.

<u>Refundable Credits</u>	<u>Page No.</u>
Homestead Property Tax Credit (27)	11
Farmland Preservation Tax Credit (28)	11
Qualified Adoption expenses (29).....	11
Stillbirth Credit (30).....	11
Earned Income Tax Credit (31).....	11

The following nonrefundable credits may be claimed on your Schedule 2. The line reference follows the credit listed below.

Schedule 2 - Nonrefundable Credits

City Income Tax Credit (1)	15
Public Contribution Credit (2)	15
Community Foundations Credit (3).....	15
Homeless Shelter/Food Bank Credit (4).....	16
Taxes paid to government units outside Michigan (5).....	16
Historic Preservation Tax Credit (6)	16
College Tuition and Fees Credit (7)	16
Vehicle Donation Credit (8)	17

The following credit is claimed on the MI-1040CR-7 Home Heating Credit Claim form.

Home Heating Credit See MI-1040CR-7 Instruction Booklet

ADDITIONS

The following additions are claimed on your Michigan Schedule 1; total additions are carried forward to the MI-1040, line 11. The Schedule 1 line reference follows the addition listed below.

	<u>Page No.</u>
Gross interest, dividends and income from obligations or securities of states and their political subdivisions other than Michigan (1).....	12
Deduction taken on your federal return for self-employment tax or other taxes on or measured by income (2)	12
Capital gains from the Michigan column of the MI-1040D or MI-4797 (3)	12
Certain losses from a business or property located in another state (4).....	12
Net loss from the federal column of your Michigan MI-1040D, line 15, or MI-4797, line 18b(1) (5).....	12
Money withdrawn in the tax year from an MESP account if the withdrawal was not a qualified withdrawal as provided in the MESP Act (6)	12
Net operating loss deduction used to reduce AGI (6).....	12
Amount paid by MET to repay the portion of certain defaulted loans (6).....	12
Refund received from a MET contract (6).....	12

SUBTRACTIONS

The following subtractions are claimed on your Michigan Schedule 1; total subtractions are carried forward to the MI-1040, line 13. The Schedule 1 line reference follows the subtraction listed below.

	<u>Page No.</u>
Income from U.S. government obligations (Series EE Bonds, Treasury notes, etc.) (8)	13
Compensation received for active duty in U.S. Armed Forces (9)	13
Gains from federal column of Michigan MI-1040D and MI-4797 (10)	13
Income attributable to another state (11).....	13
Qualifying retirement and pension benefits (12).....	13
Dividends, interest and capital gains for senior citizens (13) 14	
Taxable Social Security and Tier 1 railroad benefits (14).....	14
Renaissance zone deduction (15)	14
Michigan state and city income tax refunds and homestead property tax credit refunds (16).....	14
Contributions made to accounts established through the Michigan Education Savings Program (MESP) (17)	14
Contract price for a Michigan Education Trust (MET) contract (18)	14
Venture Capital Deduction (19).....	14
Contributions to national or Michigan political parties or candidates (20).....	14
Benefits from a discriminatory self-insured medical expense reimbursement plan (20).....	14
Proceeds and prizes won in a Michigan regulated bingo, raffle, or charity games (20).....	14
Salary and wage expense that cannot be deducted on your federal return because you are claiming a work opportunity credit, clinical testing (orphan drug) credit or research credit (20)	14
Losses from disposal of property (20)	14
Amount used to determine the credit for elderly or totally and permanently disabled (20)	14
Michigan net operating loss deduction (20).....	14
Gross income included in AGI from Michigan gas and oil royalty interest or working interest (20).....	14
Distributions from individual retirement accounts used to pay qualified higher education expenses (20).....	14
Holocaust victim payments (20).....	15
Distribution from a pension or retirement plan that is contributed to a qualifying charitable organization (20).....	15

Use Tax

Every state that has a sales tax has a companion tax for purchases made outside that state, by catalog or over the Internet. In Michigan, that companion tax is called the “use tax,” but might be described more accurately as a remote sales tax because it is a 6 percent tax owed on purchases made outside of Michigan.

Use tax is due on mail order and Internet purchases made from out-of-state sellers as well as purchases while traveling in foreign countries when the items are to be brought in to Michigan. Use tax must be paid on the total price (including shipping and handling charges).

How to Pay Use Tax

Use Worksheet 1 below to calculate your tax and enter the amount of tax due on line 25 of MI-1040.

Worksheet Calculation

Line 1: For purchases of \$0 - \$1,000, if you know the amount, multiply your total purchases times 6 percent (0.06) and enter the amount on Line 1, or

For purchases under \$1,000, if you have incomplete or inaccurate

receipts to calculate your purchases, you may use Table 1 - Use Tax to estimate your taxes. (See the example below.)

Line 1 should contain a number unless you made no purchases under \$1,000 subject to the use tax. If we later determine that you owe use tax, you may be subject to penalty and interest.

Line 2: In all cases, if a single purchase is \$1,000 or more, you must pay 6 percent use tax on those purchases.

Example: Kurt ordered a computer from a catalog retailer in New York for \$1,437.50. Kurt also purchased items over the Internet for less than \$1,000 during the year, but lost his receipts. He is sure he did not pay Michigan sales tax. Kurt’s AGI is \$46,500. Kurt would complete Worksheet 1 as follows:

Line 1: Kurt selects \$23 from the table based on his AGI...\$23.00

Line 2: Kurt enters \$1,437.50 x 6 percent..... \$86.25

Line 3: Total use tax due .. \$109.25

Kurt would enter \$109 (no cents) on his 2008 MI-1040, line 25.

TABLE 1 - USE TAX

AGI*	Tax
\$0 - \$10,000	\$3
\$10,001 - \$20,000	\$8
\$20,001 - \$30,000	\$13
\$30,001 - \$40,000	\$18
\$40,001 - \$50,000	\$23
\$50,001 - \$75,000	\$31
\$75,001 - \$100,000	\$44
Above \$100,000.....	Multiply AGI by 0.05% (0.0005)

* AGI from MI-1040, line 10.

Estimating your taxes does not preclude Treasury from auditing your account. If additional tax is due, you may receive an assessment for the amount of the tax owed, plus applicable penalty and interest.

Use Tax on the Difference

If you paid at least 6 percent to another state on your purchase, you do not owe use tax to Michigan. If you paid less than 6 percent, you owe the difference.

Note: The full 6 percent use tax is owed on purchases made in a foreign country.

WORKSHEET 1 - USE TAX

Line 1: Itemized purchases of \$0 to \$1,000 x 6 percent (0.06) **OR** Use Tax table amount..... \$ _____

Line 2: Single purchases \$1,000 or more x 6 percent (0.06)... \$ _____

Line 3: Total Use Tax Due (total of Lines 1 and 2)..... \$ _____

Enter amount from Line 3 above on your 2008 MI-1040, Line 25. If the amount on Line 3 is 0, enter “0” on your 2008 MI-1040, Line 25.

For more information, visit www.michigan.gov/taxes.

Line-by-Line Instructions for MI-1040

Lines not listed are explained on the form.

Line 1: Only married filers may file joint returns. Include name and address unless you use the label supplied with your instruction booklet.

Lines 2 and 3: Write your Social Security number(s) here even if you use a label.

Line 5: State Campaign Fund. These funds are disbursed only to candidates for governor, regardless of political party, who agree to limit campaign spending and meet the campaign fund requirements. Choosing "Yes" will not raise your tax or reduce your refund.

Line 6: Only farmers, fishermen, and seafarers should check this box. (For estimate filing information, see page 6.)

Line 7: Filing Status. Check the box to identify your filing status. If you file a joint federal return, you must file a joint Michigan return and you cannot be claimed as a dependent on another person's tax return. Married couples who file separate federal returns may file a separate or joint Michigan return. If you are claiming a homestead property tax credit or other tax credits, it may be easier to file a joint Michigan return because total (joint) household income is the basis for computing these credits. If your status is married filing separately (box c), write your spouse's full name in the space provided and be sure to write his or her Social Security number on line 3. If you filed your federal return as head of household or qualifying widow(er), you must file the Michigan return as single.

Line 8: Residency. Check the box that describes your Michigan residency for 2008. If you and your spouse had a different residency status during the year, check a box for each of you. Both part-year residents and nonresidents must file Schedule NR. (For definition of residency, see page 6.)

Line 9: Exemptions. Use this line to compute your Michigan exemption amount plus your Michigan special exemptions.

a) Enter the number of exemptions you claimed on your U.S. Form *1040* or *1040A*, line 6d. These exemptions are for you, your spouse (if filing jointly), and your dependents.

Multiply the number of exemptions by your exemption allowance of \$3,500 and enter that amount in the box.

Exemptions. Complete the lines that apply to you, your spouse, or dependents as of December 31, 2008. If your dependent files an annual return, you and your dependent may not both claim the special exemption.

b) Age 65 or older. You are considered age 65 the day before your 65th birthday. If you claim this exemption, you may **not** claim an exemption as totally and permanently disabled.

c) Deaf, Blind, or Disabled. You qualify for this exemption if you are deaf, blind, hemiplegic, paraplegic, quadriplegic, or totally and permanently disabled. Deaf means the primary way you receive messages is through a sense other than hearing, for example, lip reading or sign language. Blind means your better eye permanently has 20/200 vision or less with corrective lenses, or your peripheral field of vision is 20 degrees or less. Totally and permanently disabled means disabled as defined under Social Security Guidelines 42 USC 416. If you are age 65 or older, you may **not** claim an exemption as totally and permanently disabled. You may claim only one exemption per person in this category.

d) Child 18 and Under. Enter \$600 for each child 18 and under as of December 31, 2008, whom you claim as a dependent.

e) Qualified Disabled Veterans. A taxpayer may claim an exemption of \$250 in addition to the taxpayer's

other exemptions if (a) the taxpayer or spouse is a qualified disabled veteran, or (b) a dependent of the taxpayer is a qualified disabled veteran. To be eligible for the additional exemption an individual must be a veteran of the active military, naval, marine, coast guard, or air service who received an honorable or general discharge and has a disability incurred or aggravated in the line of duty as described in 38 USC 101(16). This additional exemption may not be claimed on more than one tax return.

f) Unemployment compensation. Check this box if 50 percent or more of your combined AGI (MI-1040, line 10) is from unemployment compensation. If you checked the box, enter \$2,200 in the space provided.

g) If someone else can claim you as a dependent, check the box, complete Worksheet 2 below, and enter the amount from the worksheet in the space provided on line 9g.

Line 10: Adjusted Gross Income. Enter your AGI from your federal return. This is the amount from your U.S. Form *1040*, line 37, or U.S. Form *1040A*, line 21. You must attach copies of federal schedules that apply to you (see Table 2 on page 12). For Michigan adjustments to AGI, see Schedule 1, page 31. Instructions for completing Schedule 1 begin on page 12.

Line 17: Tax. Multiply the amount on line 16 by 4.35 percent (0.0435). Enter here and on line 18.

Line 19: Nonrefundable Credits. Enter the total amount of nonrefundable credits from Schedule 2, line 9.

Line 21: Military Family Relief Fund. You may contribute to the Military Family Relief Fund by

WORKSHEET 2

FILER ELIGIBLE TO BE CLAIMED AS A DEPENDENT

Is your AGI (from your federal return) over \$1,500 if single or married filing separately?

YES. If single or married filing separately, enter "0" on line 9a and \$1,500 on line 9g. Do not continue the rest of this worksheet.

OR

NO. Then was Michigan income tax withheld from your wages? Continue with the following two questions.

- If YES. Enter "0" on lines 9h and 20, and complete line 10 and lines 21 through 36.

OR

- If NO. You do not need to file this return.

entering your contribution amount (\$1 minimum) here. This fund provides assistance to qualifying families of military members in either the Michigan National Guard who are serving in the U.S. Armed Forces or those reserve forces called to active duty by the federal government. Your contribution will increase your tax due or reduce your refund.

Line 22: Children's Trust Fund. Help keep kids safe by preventing child abuse! You may contribute to the Children's Trust Fund by entering your contribution amount (\$5 or more) here. These contributions are returned to local communities in the form of grants to county-based prevention councils and direct service programs benefitting children and parents. Programs and services funded by these monies include parent education and support groups, newborn support services, local training, and public education and outreach. Your contribution will increase your tax due or reduce your refund.

Line 23: Children of Veterans Tuition Grant Program. Help send the child of a Michigan veteran to a Michigan college or university! Michigan income taxpayers can voluntarily contribute \$2 or more to the Children of Veterans Tuition Grant Program by entering a contribution amount here. Contributions will be a key source of funding for the undergraduate tuition expenses of children of certain deceased or disabled veterans. Your contribution will increase your tax due or reduce your refund.

Line 24: Additional Voluntary Contributions. Taxpayers may designate contribution amounts to the following funds on Form 4642:

- Amanda's Fund for Breast Cancer Prevention and Treatment
- Animal Welfare Fund
- Michigan Housing and Community Development Fund
- Prostate Cancer Research Fund
- Michigan Law Enforcement Officers Memorial Monument Fund

Attach Form 4642 to ensure your contributions are applied to the fund(s) of your choice. Contributions will increase your tax due or reduce your refund.

WORKSHEET 3 - STILLBIRTH CREDIT

- A. Enter number of Certificates of Stillbirth for 2008 (see line 30 instructions below for qualifications)..... _____
- B. Multiply line A by \$160. Enter here and carry amount to your MI-1040, line 30 _____

Line 25: Use Tax. Enter use tax due from Worksheet 1, line 3, on page 9.

Line 27: Property tax credit information begins on page 17.

Line 28: Farmland preservation credit applies to farmers only. See page 18.

Line 29: Qualified Adoption Expenses. Enter the amount from your *Michigan Qualified Adoption Expenses* (MI-8839), line 10. Attach a completed *Qualified Adoption Expenses* (U.S. Form 8839) and a completed MI-8839.

Line 30: Stillbirth Credit. If you are the mother of a stillborn delivered during 2008 and have been issued a Certificate of Stillbirth from the Michigan Department of Community Health, attach a copy of the certificate to MI-1040 and complete Worksheet 3 above.

If you do not have a certificate, contact the Michigan Department of Community Health at (517) 335-8666 for an application or information on obtaining the certificate. You should not file for the credit until you have the certificate. You can amend your 2008 return at a later date should you get the certificate after you file the original return.

Line 31. Michigan Earned Income Tax Credit (EITC). Taxpayers who are eligible to claim an EITC on their federal return may claim a Michigan EITC equal to 10 percent of the taxpayer's federal credit. To claim the Michigan credit, enter your federal EITC amount on line 31a and 10 percent of line 31a on line 31b.

Line 32: Enter the total **Michigan** tax withheld (from your Schedule W). If applicable, include any credit for repayments under the "Claim of Right." See "Repayments of Income Reported in a Prior Year" on page 7.

Line 33: Enter the total estimated tax paid with your 2008 MI-1040ES, the amount paid with a Form 4, and the amount of your 2007 overpayment applied to this year's tax (2007 MI-1040, line 35).

Line 35: Tax Due. If line 34 is less than line 26, enter the difference. This is the tax you owe with your return.

You will owe penalty and interest for late payment of tax. Penalty accrues monthly at 5 percent of the tax due, and increases by an additional 5 percent per month, or fraction thereof, after the second month, up to a maximum of 25 percent of the tax due (e.g. penalty on a \$500 tax due will be \$125 if the tax is unpaid for six months). See "Penalty and Interest Added for Filing and Paying Late" on page 4. Add penalty and interest to your tax due and enter the total on line 35. Generally, if you owe more than \$500, you are required to make estimated payments. See **special note** below and information about estimated payments on page 6. If the balance due is less than \$1, no payment is required, but you must still file your return. See "Pay" address on page 2 of your MI-1040.

Special note for people required to file estimates. You may owe penalty and interest for underpayment, late payment, or for failing to make estimated tax payments. Use the *Underpayment of Estimated Income Tax* (MI-2210), to compute penalty and interest. If you do not file an MI-2210, Treasury will compute your penalty and interest and send you a bill. If you annualize your income, you must complete and attach MI-2210. Enter the penalty and interest amounts on the lines provided.

Line 38: Your Refund. This includes any tax you overpaid and any credits due you. The State does not refund amounts less than \$1. Mail your return to the "Refund, credit, or zero returns" address on page 2 of MI-1040.

Direct Deposit

First check with your financial institution to:

- Ensure it will accept Direct Deposit;
- Obtain the correct Routing Transit Number and Account Number; and

• If applicable, verify that it will allow a joint refund to be deposited into an individual account.

If Treasury is unable to honor your request for Direct Deposit, you will be sent a check.

a. Routing Transit Number (RTN).

Enter the nine-digit RTN. The RTN is usually found between the symbols | and | on the bottom of your check. The first two digits must be “01” through “12” or “21” through “32”.

b. Type of Account. Check the box for checking or savings.

c. Account Number. Enter your bank account number up to 17 characters (both numbers and letters). The account number is usually found immediately to the right of the RTN on the bottom of your check. Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave unused boxes blank. Do **not** include the check number.

When You Are Finished

Sign Your Return. Each spouse must sign a joint return. If the preparer is someone other than the taxpayer, he or she must include the

TABLE 2 - FEDERAL SCHEDULES

If you file any of the following schedules or forms with your federal return you must attach a copy to your Michigan income tax return:

Schedule B or 1040A Schedule 1.....	Interest and Dividend Income (if over \$5,000)
Schedule C or C-EZ.....	Profit or Loss From Business
Schedules D and 4797.....	Capital and Ordinary Gains and Losses
Schedule E.....	Supplemental Income and Loss
Schedule F.....	Farm Income and Expenses
Schedule R or 1040A Schedule 3.....	Credit for the Elderly or Disabled
Form 1040NR.....	Nonresident Alien Income Tax Return
Form 2555.....	Foreign Earned Income
Form 3903 or 3903-F.....	Moving Expenses
Form 4868.....	Application for Automatic Extension of Time to File U.S. Individual Income Tax Returns
Form 6198.....	Computation of Deductible Loss From Activity Described in IRC Section 465(c)
Form 8829.....	Expenses for Business Use of Your Home
Form 8839.....	Qualified Adoption Expenses

The above schedules and forms must report the location of the business activity or the location of any real property involved. Schedules showing rental of personal property must report where the property is being used. If you do not attach these schedules, processing of your return may be delayed or your credit/subtraction may be denied.

name and address of the firm he or she represents and preparer tax identification or federal employer identification number. Check the box to indicate if Treasury may discuss your return with your preparer.

Signing a child’s return. If a return is prepared for a child who is too young to sign it, a parent or guardian should sign the child’s name, then add “by (your name) parent (or guardian) for minor child.”

Attachments. Attach all your credit claims and required Michigan and federal schedules (see Table 2 above).

If you owe tax. Enclose your payment but do **not** staple it to the return. Checks stapled to the back of the return may not be seen and may result in improper processing.

The **filing deadline to receive a refund** for tax year 2008 is April 15, 2013.

Line-by-Line Instructions for Schedule 1

Part-year and nonresidents, complete Schedule NR (see page 39) before proceeding.

Additions to Income

Line 1: Enter gross interest, dividends, and income from obligations or securities of states and their political subdivisions other than Michigan. Add this income even if it comes to you through a partnership, S corporation, estate, or trust. You may reduce this income by related expenses not allowed as a deduction by Section 265(a)(1) of the Internal Revenue Code (IRC).

Line 2: Enter the deduction taken for **self-employment tax** on your federal return and for other taxes on or measured by income, such as your share of city income tax paid by partnerships or S corporations, or your share of the taxes paid by an estate or trust.

Line 3: Use *Michigan Adjustments of Gains and Losses* (MI-1040D)

only if you have capital gains or losses attributable to: (1) an election to use Section 271 treatment for property acquired before October 1, 1967; (2) the sale or exchange of U.S. obligations which cannot be taxed by Michigan; or (3) the sale or exchange of property located in other states.

If you reported gains on U.S. Form 4797 on property acquired before October 1, 1967, or located in other states, adjust the gain on the *Michigan Adjustments of Gains and Losses from Sales of Business Property* (MI-4797).

Enter gains from the Michigan column of MI-1040D, line 14, and MI-4797, line 18b(2). Instructions are with each form.

Line 4: Enter losses from a business or property located in another state which you own as a sole proprietor, a partner in a partnership, a shareholder in an S corporation, or as a member of a pass-through entity. If your business

is taxed by both Michigan and another state, the loss must be apportioned. You must attach a *Schedule of Apportionment* (MI-1040H).

Line 5: Enter the net loss from the federal column of your MI-1040D, line 15, or MI-4797, line 18b(1).

Line 6: Enter the total of the following (attach a schedule if necessary):

- Add, to the extent not included in AGI, the amount of money withdrawn in the tax year from a Michigan Education Savings Program (MESP) account if the withdrawal was not a qualified withdrawal as provided in the MESP Act. You may first exclude any amount that represents a return of contributions for which no deduction was claimed in any prior tax year.
- Amount of NOL deduction (NOL carryforward) used to reduce AGI (see page 7).
- Refund received from a Michigan Education Trust (MET) contract. If you deducted the cost of a MET

contract in previous years and received a refund from MET during 2008 because the MET contract was terminated, then enter the smaller of: (1) the refund you received **or** (2) the amount of the original MET contract price (including the application and processing fees) which you deducted in previous years.

Subtractions From Income

Note: Part-year and nonresidents, subtract only income attributable to Michigan (column B of Schedule NR) on all lines except line 11.

Line 8: Enter income from U.S. government obligations (e.g., Series EE bonds, Treasury notes, etc.), including income from U.S. government obligations received through a partnership, S corporation, or other pass-through entity. This subtraction must be reduced by related expenses used to arrive at AGI.

Investment companies that invest in U.S. obligations are permitted to pass the tax-free exemption to their shareholders.

If income from U.S. government obligations exceeds \$5,000, attach a copy of your U.S. *Schedule B* or *Schedule I* listing the amounts received and the issuing agency.

Capital gains from the sale of U.S. government obligations must be adjusted on MI-1040D.

Line 9: Enter compensation received for active duty in the U.S. Armed Forces included in AGI. Include military retirement on line 12.

Note: Compensation from the U.S. Public Health Service is **not** considered military pay.

Line 10: Enter the gains from the federal column of your MI-1040D, line 14, and MI-4797, line 18b(2). See instructions for Michigan Schedule 1, line 3.

Line 11: Income Attributable to Another State. Nonresidents and part-year residents, complete Schedule NR. See instructions on page 40. Attach federal schedules.

Business income that is taxed by Michigan and another state must be apportioned. You must complete and attach MI-1040H.

Capital gains from the sale of real property or tangible personal property located outside of Michigan must be adjusted on MI-1040D.

Michigan residents cannot subtract salaries and wages or other compensation earned outside Michigan. However, they may be entitled to a tax credit for income tax imposed by government units outside Michigan (see page 16).

Residents may subtract:

- Business income earned in other states and included in AGI, and
- Net rents and royalties from real property or tangible personal property located or used in another state.

Line 12: Qualifying retirement and pension benefits included in your AGI may be subtracted from income. The amount you may subtract depends on the source of the benefit. Qualifying benefits include:

- Pension plans that define eligibility for retirement and set contribution and benefit amounts in advance
- Qualified retirement plans for the self-employed
- Distributions from a 401(k) or 403(b) plan attributable to employer contributions or attributable to employee contributions to the extent they result in matching contributions by the employer
- IRA distributions received after age 59½ or described by Section 72(t)(2)(A)(iv) of the IRC (series of equal periodic payments made for life)
- Benefits from any of the previous plans received due to a disability, or as a surviving spouse if the decedent qualified for the subtraction at the time of death
- Benefits paid to a senior citizen (age 65 or older) from a retirement annuity policy that are paid for life (as opposed to a specified number of years).

You may subtract **all** pension benefits included in AGI and received from the following public sources:

- The State of Michigan
- Michigan local governmental units (e.g., Michigan counties, cities, and school districts)
- Tier 2 railroad retirement
- Federal civil service

- Military retirement from the U.S. Armed Forces.

If all retirement and pension benefits were received from public sources, enter the total of all benefits on line 12. **If all retirement and pension benefits were received from private sources,** enter the smaller of:

- The total of all private pensions included in AGI, or
- \$43,440 if you are a single filer, \$86,880 if you are married and filing jointly.

If you received a combination of public and private retirement and pension benefits, follow these steps to compute your deduction:

Step 1: Add all public retirement benefits included in AGI.

Note: If your public retirement benefits are greater than the maximum amounts (\$43,440 single filer or \$86,880 married, filing jointly) you are not entitled to claim a subtraction for private pensions.

Step 2: If you are a single filer, deduct the amount in step 1 from \$43,440. If you are married filing jointly, deduct the amount in step 1 from \$86,880.

Step 3: Add all private pensions included in AGI.

Step 4: Determine which is smaller, the amount computed in step 2 or the amount computed in step 3.

Step 5: Add the amount computed in step 1 to the amount determined in step 4 and enter the total on line 12.

For help in calculating this subtraction, see “Information for Senior Citizens and Retirees” on Treasury’s Web site at www.michigan.gov/incometax.

You may not subtract:

- Amounts received from a deferred compensation plan that lets the employee set the amount to be put aside and does not set retirement age or requirements for years of service. These plans include, but are not limited to, plans under Sections 401(k), 457, and 403(b) of the IRC.
- Amounts received before the recipient could retire under the plan provisions, including amounts paid on separation, withdrawal, or discontinuance of the plan.

- Amounts received as early retirement incentives, unless the incentives were paid from a pension trust.

Line 13: Senior citizens (age 65 or older) may subtract interest, dividends, and capital gains included in AGI. This subtraction is limited to a maximum of \$9,690 on a single return or \$19,380 on a joint return. However, the maximum must be reduced by the retirement pension subtraction claimed on line 12. For help in calculating this subtraction, see “Information for Senior Citizens and Retirees” on Treasury’s Web site at www.michigan.gov/incometax.

Line 14: Enter only the taxable portion of Social Security and Tier 1 railroad benefits included on your U.S. Form 1040, line 20b, or your U.S. Form 1040A, line 14b. Do not include your total Social Security benefits.

Line 15: Renaissance Zone deduction. To be eligible you must meet all the following requirements:

- Be a permanent resident of a Renaissance Zone for at least 183 consecutive days.
- Be approved by your local assessor’s office.
- Must not be delinquent for any State or local taxes abated by the Renaissance Zone Act.
- Must file MI-1040 each year.
- Have gross income of not more than \$1 million.

If you were a full-year resident of a Renaissance Zone, you may subtract all income earned or received. Unearned income such as capital gains may have to be prorated. If you lived in the Zone at least 183 consecutive days during 2008, you may subtract the portion of income earned while a resident of the Zone. If you are a part-year resident of a Zone, you must complete and attach a Schedule NR to MI-1040. (See “Special Note” on the back of Schedule NR, page 40.)

Certain Renaissance Zones began to phase out in 2006. The tax exemption is reduced in increments of 25 percent during the Zone’s final three years of existence. If you are a resident of a Zone that is phasing out (check with your local unit of government), you must reduce your credit as follows:

- 25 percent for the tax year that is two years before the final year of designation as a Renaissance Zone
- 50 percent for the tax year immediately preceding the final year of the designation as a Renaissance Zone
- 75 percent for the tax year that is the final year of the designation as a Renaissance Zone.

For additional information regarding qualifications for the Renaissance Zone deduction, call the Michigan Economic Development Corporation at (517) 373-9808.

You may also call the Michigan Tele-Help System (1-800-827-4000) and listen to topic #293.

Line 16: You may subtract Michigan state and city income tax refunds and homestead property tax credit refunds that were included in AGI.

Note to farmers: You may subtract (to the extent included in AGI) the amount that your State or city income tax refund and homestead property tax credit exceeds the business portion of your homestead property tax credit.

Line 17: Michigan Education Savings Program. You may deduct, to the extent not deducted in calculating AGI, the total of all contributions less qualified withdrawals (compute the contributions and withdrawals separately for each account) made during 2008 by the taxpayer in the tax year to accounts established through the MESP. The deduction may not exceed \$5,000 for a single return or \$10,000 for a joint return per tax year. There are numerous education savings accounts available from other states and investment companies, but Michigan only allows a tax deduction for contributions to accounts established through MESP.

Line 18: Michigan Education Trust. You may deduct the following:

- If you purchased a MET contract during 2008, you may deduct the total contract price (including the processing fee).
- If you purchased a MET payroll deduction or monthly purchase contract, you may deduct the amount paid on that contract during 2008 (not including fees for late payments or

insufficient funds). You should receive an annual statement from MET specifying this amount.

- If you have terminated a MET contract, you may deduct the amount included in AGI as income to the purchaser.

Line 19: Venture Capital Deduction. No companies certified for this deduction in 2008. The Venture Capital Deduction cannot be claimed.

Line 20: Miscellaneous subtractions include:

- Any part of a qualified withdrawal from an MESP account included in AGI.
- Contributions to national or Michigan political parties or candidates. The maximum deductions are \$50 on a single return and \$100 on a joint return.
- Benefits from a discriminatory self-insured medical expense reimbursement plan, to the extent these reimbursements are included in AGI.
- Proceeds and prizes included in AGI won in State of Michigan-regulated bingo, raffle, or charity games.
- Amount of salary and wage expense that cannot be deducted on your federal return because you are claiming a work opportunity credit, clinical testing (orphan drug) credit, or research credit. Attach a copy of U.S. *Work Opportunity Credit* (Form 5884), *Credit for Increasing Research Activities* (Form 6765), or *Orphan Drug Credit* (Form 8820) to substantiate this subtraction.
- Losses from the disposal of property reported in the Michigan column of MI-1040D, line 15, or MI-4797, line 18b(1).
- Amount used to determine the credit for elderly or totally and permanently disabled from U.S. Form 1040 *Schedule R*, line 19, or U.S. Form 1040A *Schedule 3*, line 19.
- Michigan NOL deduction. Attach MI-1045. See page 7.
- Gross income included in AGI from Michigan gas and oil royalty interest or working interest.
- The amount of a distribution from individual retirement accounts that qualify under IRC section 408 if the distribution is used to pay qualified

higher education expenses (tuition, books, fees, etc.) at a postsecondary educational institution.

- Holocaust victim payments.
- To the extent included in AGI, a distribution from a pension or retirement plan that is contributed to a qualifying charitable organization. To qualify, you must make the payment to the charity within 60 days of receiving the distribution, and reduce the amount of the contribution by any pension subtraction taken and two times the total amount of credits claimed for a public contribution

credit, homeless shelter/food bank credit, and the community foundation credit.

You may not subtract:

- Itemized deductions from U.S. *Schedule A*.
- Sick pay, disability benefits, and wage continuation benefits paid to you by your employer or by an insurance company under contract with your employer.
- Unemployment benefits included in AGI, except railroad unemployment benefits.

- Distributions from a deferred compensation plan received while a resident of Michigan.
- Lottery winnings. (Exception: installment payments from prizes won on or before December 30, 1988, may be subtracted.)

Note: Include installment gross winnings as reported on your Form W-2G, box 1, and show on your Schedule W, Table 1, in the appropriate box.

Line-by-Line Instructions for Schedule 2

Line 1: City Income Tax Credit.

Everyone who pays Michigan income tax is allowed **partial** credit for income tax paid to Michigan cities. Use Worksheet 4 below to compute the credit.

1a: Enter your net city income tax paid in 2008 from Worksheet 4 below.

1b: Enter your city income tax credit. Use Worksheet 4 below to compute the credit.

Line 2: Public Contribution Credit.

A **partial** income tax credit can be claimed for donations to a qualifying Michigan public institution. The credit

is based on cash or the value of the item(s) donated. Values claimed must be supported by written appraisals, trade journals, etc., or by an itemized receipt.

Gifts qualify for credit if given to:

- Michigan colleges or universities and their fund-raising organizations
- The Michigan Colleges Foundation
- The State Art in Public Places Fund
- The Michigan Historical Museum
- Michigan public libraries
- Michigan public broadcasting stations

- A Michigan municipality, or a nonprofit corporation affiliated with a Michigan municipality, for an art institute in that municipality or to benefit the art institute (art institutes are those whose primary function is the displaying and teaching of visual arts)

- The State of Michigan for the preservation of State archives.

Artwork created by the taxpayer also qualifies for credit if given to:

- The State of Michigan for display in a public place
- A Michigan municipality for public display.

Artwork is an original visual creation of quality in any size or shape, in any media, using any materials. Its fair market value must be determined by an independent appraiser when donated.

2a: Enter the total amount of public contributions.

2b: Enter the credit which is the smaller of:

- 50 percent of the contribution reported on line 2a, or
- \$100 (\$200 for a joint return).

Line 3: Community Foundations Credit. A **partial** income tax credit can be claimed when you donate to an endowment fund of one of the certified community foundations or component funds listed on page 48. Enter the code number in the box on line 3. For individuals

WORKSHEET 4 - CITY INCOME TAX CREDIT			
To Determine Net City Income Tax			
Step 1	A. City income tax withheld from wages in 2008 (from your W-2, box 19, or Schedule W, Table 1, Column F)	+	.00
	B. Amount of tax paid with a Michigan city income tax return filed in 2008 (do not include penalty and interest)	+	.00
	C. Estimated city income tax payments paid in 2008	+	.00
	D. <i>Subtotal.</i> Add lines A through C	=	.00
	E. City income tax refund(s) received in 2008	-	.00
	F. Total Net City Income Tax Paid Subtract line E from line D. Carry to line 1a	=	.00
To Determine Your City Income Tax Credit			
If Your Total Net City Income Tax Paid (Michigan Schedule 2, line 1a) is:			
	\$100 or less	\$101 through \$150	\$151 or more
Step 2	Net city income tax paid .....	.00	.00
	Multiply	x .20	.00
	CREDIT. Carry to line 1b .....	.00	.00
	Round all amounts to the nearest dollar.		
	Credit cannot be more than \$10,000.00		
	Net city income tax paid .....	.00	.00
	Subtract	- \$100.00	\$150.00
	<i>Subtotal</i> .....	.00	.00
	Multiply	x .10	.05
	<i>Subtotal</i> .....	.00	.00
Add	+ 20.00	25.00	
CREDIT. Carry to line 1b .....	.00	.00	

who contributed to more than one community foundation, enter the number of one foundation and attach a list indicating the others. You must enter a valid code to receive credit.

3a: Enter the total of all contributions.

3b: Enter the credit which is the smaller of:

- 50 percent of the contribution reported on line 3a, **or**
- \$100 (\$200 for a joint return).

Line 4: Homeless Shelter/Food Bank Credit. A **partial** income tax credit can be claimed when a **donation** is made by cash or check to a qualifying shelter for homeless persons, a food bank, a food kitchen, or other entity whose **primary** purpose is to provide overnight accommodation, food, or meals to indigent persons. A partial income tax credit is also allowed for the cash value of donations of food made to any of these organizations but only if the donation is matched with similar food items by a retailer. Donations to organizations such as secondhand stores and churches that provide other services or shelter and food as a secondary purpose do **not** qualify for this credit.

Contributions qualifying for this credit must be all of the following:

- Cash, check, or gifts of food donated in conjunction with a matching contribution made by a food retailer or vendor;
- Made to organizations located in **Michigan** whose **primary** purpose is to provide food and/or shelter to indigent persons; **and**
- Deductible as a charitable contribution under the IRC.

4a: Enter the total cash contributions and qualifying donated food value.

4b: Enter the credit which is the smaller of:

- 50 percent of the contribution reported on line 4a, **or**
- \$100 (\$200 for a joint return).

Note: Contributions designated for a “qualifying organization” (community foundation, homeless shelter, or food bank) and made through United Way also qualify for this credit. If the credit is for a community foundation,

be sure to enter the appropriate two-digit code number on Schedule 2, line 3.

Note: Treasury may request receipts for credits claimed on lines 2, 3, and 4. Cancelled checks will **not** be accepted in place of receipts.

Line 5: Credit for Income Tax Imposed by Government Units Outside Michigan. Include the amount of income tax paid to:

- A nonreciprocal state (see page 7)
- A local government unit outside Michigan, including tax paid to local units located in reciprocal states
- The District of Columbia
- A Canadian province.

Include only income tax paid to another government unit(s) on income earned while you were a Michigan resident and taxed by Michigan.

Attach a copy of the return filed with the other government unit(s) to your MI-1040.

Do **not** include taxes paid on income you subtracted on lines 8 through 20 of Michigan Schedule 1 (e.g., rental or business income from another state, part-year resident wages, etc.). If you claim credit for Canadian provincial tax, you must file a *Resident Credit for Tax Imposed by a Canadian Province* (Michigan Form 777). Attach copies of your *Canadian Federal Individual Tax Return* (Form T-1), Canadian Form T-4, *Foreign Tax Credit* (U.S. Form 1116), and U.S. Form 1040. Your credit is limited to the portion of your Canadian provincial tax not used as a credit on your U.S. Form 1040.

5a: Enter the total income tax paid to other government units. If you paid tax to more than one unit, attach a schedule showing the tax paid to each government unit.

5b: Credit amount. If more than one government unit is involved, compute the credit amount for each government unit separately. Then add the individual credit amounts and enter the total on line 5b. Compute your allowable credit as follows:

- Divide your non-Michigan income subject to tax by both states by your total income subject to Michigan tax (MI-1040, line 14); then

- Multiply the amount of tax shown on MI-1040, line 17, by the result.

Your credit cannot exceed the smaller of: (1) the amount of tax imposed by another government; or (2) the amount of Michigan tax due on salaries, wages, and other personal compensation earned in another state. See the Example below.

Line 6: Michigan Historic Preservation Tax Credit. To claim this credit you must submit **all** of the supporting documentation. For a list of required forms see the instructions on the back of the 2008 *Historic Preservation Tax Credit* (Form 3581).

6a: Enter the amount from your 2008 Form 3581, line 9.

6b: Enter the amount from your 2008 Form 3581, line 10e.

Line 7: College Tuition and Fees Credit. Enter the college tuition and fees credit from Schedule CT, line 4e.

EXAMPLE: Computing Michigan resident's credit for tax imposed by another state.

Michigan wages	\$18,000
Wages earned outside Michigan	12,000
Income Other than Wages (such as U.S. savings bonds interest) ±	<u>1,000</u>
Adjusted Gross Income (MI-1040, line 10).....	31,000
Schedule 1 subtractions.....	<u>- 1,000</u>
Total income subject to tax (MI-1040, line 14).....	\$30,000
Percent of non-Michigan income to total (\$12,000/\$30,000).....	40%
Taxpayer has 2 exemptions (2 x \$3,500).....	<u>\$ 7,000</u>
Taxable Income (MI-1040, line 16).....	\$23,000
Tax 4.35% (0.0435) (MI-1040, line 17).....	\$ 1,001
Tax imposed by a government unit outside Michigan.	
Enter this amount on your Schedule 2, line 5a.....	\$ 700
Credit limit is 40% of \$1,001.	
Because this amount is less than the tax imposed by the other state, enter this amount on your Schedule 2, line 5b.....	\$ 400

Line 8: Vehicle Donation Credit. Taxpayers who donate automobiles to certain charities may claim a nonrefundable Michigan tax credit if the automobile is transferred by the charity to an individual for employment purposes. Donors must receive a *Donor Tax Credit Certificate for Donated Vehicle* (Form 4284) from a certified charitable organization to be able to claim the credit. Treasury may request copies

of Form 4284 for verification. Retain a copy of the form in your records.

Enter the code number in the box on line 8 using the following codes:

Vehicle Donation Codes

105 Goodwill Industries of Mid-Michigan, Inc.
202 Goodwill Wheels to Work
601 Goodwill of Southwestern Michigan, Inc.
604 Carlink, Inc.
705 Goodwill Industries of Northern Michigan, Inc.
803 Goodwill Industries of West Michigan, Inc.
905 Goodwill Industries of Southeast Michigan, Inc.

8a: Enter Value of Donated Vehicle from Form 4284.

8b: Enter the smaller amount of 50 percent of line 8a or a maximum of \$50 for a single return or \$100 for joint return.

General Information - Homestead Property Tax Credit (MI-1040CR)

The request for your Social Security number is authorized under USC Section 42. Social Security numbers are used by Treasury to conduct matches against benefit income provided by the Social Security Administration and other sources to verify the accuracy of the home heating credit and property tax credit claims filed and to deter fraudulent filings.

Who May Claim a Property Tax Credit

You may claim a property tax credit if all of the following apply:

- Your homestead is located in Michigan.
- You were a Michigan resident at least six months of 2008.
- You pay property taxes or rent on your Michigan homestead.

You can have only one **homestead** at a time, and you must be the occupant as well as the owner or renter. Your homestead can be a rented apartment or a mobile home on a lot in a mobile home park. A vacation home or income property is **not** considered your homestead.

Your homestead is in your state of **domicile**. Domicile is the place where you have your permanent home. It is the place to which you plan to return whenever you go away. Even if you spend the winter in a southern state, your domicile is still Michigan. College students and others whose permanent homes are not in Michigan are **not** Michigan residents. Domicile continues until you establish a new permanent home.

Property tax credit claims may **not** be submitted on behalf of minor children.

You may not claim a property tax credit if your household income is over \$82,650. The computed credit is reduced by 10 percent for every \$1,000 (or part of \$1,000) that household income exceeds \$73,650. If filing a part-year return, you must annualize household income to determine if the income limitation applies. See instructions for annualizing on page 22.

Which Form to File

Most filers should use MI-1040CR in this booklet.

If you are blind and own your homestead, are in the active military, are an eligible veteran, or an eligible veteran's surviving spouse, request MI-1040CR-2 and complete MI-1040CR and MI-1040CR-2. **Use the form that gives you a larger credit.** If you are blind and rent your homestead, you cannot use MI-1040CR-2. Claim your credit on MI-1040CR and check the appropriate box on line 5.

When to File

If you are not required to file an MI-1040, you may file your credit claim as soon as you know your 2008 household income and property taxes levied in 2008. If you file a Michigan income tax return, your credit claim should be attached to your MI-1040 return and filed by April 15, 2009, to be considered timely. To avoid penalty and interest, if you owe tax, postmark no later than April 15, 2009. The filing deadline to receive a 2008 property tax credit is April 15, 2013.

Amending Your Credit Claim

File a new claim form and write "Amended" across the top of the form. You must do this within four years of the date set for filing your original income tax return.

Delaying Payment of Your Property Taxes

Senior citizens, disabled people, veterans, surviving spouses of veterans, and farmers may be able to delay paying property taxes. Contact your local or county treasurer for more information.

Household Income

Household income is the total income (taxable and nontaxable) of both spouses or of a single person maintaining a household. It is your AGI, plus all income exempt or excluded from AGI. Include gains realized on the sale of your residence regardless of your age or whether or not these gains are exempt from federal income tax. (See instructions beginning on page 20.)

Household income does NOT include:

- Federal economic stimulus payments (rebates) issued by the IRS
- Payments received by participants in the foster grandparent or senior companion program
- Energy assistance grants
- Government payments to a third party (e.g., a doctor)

Note: If payment is made from money withheld from your benefit, the payment is part of household income. (For example, the DHS may pay your rent directly to the landlord.)

- Money received from a government unit to repair or improve your homestead
- Surplus food or food assistance program benefits
- State and city income tax refunds and homestead property tax credits
- Chore service payments (these payments are income to the provider of the service)
- The first \$300 from gambling, bingo, lottery, awards, or prizes
- The first \$300 in gifts, cash, or expenses paid on your behalf by a family member or friend
- Amounts deducted from Social Security or Railroad Retirement benefits for Medicare premiums
- Life, health, and accident insurance premiums paid by your employer. However, if you pay medical insurance or Health Maintenance Organization (HMO) premiums for you or your family, you may deduct the cost from household income.
- Loan proceeds
- Inheritance **from a spouse**
- Life insurance benefits **from a spouse**
- Payments from a long-term care policy made to a nursing home or other care facility.

Property Taxes That Can Be Claimed for Credit

Ad valorem property taxes that were levied on your homestead in 2008, including collection fees up to 1 percent of the taxes, can be claimed no matter when you pay them. You may add to your 2008 taxes the amount of property taxes billed in 2008 from a corrected or supplemental tax bill. You must **deduct** from your 2008 property taxes any refund of property taxes received in 2008 that was a result of a corrected tax bill from a previous year.

Do not include:

- Delinquent property taxes (e.g., 2007 property taxes paid in 2008)
- Penalty and interest on late payments of property tax
- Delinquent water or sewer bills
- Property taxes on cottages or second homes
- Association dues on your property
- Most special assessments for drains, sewers, and roads do not meet specific tests and may not be included.

You may include special assessments only if they are levied using a uniform millage rate, are based on taxable value, and are either levied in the entire taxing jurisdiction or they are used to provide police, fire, or advanced life support services and are levied township-wide, except for all or a portion of a village.

Home used for business. If you use part of your home for business, you may claim the property taxes on the living area of your homestead, but **not** the property taxes on the portion used for business.

Note: School operating taxes are only levied on the non-homestead portion of the property and may not be included in taxes levied when computing the property tax credit.

Owner-occupied duplexes. When both units are equal, you are limited to 50 percent of the tax on both units, after subtracting the school operating taxes from the total taxes billed.

Owner-occupied income property. Apartment building and duplex owners who live in one of the units or single family homeowners who rent a room(s) to a tenant(s) must do two calculations to figure the tax they can claim and base their credit on the **lower** amount. First, subtract 20 percent of the rent collected from the tax claimed for credit. Second, reduce the tax claimed for credit by the amount of tax claimed as rental expense on your U.S. Form 1040.

For example, your home has an upstairs apartment that is rented to a tenant for \$395 a month. Total property taxes on your home are \$2,150. Of this amount, \$858 is claimed as rental expense. The calculations are as follows:

Step 1:

$\$395 \times 12 = \$4,740$ annual rent

$\$4,740 \times .20 = \948 taxes attributable to the apartment

$\$2,150$ eligible taxes - $\$948 = \$1,202$ taxes attributable to owner's homestead

Step 2:

$\$2,150$ total taxes - $\$858$ taxes claimed as a business deduction = $\$1,292$ taxes attributable to homestead

Step 3:

The owner's taxes that can be claimed for credit are \$1,202, the smaller of the two computations.

Farmers. Include farmland taxes in your property tax credit claim if any of the following conditions apply:

- If your gross receipts from farming are greater than your household income, you may claim all of your farmland taxes including taxes on unoccupied farmland. Do **not** include taxes on farmland that is not adjacent or contiguous to your home and that you rent or lease to another person.
- If gross receipts from farming are less than your household income and you have lived in your home **more** than ten years, you may claim the taxes on your home and the farmland adjacent and contiguous to your home.
- If gross receipts from farming are less than your household income and you have lived in your home **less** than ten years, you may claim the taxes on your home and five acres of farmland adjacent and contiguous to your home.

You may **not** claim **rent paid** for vacant farmland when computing your property tax credit claim.

Include any farmland preservation tax credit in your household income. Enter the amount of credit you received in 2008 on line 17 or include it in net farm income on line 15.

Homestead property tax credits are **not** included in household income. If you included this amount in your taxable farm income, subtract it from household income.

Rent That Can Be Claimed for Credit

You must be under a lease or rental contract to claim rent for credit. In most cases, 20 percent of rent paid is considered property tax that can be claimed for credit. The following are exceptions:

- If you rent or lease housing that is subject to a **service charge or fees paid** instead of property taxes, you may claim a credit based upon 10 percent of the gross rent paid. Use the amount the landlord gives you and enter on MI-1040CR, line 47, and follow instructions.

- If your housing is **exempt** from property tax and no service fee is paid, you are **not** eligible for credit. This includes university- or college-owned housing.
- If your **housing costs are subsidized**, base your claim on the amount you pay. Do not include the federal subsidy amount.
- **If you are a mobile home park resident**, claim the \$3 per month specific tax on line 7, and the balance of rent paid on line 8.
- If you are a **cooperative housing corporation resident member**, claim your share of the property taxes on the building. If you live in a cooperative where residents pay rent on the land under the building, you may also claim 20 percent of that land rent. (Do **not** take 20 percent of your total monthly payment.)
- When you pay **room and board in one fee**, you must also determine your tax that can be claimed for credit based on square footage. For example, you pay \$750 a month for room and board. You occupy 600 square feet of a 62,000 square foot apartment building. The landlord pays \$54,000 in taxes per year. If you pay room and board in separate billings, you must base your property tax credit on rent.

Step 1: $600/62,000 = 0.0097$

Step 2: $\$54,000 \times 0.0097 = \524
taxes you can claim for credit

If You Moved in 2008

Residents who temporarily lived outside Michigan may qualify for a credit if Michigan remained their state of domicile. Personal belongings and furnishings must have remained in the Michigan homestead **and** the homestead must **not** have been rented or sublet during the temporary absence. (See the definitions of resident on page 6 and domicile on page 17.)

If you bought or sold your home, you must prorate your taxes. Complete MI-1040CR, lines 36 through 42, to determine the taxes that can be claimed for credit. Use only the taxes levied in 2008 on each Michigan homestead, then prorate taxes based on days of occupancy. Do **not** include taxes on out-of-state property.

Part-year Residents

If you lived in Michigan at least six months during the year, you may be entitled to a partial credit. If you are a part-year resident, you must include all income received as a Michigan resident in household income (line 28). Complete MI-1040CR, lines 36 through 42, to determine the taxes eligible to be claimed for credit on your Michigan homestead.

Residents of Nursing Homes and Other Adult Care Homes

If you are a resident of a nursing home, adult foster care home, or home for the aged, that facility is considered your homestead. If the facility pays local property taxes (many do not), you may claim your portion of those taxes for credit. You may **not** claim rent. Ask the manager what your share is or, to determine it yourself, divide the amount of property tax levied on the facility in 2008 by the number of residents for which the facility is licensed. This is your share. If both you and your spouse live in the facility, add your shares together. If you lived in the facility only part of the year, multiply this amount by the portion of the year you lived at the facility.

Exception: Credit is not allowed if your facility care charges are paid directly to the facility by a government agency.

If you maintain a homestead and your spouse lives in an adult care home, you may file a joint credit claim. Combine the tax for your homestead and your spouse's share of the facility's property tax to compute your claim.

If you are single and maintain a homestead (that is **not** rented) while living in an adult care home, you may claim either your homestead or your share of the facility's property tax, but not both. Use the one that gives you the larger credit.

Deceased Claimant's Credit

The estate of a taxpayer who died in 2008 (or 2009 before filing a claim) may be entitled to a credit for 2008. The surviving spouse, other authorized claimant, or personal representative can claim this

credit. Use the deceased's Social Security number and the personal representative's address. If taxpayer died after December 31, 2007, enter the date of death in the "Deceased Taxpayers" box on the bottom of page 2.

The **surviving spouse** may file a joint claim with the deceased. Enter both names and Social Security numbers on the form, and write "DECD" after the deceased's name. Sign the return and write "filing as surviving spouse" in the deceased's signature block. Enter the date of death in the "Deceased Taxpayers" box on the bottom of page 2. Include the deceased's income in household income.

If filing as a **personal representative** or **claimant** to the refund of a single deceased taxpayer(s), you must attach a *Statement of Person Claiming Refund Due a Deceased Taxpayer (U.S. Form 1310)* or *Michigan Claim for Refund Due a Deceased Taxpayer (MI-1310)*. Enter the deceased's name in the Filer's Name fields and the representative's or claimant's name and title in the Spouse's Name fields. See the "Deceased Taxpayer Chart of Examples" on page 47. A **claimant** must prorate to the date of death as noted in the following paragraph.

The **personal representative** or **claimant** claiming a credit for a single deceased person or on a jointly filed credit if both filers became deceased during the 2008 tax year, must prorate taxes to the date of death. Complete lines 38 through 42 to prorate the property taxes. Annualize household income. (See the instructions for lines 29 and 34 on page 22.) Attach a copy of the tax bills or rent receipts. If filing as a **personal representative** or **claimant** of a deceased taxpayer(s) for a **jointly** filed return, you must attach a U.S. Form 1310 or MI-1310. Enter the names of the deceased persons in the Filer's and Spouse's Name fields and the representative's or claimant's name, title and address in the Home Address field. See "Deceased Taxpayer Chart of Examples" on page 47.

If you are a personal representative or claimant filing a joint return, see "Deceased Taxpayers" on page 7.

Married During 2008

If you married during 2008, combine each spouse's share of taxes or rent for the period of time he or she lived in separate homesteads. Then add the prorated share of taxes or rent for the time you lived together in your marital home. This only applies to homes located in Michigan.

Married Filing Separately

Spouses who file separate Michigan income tax returns and share a household are entitled to one property tax credit. Complete your property tax credit claim jointly and include income from both spouses in household income. Divide the credit as you wish. If each spouse claims a portion of the credit, attach a copy of the claim showing each spouse's share of the credit to each income tax return. Enter only your portion of the credit on MI-1040, line 27.

Separated and Filing a Joint Return With Your Spouse

Your claim must be based on the tax or rent for 12 months on only one home. The household income must be the combined income of both you and your spouse for the entire year.

Filing Separate Federal and State Returns and Maintaining Separate Homesteads

You may each claim a credit. Each credit is based on the individual taxes

or rent and individual income for each person.

Separated or Divorced in 2008

Figure your credit based on the taxes you paid together before your separation plus the taxes you paid individually after your separation. Attach a schedule showing your computation.

For example, Bob and Susan separated on October 2, 2008. The annual taxes on the home they owned were \$1,860. Susan continued to live in the home and Bob moved to an apartment on October 2 and paid \$350 per month rent for the rest of the year. Susan earned \$20,000 and Bob earned \$25,000. They lived together for 275 days.

Step 1: Calculate the prorated income for each spouse for the 275 days they lived together. Divide each spouse's total income by 366 days, then multiply that figure by 275.

$$\text{Susan } (\$20,000/366) \times 275 = \$15,027$$

$$\text{Bob } (\$25,000/366) \times 275 = \$18,784$$

Step 2: Add both prorated incomes together to determine the total income for the time they lived together.

$$\$15,027 + \$18,784 = \$33,811$$

Step 3: Divide each individual's prorated share of income by the total income from Step 2 to determine the percentage of income attributable to each.

$$\text{Susan } \$15,027/\$33,811 = 44\%$$

$$\text{Bob } \$18,784/\$33,811 = 56\%$$

Step 4: Calculate the prorated taxes eligible for credit for the time they lived together. Divide the \$1,860 by 366 days, then multiply by 275 days.

$$(\$1,860/366) \times 275 = \$1,398$$

Step 5: Calculate each individual's share of the prorated taxes. Multiply the \$1,398 by the percentages determined in Step 3.

$$\text{Susan } \$1,398 \times 44\% = \$615$$

$$\text{Bob } \$1,398 \times 56\% = \$783$$

Enter these amounts on MI-1040CR, line 41, column A.

Susan uses lines 38 through 41, column B, to compute her share of taxes for the remaining 91 days.

Bob uses lines 43 through 44 to compute his share of rent. Each completes the remaining lines of MI-1040CR according to the form instructions.

Single Adults Sharing a Home

When two or more single adults share a home, each may file a credit claim if each has contracted to pay rent or owns a share of the home. Each adult should file an individual claim based on his or her household income and prorated share of taxes or rent paid.

Line-by-Line Instructions for MI-1040CR

Lines not listed are explained on the form.

Lines 1, 2, and 3: Enter your name(s), address, and Social Security number(s). If you are married, filing separate claims, enter both Social Security numbers, but do **not** enter your spouse's name.

Line 5: Check the box(es) that applies to you or your spouse as of December 31, 2008:

a) Age 65 or older.

Unremarried surviving spouse of a person who was 65 or older at the time of death. You are considered 65 the day before your 65th birthday.

b) Deaf, blind (see page 10, 9c instructions), hemiplegic, paraplegic, quadriplegic, or totally and permanently disabled (as defined under Social Security Guidelines 42 USC 416).

Property Tax and Household Income

Include all taxable and nontaxable income you and your spouse received in 2008. If your family lived in Michigan and one spouse earned wages outside Michigan, include the income earned out of state in your household income. (See "Household Income" on page 17 and "Property Taxes That Can Be Claimed for Credit" on page 18.)

Line 6: If you own your homestead, enter the 2008 taxable value from your 2008 property tax statement or assessment notice. If you do not know your taxable value, ask your local treasurer. Farmers should include the taxable value on all land that qualifies for this credit.

Line 7: Read "Property Taxes That Can Be Claimed for Credit" on page 18 before you complete this line.

Line 11: Enter all compensation received as an employee. Include strike pay, supplemental unemployment benefits (SUB pay), sick pay, or long-term disability benefits, including income protection insurance, and any other amounts reported to you on Form W-2.

Line 13: Enter the total of the amounts from your U.S. *Schedule C* (business income or loss), U.S. Form 4797 (other gain or loss) and U.S. *Schedule E* (rents, royalties, partnerships, S corporations, estates, and trusts). Include amounts from sources outside Michigan. **Attach these schedules to your claim.**

Line 14: Enter all annuity, retirement pension, and IRA benefits and the name of the payer. This should be the taxable amount shown on your U.S. Form 1099-R. If no taxable amount is shown on your U.S. Form 1099-R, use the amount required to be included in AGI. Enter "0" if all of your distribution is from your contributions made with income previously included in AGI. Include reimbursement payments such as an increase in a pension to pay for Medicare charges. Also include the total amount of any lump sum distribution including amounts reported on your U.S. Form 4972. Do **not** include recoveries of after-tax contributions or amounts rolled over into another plan (amounts rolled over into a Roth IRA must be included to the extent included in AGI).

You must include any part of a distribution from a Roth IRA that exceeds your total contributions to the Roth IRA regardless of whether this amount is included in AGI. Assume that all contributions to the Roth IRA are withdrawn first. **Note:** Losses from Roth IRAs cannot be deducted.

Line 15: Enter the amount from U.S. *Schedule F* (farm income or loss). Attach *Schedule F*.

Line 16: Enter net capital gains and losses. This is the total of short- and long-term gains, less short- and long-term losses from your U.S. *Schedule 1040D*, line 16 (for gains) or line 21 (for losses--cannot exceed \$3,000). Include gains realized on the sale of your residence regardless of your age or whether or not these gains are exempt from federal income tax.

Line 17: Enter alimony received and other taxable income. Describe other taxable income. This includes: Awards, prizes, lottery, bingo, and other gambling winnings over \$300.

- Farmland preservation tax credits, if not included in farm income on line 15.

Line 18: Enter your Social Security, Supplemental Security Income (SSI), and/or Railroad Retirement benefits. Include death benefits and amounts received for minor children or other dependent adults who live with you. Report the amount actually received. Do **not** include the amount deducted for Medicare.

Line 19: Enter child support and all payments received as a foster parent. **Note:** If you received a 2008 *Child Support Year-End Statement* (FEN-851) showing child support payments paid to the Friend of the Court, enter the child support portion here and attach a copy of the statement. See line 23.

Line 21: Enter other nontaxable income. This includes:

- Compensation for damages to character or for personal injury or sickness
- An inheritance (**except an inheritance from your spouse**)
- Proceeds of a life insurance policy paid on the death of the insured (**except benefits from a policy on your spouse**)
- Death benefits paid by or on behalf of an employer
- The value over \$300 in gifts of cash, merchandise, or expenses paid on your behalf (rent, taxes, utilities, food, medical care, etc.) from parents, relatives, or friends
- Minister's housing allowance
- Amounts paid directly to you as a scholarship, stipend, grant, or GI bill benefits
- Reimbursement from dependent care and/or medical care spending accounts.

Also include payments made on your behalf except government payments made directly to an educational institution or subsidized housing project.

Line 22: Enter service-connected disability compensation and pension benefits from the Veterans Administration and workers' compensation benefits. Veterans receiving retirement benefits should enter the benefits on line 14.

Line 23: Enter the total payments made to your household by the DHS and all other public assistance payments. Your 2008 *Client Annual*

Statement (DHS-1241) mailed by DHS in January 2009 will show your total DHS payments. Your statement(s) may include the following: Family Independence Program (FIP) assistance, State Disability Assistance (SDA), Refugee Assistance, Repatriate Assistance, and vendor payments for shelter, heat, and utilities. **Note:** If you received a 2008 FEN-851, subtract the amount of child support payments entered on line 19 from the total DHS payments and enter the difference here.

Line 25: Enter total adjustments from your U.S. Form 1040, line 36, or U.S. Form 1040A, line 20. Describe adjustments to income. These adjustments reduce household income and include some of the following:

- Payments to IRAs, SEP, SIMPLE, or qualified plans
- Student loan interest deduction
- Moving expenses **into** or **within** Michigan can be included in Other adjustments (MI-1040CR, line 25) to reduce household income. Moving expenses when moving **out** of Michigan cannot be included in Other adjustments to reduce household income.
- Deduction for self-employment tax
- Self-employed health insurance deduction
- Penalty on early withdrawal of savings
- Alimony paid
- Jury duty pay you gave to your employer
- Archer MSA deduction
- Any other adjustments to gross income included on line 36 of your 2008 U.S. Form 1040.

Also enter the amount of an NOL deduction. **Note:** A deduction for a carryback or carryforward of an NOL cannot exceed federal modified taxable income. Attach MI-1045.

Line 26: Enter medical insurance or HMO premiums you paid for yourself and your family (**not Medicare**). Include medical insurance premiums paid through post-tax payroll deduction. Include the portion of auto insurance paid for medical coverage. Do **not** include any insurance premiums deducted on line 25; amounts paid for income protection insurance, long-term care insurance,

or life insurance; or amounts paid through pre-tax payroll deductions.

Property Tax Credit

Line 29: Multiply line 28 by 3.5 percent (0.035) or the percentage from Table 3 below. **This is the amount that will not be refunded.** The personal representative claiming a credit for a deceased taxpayer with household income of \$6,000 or less must annualize the deceased's income and use the annualized figure to determine the nonrefundable percentage from Table 3 below. Then use the **actual** household income to compute the credit. See instructions for annualizing on this page.

Line 34: Taxpayers with household income over \$82,650 (line 28) are not eligible for credit in any category. The computed credit is reduced by 10 percent for every \$1,000 (or part of \$1,000) that your household income exceeds \$73,650. If you are filing a part-year return (for a deceased taxpayer or a part-year resident), you must annualize the household income to determine if the credit reduction applies. If the annualized income is more than \$73,650, use actual household income to compute the credit; then reduce the credit 10 percent for every \$1,000 (or part of \$1,000) that your annualized income exceeds \$73,650. The surviving

spouse filing a joint claim does not have to annualize the deceased spouse's income.

To annualize income (project what it would have been for a full year):

Step 1: Divide 366 by the number of days the claimant was a Michigan resident in 2008.

Step 2: Multiply the answer from step 1 by the claimant's household income (line 28). The result is annualized income.

Line 35: If you and your spouse had a different residency status, check the box that applies to each spouse.

Renters

See "Rent That Can Be Claimed for Credit" on page 18.

Line 43: If you rented a Michigan homestead subject to local property taxes, enter the street number and name, city, landlord's name and address, number of months rented, rent paid per month, and total rent paid. Do this for each Michigan homestead rented during 2008. If you need more space, attach an additional sheet. Do **not** include more than 12 months' rent. Do **not** include amounts paid directly to the landowner on your behalf by a government agency, unless payment is made with money withheld from your benefit. If you pay

lot rent on your mobile home, subtract the \$3 per month property tax from the total rental amount and claim the remaining rent on line 43.

Line 47: Multiply line 46 by 10 percent (0.10) (see instructions on pages 18 and 19).

Credit Proration

If you received FIP assistance or other DHS benefits in 2008, prorate your credit to reflect the ratio of income from other sources to total household income. To prorate your credit, complete your MI-1040CR, lines 1 through 30 first, then use the information from your form to complete Worksheet 5 below.

Alternate Property Tax Credit for Renters Age 65 or Older

Worksheet 6, Line B: Enter rent paid from line 44 or, if you live in service fee housing, enter amount from line 46. If you moved from one rental homestead to another during the last two years (also see "If You Moved in 2008" on page 19), enter smaller of:

- The final month's rent on your previous rented homestead multiplied by 12, or
- The actual rent paid from line 44 or line 46.

TABLE 3: PERCENT OF TAXES NOT REFUNDABLE

ALL GENERAL CLAIMANTS

<u>Income</u>	<u>% of Income</u>
\$0 - \$82,650	3.5%

OTHER CLAIMANTS*

<u>Income</u>	<u>% of Income</u>
\$3,000 or less	0%
\$3,001 - \$4,000	1%
\$4,001 - \$5,000	2%
\$5,001 - \$6,000	3%
More than \$6,000	3.5%

*Other claimants are senior citizens or people who are paraplegic, hemiplegic, quadriplegic, blind, deaf, or totally and permanently disabled or unremarried spouse of an individual 65 or older.

WORKSHEET 5 - FIP/DHS BENEFITS

- A. Enter amount from line 23 (FIP and other DHS benefits)..... _____
- B. Enter amount from line 28 (Household Income)..... _____
- C. Subtract line A from line B (if amount is a negative value, enter "0")..... _____
- D. Divide line C by line B and enter percentage here..... _____
- E. If you checked either box on line 5, enter amount from line 30. All others, multiply amount on line 30 by 60% (0.60) and enter here (max. \$1,200)..... _____
- F. Multiply line E by line D. If you are age 65 or older and you rent your home, enter amount here and on line A of Worksheet 6 below.
Otherwise, enter here and on your MI-1040CR, line 32..... _____

WORKSHEET 6 - ALTERNATE PROPERTY TAX CREDIT FOR RENTERS AGE 65 AND OLDER

- A. Enter amount from line 30 or from Worksheet 5, Line F, above..... _____
- B. Enter rent paid from line 44 or line 46..... _____
- C. Multiply amount on line 28 by 40% (0.40) and enter here..... _____
- D. Subtract line C from line B. If line C is more than line B, enter "0"..... _____
- E. Enter the larger of line A or line D here and carry amount to your MI-1040CR, line 32..... _____

Forms contained in this booklet (pages 23 - 46) are **posted separately**. Select and print the form you need from the list.

<u>Forms</u>	<u>Page No.</u>
MI-1040, Individual Income Tax Return	23-26
Schedule W, Withholding Tax Schedule	27-30
Schedule 1, Additions and Subtractions.....	31&33
Schedule 2, Nonrefundable Credits	32&34
MI-1040CR, Homestead Property Tax Credit Claim.....	35-38
Schedule NR, Nonresident and Part-year Resident Schedule.....	39-40
Schedule CT, College Tuition and Fees Credit	41-42
4642, Voluntary Contributions Schedule	43-46

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When to File a Michigan Business Tax Return

Michigan Business Tax (MBT) is a tax on business activity conducted in Michigan. Individuals are required to file an MBT return if you have business activity in Michigan and your apportioned or allocated receipts are \$350,000 or greater for the 2008 tax year. Business activity is indicated if:

- You are self-employed and/or have to pay self-employment tax with your federal income tax return, **or**
- You file a U.S. *Schedule C*, **or**
- You include rental property on a U.S. *Schedule E*, **or**
- Your earnings are reported to you on Form *1099-MISC* rather than Form *W-2*.

The e-file mandate for Single Business Tax (SBT) is being continued for software developers supporting MBT, effective January 1, 2010, for the 2009 tax year. Software developers producing MBT preparation software will need to support e-file for all eligible MBT forms that are included in their tax preparation software. Therefore, all eligible MBT returns prepared using software must be e-filed. Visit www.MIfastfile.org for more information.

Deceased Taxpayer Chart of Examples (See instructions, pages 7 and 19.)

A. Joint Filers with Surviving Spouse

1. Filer's First Name John	M.I. A	Last Name Brown	DECD
If a Joint Return, Spouse's First Name Jane	M.I. C	Last Name Brown	

B. Single Filer with Personal Representative

1. Filer's First Name John	M.I. A	Last Name Brown	EST OF
If a Joint Return, Spouse's First Name Sam	M.I. W	Last Name Jones	REP

C. Single Filer with Claimant

1. Filer's First Name John	M.I. A	Last Name Brown	DECD
If a Joint Return, Spouse's First Name John	M.I. P	Last Name Jones	CLAIMANT

D. Joint Filers with Personal Representative

1. Filer's First Name John	M.I. A	Last Name Brown	EST OF
If a Joint Return, Spouse's First Name Jane	M.I. C	Last Name Brown	EST OF
Home Address (No., Street, P.O. Box or Rural Route) John H. Jones REP 123 Main St.			

E. Joint Filers with Claimant

1. Filer's First Name John	M.I. A	Last Name Brown	DECD
If a Joint Return, Spouse's First Name Jane	M.I. C	Last Name Brown	DECD
Home Address (No., Street, P.O. Box or Rural Route) John H. Jones CLAIMANT 123 Main St.			

WORKSHEET 7 - EXEMPTION ALLOWANCE FOR SCHEDULE NR

When One Spouse Is a Part-year Resident or Nonresident

Computing Amount of Exemption for Part-year or Nonresident Income

- Michigan Taxable Income of spouse that is NOT a full year resident..... 1. _____
- Total Taxable Income of spouse that is NOT a full year resident..... 2. _____
- Divide line 1 by line 2 and enter percentage here 3. _____ %
- Michigan personal exemption allowance..... 4. **\$3,500**
- Number of spouse's special exemptions from MI-1040, line 9
_____ X \$2,200 5. _____
- Spouse's qualified disabled veteran exemption _____ X \$250 from MI-1040, line 9e..... 6. _____
- Add lines 4, 5 and 6 7. _____
- Multiply line 7 by the percentage on line 3 8. _____

Computing Amount of Prorated Exemption Amount for Dependents

- Michigan AGI for both spouses from Schedule NR, line 14b 9. _____
- Total AGI from Schedule NR, line 14a..... 10. _____
- Divide line 9 by line 10 and enter percentage here 11. _____ %
- Multiply line 11 by exemption allowance of \$3,500 12. _____
- Multiply line 12 by the number of dependents claimed 13. _____
- Multiply line 11 by the number of dependents claimed who are qualified disabled veterans (from MI-1040, line 9e) _____ X \$250 X % from line 11 14. _____
- Multiply number of dependents claimed w/special exemptions (blind, deaf, etc.) _____ X \$2,200 X % from line 11 15. _____

Computing Amount of Exemption for Resident Spouse

- Michigan resident spouse's personal exemption allowance 16. **\$3,500**
- Number of Michigan resident spouse's special exemptions from MI-1040, line 9
_____ X \$2,200 17. _____
- Michigan resident spouse's qualified disabled veteran _____ X \$250 from MI-1040, line 9e 18. _____
- Add lines 16, 17 and 18 19. _____
- Add lines 8, 13, 14, 15, and 19 and carry to Schedule NR, line 19..... 20. _____

Certified Community Foundations and Component Funds

A component fund serves donors and nonprofit organizations in a specific geographic area as a restricted fund of a neighboring community foundation. The following are certified for the Community Foundations Credit for 2008.

- 01 Albion Community Foundation
- 56 Allegan County Community Foundation
 - Saugatuck/Douglas Area Community Fund
- 63 Anchor Bay Community Foundation
- 02 Ann Arbor Area Community Foundation
 - Community Foundation of Plymouth
 - Ypsilanti Area Community Fund
- 49 Baraga County Community Foundation
- 58 Barry Community Foundation
- 17 Battle Creek Community Foundation
 - Athens Area Community Foundation
 - Homer Area Community Foundation
 - Springfield Community Foundation
- 03 Bay Area Community Foundation
 - Arenac County Fund
- 04 Berrien Community Foundation
- 45 Branch County Community Foundation
- 36 Cadillac Area Community Foundation
 - Missaukee Area Community Foundation
- 64 Canton Community Foundation
- 06 Capital Region Community Foundation
 - Eaton County Community Foundation
- 66 Central Montcalm Community Foundation
- 44 Charlevoix County Community Foundation
- 28 Community Foundation for Muskegon County
 - Community Foundation for Mason County
 - Community Foundation for Oceana County
- 29 Community Foundation for Northeast Michigan
 - Iosco County Community Foundation
 - North Central Michigan Community Foundation
 - Straits Area Community Foundation
- 09 Community Foundation for Southeast Michigan
 - Chelsea Community Foundation
 - Community Foundation for Livingston County
- 10 Community Foundation of Greater Flint
 - Clio Area Community Fund
 - Fenton Community Fund
 - Flushing Community Fund
 - Grand Blanc Community Fund
 - Davison Community Fund
- 19 Community Foundation of Greater Rochester
- 11 Community Foundation of Monroe County
 - Greater Milan Area Community Foundation
- 35 Community Foundation of St. Clair County
- 20 Community Foundation of the Holland/Zeeland Area
- 54 Community Foundation of the Upper Peninsula
 - Alger Regional Community Foundation
 - Chippewa County Community Foundation
 - Community Foundation for Delta County
 - Gogebic-Ontonagon Community Foundation
 - Les Cheneaux Area Community Foundation
 - Schoolcraft County Community Foundation
 - St. Ignace Area Community Foundation
 - Tahquamenon Area Community Foundation
 - West Iron County Area Community Foundation
- 50 Dickinson County Area Community Foundation
 - Crystal Falls/Forest Park Area Community Fund
 - Norway Area Community Fund
- 13 Four County Community Foundation
- 14 Fremont Area Community Foundation
 - Lake County Community Foundation
 - Mecosta County Community Foundation
 - Osceola County Community Foundation
- 15 Grand Haven Area Community Foundation
 - Allendale Area Community Foundation
 - Coopersville Area Community Foundation
- 16 Grand Rapids Community Foundation
 - Cascade Community Foundation
 - East Grand Rapids Community Foundation Fund
 - Ionia County Community Foundation
 - Lowell Area Community Fund
 - Southeast Ottawa Community Foundation
 - Sparta Community Foundation
 - Wyoming Community Foundation
- 46 Grand Traverse Regional Community Foundation
- 48 Gratiot County Community Foundation
- 18 Greater Frankenmuth Area Community Foundation
- 37 Greenville Area Community Foundation
 - Lakeview Area Community Fund
 - Montcalm Panhandle Community Fund
- 43 Hillsdale County Community Foundation
- 60 Huron County Community Foundation
- 21 Jackson County Community Foundation
- 22 Kalamazoo Community Foundation
 - Covert Township Community Foundation Fund
- 67 Keweenaw Community Foundation
- 77 Lapeer County Community Foundation
- 23 Leelanau Township Community Foundation
- 62 Lenawee Community Foundation
- 55 Livonia Community Foundation
- 25 M & M Area Community Foundation
- 65 Mackinac Island Community Foundation
- 24 Manistee County Community Foundation
- 39 Marquette Community Foundation
 - Greater Ishpeming Area Community Fund
 - Gwinn Area Community Fund
 - Negaunee Area Community Fund
- 26 Marshall Community Foundation
- 05 Michigan Gateway Community Foundation
- 27 Midland Area Community Foundation
 - Clare County Community Foundation
 - Gladwin County Endowment Fund
- 42 Mt. Pleasant Area Community Foundation
- 72 North Woodward Community Foundation
- 68 Northville Community Foundation
- 75 Otsego County Community Foundation
- 47 Petoskey-Harbor Springs Area Community Foundation
- 76 Roscommon County Community Foundation
- 30 Saginaw Community Foundation
 - Chesaning Area Community Foundation Fund
- 61 Sanilac County Community Foundation
- 71 Shelby Community Foundation
- 31 Shiawassee Community Foundation
- 57 Southfield Community Foundation
- 74 Sterling Heights Community Foundation
- 40 Sturgis Area Community Foundation
 - Constantine Area Community Foundation
 - White Pigeon Area Community Foundation
- 32 Three Rivers Area Community Foundation
- 73 Tuscola County Community Foundation

School District Code List (See MI-1040 or MI-1040CR, line 4.)

Michigan public school districts are listed alphabetically with code numbers to the **left** of the names. When more than one district has the same name, the county or city name in parentheses helps you choose the right district. **Residents**, choose the code for the district where you lived on December 31, 2008. Call your local assessor or treasurer if you do not know your school district name. **Nonresidents**, enter "10000" in the school district code box.

31020 Adams Twp.	22030 Breitung Twp.	82030 Dearborn	03440 Glenn
46020 Addison	73180 Bridgeport-Spaulding	82040 Dearborn Heights	80110 Gobles
46010 Adrian	11340 Bridgman	80050 Decatur	41120 Godfrey-Lee
58020 Airport	47010 Brighton	76090 Deckerville	41020 Godwin Heights
79010 Akron-Fairgrove	17140 Brimley	46070 Deerfield	25050 Goodrich
24030 Alanson	46050 Britton-Macon	08010 Delton-Kellogg	25030 Grand Blanc
05010 Alba	12020 Bronson	17050 Detour	70010 Grand Haven
13010 Albion	76060 Brown City	82010 Detroit	23060 Grand Ledge
01010 Alcona	11310 Buchanan	19010 DeWitt	41010 Grand Rapids
74030 Algonac	28035 Buckley	81050 Dexter	41130 Grandville
03030 Allegan	73080 Buena Vista	31100 Dollar Bay-Tamarack City	62050 Grant
82020 Allen Park	56020 Bullock Creek	14020 Dowagiac Union	42030 Grant Twp.
70040 Allendale	75020 Burr Oak	44050 Dryden	38050 Grass Lake
29010 Alma	02020 Burt Twp.	58050 Dundee	59070 Greenville
44020 Almont	78020 Byron	78030 Durand	82300 Grosse Ile Twp.
04010 Alpena	41040 Byron Center	74050 East China	82055 Grosse Pointe
50040 Anchor Bay	83010 Cadillac	50020 East Detroit	39065 Gull Lake
81010 Ann Arbor	41050 Caledonia	41090 East Grand Rapids	52040 Gwinn
06010 Arenac Eastern	31030 Calumet	38090 East Jackson	11670 Hagar Twp.
50050 Armada	30010 Camden-Frontier	15060 East Jordan	35020 Hale
07010 Arvon Twp.	74040 Capac	33010 East Lansing	03100 Hamilton
29020 Ashley	25080 Carman-Ainsworth	34340 Easton Twp.	82060 Hamtramck
13050 Athens	55010 Carney-Nadeau	23050 Eaton Rapids	31010 Hancock
25130 Atherton	79020 Caro	11250 Eau Claire	38100 Hanover-Horton
60010 Atlanta	73030 Carrollton	82250 Ecorse	32060 Harbor Beach
06020 Au Gres Sims	59020 Carson City-Crystal	14030 Edwardsburg	24020 Harbor Springs
02010 AuTrain-Onota	76070 Carsonville-Pt. Sanilac	05060 Elk Rapids	13070 Harper Creek
63070 Avondale	32030 Caseville	32050 Elkton-Pigeon-Bay Port Laker	82320 Harper Woods
32010 Bad Axe	79030 Cass City	05065 Ellsworth	18060 Harrison
43040 Baldwin	14010 Cassopolis	31070 Elm River Twp.	64040 Hart
80020 Bangor (Van Buren)	41070 Cedar Springs	49055 Engadine	80120 Hartford
80240 Bangor Twp.	50010 Center Line	21010 Escanaba	47060 Hartland
09030 Bangor Twp. (Bay)	05035 Central Lake	09050 Essexville-Hampton	33060 Haslett
07020 Baraga	59125 Central Montcalm	67020 Evart	08030 Hastings
21090 Bark River-Harris	75030 Centreville	66045 Ewen-Trout Creek	63130 Hazel Park
19100 Bath	15050 Charlevoix	40060 Excelsior	73210 Hemlock
13020 Battle Creek	23030 Charlotte	68030 Fairview	62060 Hesperia
09010 Bay City	31050 Chassell Twp.	63200 Farmington	82070 Highland Park
37040 Beal City	16015 Cheboygan	18020 Farwell	60020 Hillman
51020 Bear Lake	81040 Chelsea	03050 Fennville	30020 Hillsdale
15010 Beaver Island	73110 Chesaning Union	25100 Fenton	70020 Holland
26010 Beaverton	54025 Chippewa Hills	63020 Ferndale	63210 Holly
58030 Bedford	50080 Chippewa Valley	82180 Flat Rock	33070 Holt
25240 Beecher	32040 Church	25010 Flint	61120 Holton
34080 Belding	18010 Clare	25120 Flushing	13080 Homer
05040 Bellaire	63090 Clarenceville	40020 Forest Area	03070 Hopkins
23010 Bellevue	63190 Clarkston	41110 Forest Hills	72020 Houghton Lake
25060 Bendle	63270 Clawson	36015 Forest Park	31110 Houghton-Portage
25230 Bentley	39020 Climax-Scotts	19070 Fowler	47070 Howell
11010 Benton Harbor	46060 Clinton	47030 Fowlerville	46080 Hudson
10015 Benzie County Central	50070 Clintondale	73190 Frankenmuth	70190 Hudsonville
63050 Berkley	25150 Clio	10025 Frankfort-Elberta	82340 Huron
34140 Berlin Twp.	12010 Coldwater	50100 Fraser	63220 Huron Valley
11240 Berrien Springs	56030 Coleman	53030 Free Soil	58070 Ida
27010 Bessemer	32260 Colfax Twp.	73200 Freeland	44060 Imlay City
21065 Big Bay De Noc	11330 Coloma	62040 Fremont	82080 Inkster
62470 Big Jackson	75040 Colon	61080 Fruitport	16050 Inland Lakes
54010 Big Rapids	38040 Columbia	29050 Fulton	34010 Ionia
73170 Birch Run	39030 Comstock	39050 Galesburg-Augusta	34360 Ionia Twp.
63010 Birmingham	41080 Comstock Park	11160 Galien Twp.	22010 Iron Mountain
46040 Blissfield	38080 Concord	82050 Garden City	27020 Ironwood
63080 Bloomfield Hills	75050 Constantine	69020 Gaylord	52180 Ishpeming
32250 Bloomfield Twp.	70120 Coopersville	25070 Genesee	29060 Ithaca
80090 Bloomingdale	78100 Corunna	72010 Gerrish-Higgins	38170 Jackson
49020 Bois Blanc Pines	80040 Covert	82290 Gibraltar	58080 Jefferson (Monroe)
15020 Boyne City	20015 Crawford AuSable	21025 Gladstone	70175 Jenison
15030 Boyne Falls	82230 Crestwood	26040 Gladwin	69030 Johannesburg-Lewiston
63180 Brandon	76080 Crosswell-Lexington	45010 Glen Lake	30030 Jonesville
11210 Brandywine	33040 Dansville		
29040 Breckenridge	25140 Davison		

39010 Kalamazoo
51045 Kaleva Norman Dickson
40040 Kalkaska
25110 Kearsley
41140 Kelloggsville
41145 Kenowa Hills
41150 Kent City
41160 Kentwood
28090 Kingsley
79080 Kingston

07040 L'Anse
50140 L'Anse Creuse
78040 Laingsburg
57020 Lake City
25200 Lake Fenton
31130 Lake Linden-Hubbell
63230 Lake Orion
50120 Lake Shore (Macomb)
11030 Lakeshore (Berrien)
13090 Lakeview (Calhoun)
50130 Lakeview (Macomb)
59090 Lakeview (Montcalm)
25280 Lakeville
34090 Lakewood
63280 Lamphere
33020 Lansing
44010 Lapeer
80130 Lawrence
80140 Lawton
45020 Leland
49040 Les Cheneaux
33100 Leslie
81070 Lincoln
82090 Lincoln Park
25250 Linden
30040 Litchfield
82095 Livonia
41170 Lowell
53040 Ludington

49110 Mackinac Island
16070 Mackinaw City
46090 Madison (Lenawee)
63140 Madison (Oakland)
05070 Mancelona
81080 Manchester
51070 Manistee
77010 Manistique
83060 Manton
23065 Maple Valley
13095 Mar Lee
14050 Marcellus
67050 Marion
76140 Marlette
52170 Marquette
13110 Marshall
03060 Martin
74100 Marysville
33130 Mason (Ingham)
58090 Mason (Monroe)
53010 Mason County Central
53020 Mason County Eastern
80150 Mattawan
79090 Mayville
57030 McBain
82045 Melvindale-North Allen Park
74120 Memphis
75060 Mendon
55100 Menominee
56050 Meridian
73230 Merrill
83070 Mesick
38120 Michigan Center
21135 Mid Peninsula
56010 Midland
81100 Milan
79100 Millington
68010 Mio-AuSable
61060 Mona Shores

58010 Monroe
59045 Montabella
61180 Montague
25260 Montrose
49070 Moran Twp.
46100 Morenci
54040 Morley Stanwood
78060 Morrice
50160 Mt. Clemens
25040 Mt. Morris
37010 Mt. Pleasant
02070 Munising
61010 Muskegon
61020 Muskegon Heights

38130 Napoleon
52090 Negaunee
11200 New Buffalo
50170 New Haven
78070 New Lothrop
62070 Newaygo
52015 N.I.C.E. (Ishpeming)
11300 Niles
30050 North Adams-Jerome
44090 North Branch
55115 North Central
22045 North Dickinson
32080 North Huron
61230 North Muskegon
45040 Northport
41025 Northview
82390 Northville
38140 Northwest
22025 Norway-Vulcan
75100 Nottawa
63100 Novi

63250 Oak Park
61065 Oakridge
33170 Okemos
23080 Olivet
71050 Onaway
23490 Oneida Twp.
51060 Onekama
46110 Onsted
66050 Ontonagon
61190 Orchard View
35010 Oscoda
03020 Otsego
19120 Ovid-Elsie
32090 Owendale-Gagetown
78110 Owosso
63110 Oxford

34040 Palo
39130 Parchment
80160 Paw Paw
76180 Peck
24040 Pellston
13120 Pennfield
64070 Pentwater
78080 Perry
24070 Petoskey
19125 Pewamo-Westphalia
17090 Pickford
47080 Pinckney
09090 Pinconning
67055 Pine River
30060 Pittsford
03010 Plainwell
82100 Plymouth-Canton
63030 Pontiac
32130 Port Hope
74010 Port Huron
39140 Portage
34110 Portland
71060 Posen
23090 Potterville
52100 Powell Twp.

12040 Quincy

21060 Rapid River
61210 Ravenna
30070 Reading
82110 Redford Union
67060 Reed City
79110 Reese
61220 Reeths-Puffer
52110 Republic-Michigamme
50180 Richmond
82120 River Rouge
11033 River Valley
82400 Riverview
63260 Rochester
41210 Rockford
71080 Rogers City
50190 Romeo
82130 Romulus
50030 Roseville
63040 Royal Oak
17110 Rudyard

73010 Saginaw City
73040 Saginaw Twp.
81120 Saline
46130 Sand Creek
76210 Sandusky
34120 Saranac
03080 Saugatuck
17010 Sault Ste. Marie
39160 Schoolcraft
64080 Shelby
37060 Shepherd
32610 Sigel Twp. 3 (Adams)
32620 Sigel Twp. 4 (Eccles)
32630 Sigel Twp. 6 (Kipper)
11830 Sodus Twp.
80010 South Haven
50200 South Lake
63240 South Lyon
82140 South Redford
63060 Southfield
82405 Southgate
41240 Sparta
70300 Spring Lake
38150 Springport
73240 St. Charles
49010 St. Ignace
19140 St. Johns
11020 St. Joseph
29100 St. Louis
06050 Standish-Sterling
31140 Stanton Twp.
55120 Stephenson
33200 Stockbridge
75010 Sturgis
58100 Summerfield
02080 Superior Central
45050 Suttons Bay
73255 Swan Valley
25180 Swartz Creek

48040 Tahquamenon
35030 Tawas
82150 Taylor
46140 Tecumseh
13130 Tekonsha
08050 Thornapple Kellogg
75080 Three Rivers
28010 Traverse City
82155 Trenton
59080 Tri County
63150 Troy

32170 Ubly
13135 Union City
79145 Unionville-Sebewaing
50210 Utica

82430 Van Buren
50220 Van Dyke
69040 Vanderbilt

38020 Vandercook Lake
79150 Vassar
32650 Verona Twp.
59150 Vestaburg
39170 Vicksburg

27070 Wakefield-Marenisco
30080 Waldron
64090 Walkerville
63290 Walled Lake
50230 Warren
50240 Warren Woods
63300 Waterford
27080 Watersmeet Twp.
11320 Watervliet
33215 Waverly
03040 Wayland Union
82160 Wayne-Westland
33220 Webberville
52160 Wells Twp.
63160 West Bloomfield
65045 West Branch-Rose City
36025 West Iron County
70070 West Ottawa
38010 Western
82240 Westwood
25210 Westwood Heights
62090 White Cloud
75070 White Pigeon
66070 White Pine
17160 Whitefish
58110 Whiteford
61240 Whitehall
81140 Whitmore Lake
35040 Whittemore Prescott
33230 Williamston
81150 Willow Run
16100 Wolverine
82365 Woodhaven-Brownstown
82170 Wyandotte
41026 Wyoming

74130 Yale
81020 Ypsilanti

70350 Zeeland

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Review this label. If the information is correct and your filing status is the same as last year (single, married filing jointly, or married filing separately), place the label on the address block of your tax return. **If any information is incorrect, do not use this label.** Write the correct information on the return. If you use a tax preparer, take this booklet to your preparer and ask him or her to use this label. Using this label will help shorten the processing time of your return.

Financial Information for Fiscal Year 2007

This information is intended to provide an overview and broad perspective of the State's financial operations. These figures were derived from the latest *Michigan Comprehensive Annual Financial Report* for the fiscal year ended September 30, 2007.

State Revenues and Financing Sources *(Millions of Dollars)*

<u>Financing Source</u>	<u>Amount</u>	<u>%</u>
Sales and Use Taxes	\$7,932.6	28.4%
Income Tax	6,442.7	23.0%
Other Revenue & Taxes	5,480.0	19.6%
State Education Tax	2,081.0	7.4%
Single Business & Ins. Taxes	2,010.0	7.2%
Motor Vehicle & Fuel Taxes	1,982.4	7.1%
Tobacco & Liquor Taxes	1,288.3	4.6%
Lottery Profits	760.6	2.7%
Total	\$27,977.6	100.0%

State Expenditures and Financing Uses *(Millions of Dollars)*

<u>Financing Use</u>	<u>Amount</u>	<u>%</u>
Education	\$13,287.5	47.5%
Health	4,656.5	16.6%
Law Enforcement & Public Safety	2,323.5	8.3%
Transportation	2,203.2	7.9%
General Government	1,584.4	5.7%
Human Services	1,342.1	4.8%
Revenue Sharing to Local Governments	1,071.1	3.8%
Economic Dev. & Environmental Reg.	859.7	3.1%
Other	649.6	2.3%
Total	\$27,977.6	100.0%

Treasury Offices

Forms are available at Treasury offices listed below.
Treasury office staff do not prepare tax returns.

DETROIT

Cadillac Place, Suite 2-200
3060 W. Grand Blvd.

DIMONDALE *

7285 Parsons Drive
(*NOT a mailing address)

ESCANABA

State Office Building, Room 7
305 Ludington Street
(open 8 - 12 only)

FLINT

State Office Building, 7th Floor
125 E. Union Street

GRAND RAPIDS

State Office Building, 2nd Floor
350 Ottawa Avenue, NW - Unit 17

STERLING HEIGHTS

41300 Dequindre Road, Suite 200

TRAVERSE CITY

701 S. Elmwood Avenue, 4th Floor
(open 8 - 12 only)

Unclaimed Property

The Michigan Department of Treasury is holding millions of dollars in abandoned and unclaimed property belonging to Michigan residents. To check if the Treasury Department is holding funds for you or your family, visit our Web site at www.michigan.gov/unclaimedproperty.

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