Scenario 12: Single filer born on or after January 1, 1953 but before January 2, 1957 (Tier 3) with benefits from SSA exempt employment and who retired after January 1, 2013

Leigh is filing as single, was born in 1953, and is receiving a pension of $8,000 from SSA exempt employment and a private pension of $10,000. She retired in 2014.

Step 1: After completing lines 1 and 2, Leigh enters 1953 on line 4.

Step 2: Leigh completes row 1 of line 8 by entering an X in Public for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E and $8,000 in 8F.

Leigh completes row 2 of line 8 by entering an X in Private for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E and $10,000 in 8F.

Step 3: Leigh refers to the questionnaire on page 17 to decide which section of Form 4884 is to be completed. She answers no to question 1 and skips to question 5. She answers yes to question 6 and completes Form 4884, Section D.

Step 4: Since Leigh is single, she enters $15,000, which is the lesser of her total retirement and pension benefits ($18,000) or the maximum allowable pension deduction ($15,000) on line 29 and on the Schedule 1, line 25.

NOTE: It is important for taxpayers with benefits from SSA exempt employment to check the box(es) on line 23 of the Schedule 1.

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

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 2018
- You own your Michigan homestead and property taxes were levied in 2018, or you paid rent under a rental contract.

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. 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. Filers claimed as a dependent on someone else’s return see instructions for line 24 on page 31 to correctly report support received.

You may not claim a property tax credit if your total household resources are over $60,000. In addition, you may not claim a property tax credit if your taxable value exceeds $135,000 (excluding vacant farmland classified as agricultural). The computed credit is reduced by 10 percent for every $1,000 (or part of $1,000) that total household resources exceed $51,000. If filing a part-year return, you must annualize total household resources to determine if the income limitation applies. See “Annualizing Total Household Resources” on page 28.

Which Form to File

Most filers should use the 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, complete forms MI-1040CR and MI-1040CR-2 (available on Treasury’s Web site.) Use the form that gives you a larger credit.

If you are blind and rent your homestead, you cannot use the MI-1040CR-2. Claim your credit on the MI-1040CR and check box 5b if you are age 65 or younger. Check boxes 5a and 5b if you are blind and age 65 or older.

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 2018 total household resources and property taxes levied in 2018. If you file a Michigan income tax return, your credit claim should be included with your MI-1040 return and filed by April 15, 2019 to be considered timely. To avoid penalty and interest, if you owe tax, postmark your return no later than April 15, 2019. The filing deadline to receive a 2018 property tax credit is April 15, 2023.
Amending Your Credit Claim

File a new claim form and check the Amended Return box at the top of page 1 of the form. If applicable, include a copy of your property tax statement(s) and/or lease agreement. You must file 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.

Total Household Resources

Total household resources are the total income (taxable and nontaxable) of both spouses or of a single person maintaining a household. They are AGI, excluding net business and farm losses, net rent and royalty losses, and any carryover of a net operating loss, plus all income exempt or excluded from AGI.

Total household resources include the following items not listed on the form:

- Capital gains on the sale of your residence regardless if the gains are exempt from federal income tax
- 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
- Minister’s housing allowance
- Forgiveness of debt, even if excluded from AGI (e.g., mortgage foreclosure)
- Reimbursement from dependent care and/or medical care spending accounts
- Scholarships, stipends, grants, and payments, except government payments, made directly to third parties such as an educational institution or subsidized housing project.

Total household resources do NOT include:

- Net operating loss deductions taken on your federal return
- Payments received by participants in the foster grandparent or senior companion program
- Energy assistance grants
- Government payments made directly to a third party (e.g., payments to a doctor, GI Bill benefits and payments from a PELL grant).

NOTE: If payment is made from money withheld from your benefit, the payment is part of total household resources. (For example, the MDHHS 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 of cash or merchandise received, or expenses paid on your behalf (rent, taxes, utilities, food, medical care, etc.) by parents, relatives, or friends
- Amounts deducted from Social Security or Railroad Retirement benefits for Medicare premiums
- Life, health, and accident insurance premiums paid by your employer
- 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
- Most payments from The Step Forward Michigan program.

Visit [www.michigan.gov/taxtotalhouseholdresources](http://www.michigan.gov/taxtotalhouseholdresources) for more information on total household resources.

Special Provisions for Farmers

If you received a farmland preservation tax credit in 2018, you must include it in total household resources. You may subtract the business portion of your homestead property tax credit if you included it in taxable farm income.

Property Taxes Eligible for Credit

Ad valorem property taxes that were levied on your homestead in 2018, including administrative collection fees up to 1 percent of the taxes, can be claimed no matter when you pay them. You may add to your 2018 taxes the amount of property taxes billed in 2018 from a corrected or supplemental tax bill. You must deduct from your 2018 property taxes any refund of property taxes received in 2018 that was a result of a corrected tax bill from a previous year.

Do not include:

- Delinquent property taxes (e.g., 2017 property taxes paid in 2018)
- 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.

NOTE: School operating taxes are generally only levied on the non-homestead portion of the property and may not be included in taxes levied when computing the property tax credit on any portion of the home not used as your homestead.

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. Include a copy of U.S. Form 8829 with your Michigan return.

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 complete
two calculations to figure the tax they can claim and base their
credit on the lower amount. First, subtract 23 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, Schedule 1. Include a
copy of the U.S. Schedule E with your Michigan return.

Example: Your home has an upstairs apartment that is rented
to a tenant for $395 per 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 x 12 = $4,740 annual rent
$4,740 x 0.23 = $1,090 taxes attributable to the apartment
$2,150 total taxes - $1,090 = $1,060 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 $1,060,
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
total household resources, you may claim all of your taxes
on unoccupied farmland classified as agricultural. 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 total
household resources 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 total
household resources 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. Farmland owned
by a Limited Liability Company (LLC) may not be claimed
for a homestead property tax credit by one of the individual
members.

Include any farmland preservation tax credit in your total
household resources. Enter the amount of credit you received
in 2018 on line 20 or include it in net farm income on line 16.
Homestead property tax credits are not included in total
household resources. If you included this amount in your
taxable farm income, subtract it from total household
resources.

Rent Eligible for Credit
You must be under a lease or rental contract to claim rent for
credit. In most cases, 23 percent of rent paid is considered
property tax that can be claimed for credit. The following
are exceptions:

• If you rent or lease housing 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 you paid. Enter this
amount on line 55 and 10 percent of rent paid on line 56,
and follow instructions.

• If your housing is exempt from property tax and no
service fee is paid, you are not eligible for a 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 10, and the balance of rent paid
on line 11.

• 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
23 percent of that land rent. NOTE: Do not take 23
percent of your total monthly payment.

• If you are a resident of a special housing facility (not
noted above), base your claim on rent only. Do not include
other services. If you pay rent with other services and you
are unable to determine the portion that constitutes rent
only, you may determine your portion of the property
taxes that can be claimed for credit based on square
footage, or, divide the taxes by the number of residents for
whom the home is licensed to care. This information may
be obtained from your housing facility. Visit
www.michigan.gov/iit for more information about
claimants living in special housing facilities.

Example: You pay $750 per 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.

Step 1: $54,000 x 0.0097 = $524 taxes you can claim for credit

Home used for business. If you use part of your apartment
or rented home for business, you may claim the rent on the
living area of your homestead, but not the rent on the portion
used for business.

If You Moved in 2018
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 25.)

If you bought or sold your home in 2018, you must prorate your taxes. Complete MI-1040CR,
Part 3, to determine the taxes that can be claimed for
credit. Use only the taxes levied in 2018 on each Michigan homestead, then prorate taxes based on days of occupancy. Do not include taxes on out-of-state property. Do not include property taxes for property with a taxable value greater than $135,000. Excluded from this restriction is unoccupied farmland classified as agricultural by your assessor.

**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 total household resources (line 33). Complete MI-1040CR, Part 3, to determine the taxes eligible to be claimed for credit on your Michigan homestead.

**Deceased Claimant’s Credit**

The estate of a taxpayer who died in 2018 (or 2019 before filing a claim) may be entitled to a credit for 2018. The surviving spouse, other authorized claimant, or personal representative can claim this credit. Use the decedent’s Social Security number and the personal representative’s address. If the taxpayer died after December 31, 2017, enter the date of death in the “Deceased Taxpayer” box on page 3.

The surviving spouse is considered married for the year in which the deceased spouse died and may file a joint credit for that year. Enter both names and Social Security numbers on the form, and write “DECED” after the decedent’s name. Sign the return and write “filing as surviving spouse” in the deceased’s signature line. Enter the date of death in the “Deceased Taxpayer” box on the bottom of page 3. Include the decedent’s income in total household resources.

If filing as a personal representative or claimant for the refund of a single deceased taxpayer, you must include a U.S. Form 1310 or Michigan Claim for Refund Due a Deceased Taxpayer (MI-1310). Enter the decedent’s name in the Filer’s Name line and the representative’s or claimant’s name, title, and address in the Home Address line. See the “Deceased Taxpayer Chart of Examples” on page 7. 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 2018 tax year, must prorate taxes to the date of death. Complete lines 47 through 51 to prorate the property taxes. Annualize total household resources (see instructions below). Include a copy of the tax bills or lease agreements. If filing as a personal representative or claimant of deceased taxpayers for a jointly filed return, you must include a U.S. Form 1310 or Michigan Claim for Refund Due a Deceased Taxpayer (MI-1310). Enter the names of the deceased persons in the Filer’s and Spouse’s Name lines and the representative’s or claimant’s name, title, and address in the Home Address line. See “Deceased Taxpayer Chart of Examples” on page 7.

**Annualizing Total Household Resources**

If you are filing a part-year credit (for a deceased taxpayer or a part-year resident), you must annualize the total household resources to determine if the credit reduction applies. (Exception: the surviving spouse filing a joint claim does not have to annualize the deceased spouse’s income.)

- If you have checked a box on line 5 and your annualized total household resources are less than $6,000 use your annualized total household resources to determine your percentage of taxes not refundable from MI-1040CR Table 2 on page 32.
- A senior, age 65 or older, filing a part-year credit must calculate annualized total household resources before using MI-1040CR Table A on page 32.
- If the annualized income is more than $51,000 for any claimant, use annualized total household resources to determine the percentage allowable in MI-1040CR Table B on page 32.

To annualize total household resources (project what it would have been for a full year):

**Step 1:** Divide 365 by the number of days the taxpayer was a Michigan resident in 2018.
**Step 2:** Multiply the answer from step 1 by the taxpayer’s total household resources (MI-1040CR, line 33). The result is the annualized total household resources.

**Married During 2018**

If you married during 2018, combine each spouse’s share of taxes or rent for the period of time you or your spouse lived in separate homesteads prior to getting married. Then add this to the prorated taxes or rent for your marital home after your marriage. You are only allowed to claim rent and taxes on homesteads located in Michigan.

**Filing a Joint Return and Maintaining Separate Homesteads**

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

**Married Filing Separately and Divorced or Separated Claimants Schedule (Form 5049)**

This form can be found at www.michigan.gov/taxes. Submit Form 5049 with Form MI-1040CR, MI-1040CR-2 or MI-1040CR-7 if any of the following situations apply to you:

- You filed as married filing separately, and you and your spouse maintained separate homesteads all year. Complete only Part 3 of Form 5049.
- You filed as married filing separately, and you shared a homestead with your spouse all year.
- You filed as married filing separately, and you and your spouse maintained separate homesteads at the end of the year.

**Filing Separate State Returns and Maintaining Separate Homesteads**

Spouses who file separate Michigan income tax returns and did not share a household during the tax year may each claim a credit. Each credit is based on the individual taxes or rent and individual total household resources for each person. This only applies to homes located in Michigan. They each must complete Form 5049 and provide an explanation in Part 3.
Married Filing Separately and Shared a Homestead

Spouses who file separate Michigan income tax returns but shared a homestead for the entire year are entitled to one property tax credit. The credit claim must be based on the total household resources of both spouses during the time the homestead was shared. A spouse claiming the credit must complete Form 5049 and include the total household resources for both spouses. A spouse filing the credit should also include the other spouse’s income on the Other Nontaxable Income line of the Homestead Property Tax Credit Claim. You and your spouse may choose how you want to divide the credit. If each spouse claims a portion of the credit, include a copy of the claim showing each spouse’s share of the credit with each income tax return. Enter only your portion of the credit on your MI-1040CR, line 44.

Separated or Divorced in 2018

Figure your credit based on the taxes you paid together before your separation plus the taxes you paid individually after your separation. Complete and include Form 5049 and include a schedule showing your computation. For more information or to help you calculate a prorated share of taxes, see Michigan Homestead Property Tax Credits for Separated or Divorced Taxpayers (Form 2105).

Example: Karl and Cathy separated on October 2, 2018. The annual taxes on the home they owned were $1,860. Cathy continued to live in the home and Karl moved to an apartment on October 2 and paid $350 per month rent for the rest of the year. Cathy earned $20,000 and Karl earned $25,000. They lived together for 274 days.

Step 1: Calculate the prorated total household resources for each spouse for the 274 days they lived together. Divide each spouse’s total household resources by 365 days, then multiply that figure by 274.
Cathy ($20,000/365) x 274 = $15,014
Karl ($25,000/365) x 274 = $18,767

Cathy and Karl must each complete Form 5049 and list income earned during the period they lived together.

Step 2: Add both prorated total household resources together to determine the total for the time they lived together.
$15,014 + $18,767 = $33,781

Step 3: Divide each individual’s prorated share of total household resources by the total from Step 2 to determine the percentage attributable to each.
Cathy $15,014/$33,781 = 44%
Karl $18,767/$33,781 = 56%

Step 4: Calculate the prorated taxes eligible for credit for the time they lived together. Divide the $1,860 by 365 days, then multiply by 274 days.
($1,860/365) x 274 = $1,396

Step 5: Calculate each individual’s share of the prorated taxes. Multiply the $1,396 by the percentages determined in Step 3.
Cathy $1,396 x 44% = $614
Karl $1,396 x 56% = $782

Enter these amounts on MI-1040CR, line 50, column B.
Cathy uses lines 47 through 50, column A, to compute her share of taxes for the remaining 91 days.
Karl uses lines 52 and 53 to compute his share of rent. Each completes the remaining lines of MI-1040CR according to the form instructions.

Residents of Adult Care Homes Including Assisted Living Facilities

If you are a resident of a nursing home, adult foster care home, or home for the aged; including assisted living facilities, that facility is considered your homestead. If the facility provides an itemized statement that separates rent from other services, base your credit on rent. If the facility does not provide an itemized statement and pays local property taxes (many do not), you may claim your portion of those taxes for credit. Ask the facility manager for your share of the taxes. If you wish to determine your share of the taxes yourself:

• For a licensed facility, divide the amount of property taxes levied in 2018 by the number of residents for which the facility is licensed.

• For an unlicensed facility, divide the square footage the claimant occupies by the square footage of the facility and multiply the result by the total property taxes levied on the facility.

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 care facility 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. Compute your claim using the tax on your homestead and your spouse’s rent or share of the facility’s property tax.

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.

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 total household resources and prorated share of taxes or rent paid. Additional information can be found on Treasury’s Web site.
Line-by-Line Instructions for Homestead Property Tax Credit (MI-1040CR)

Lines not listed are explained on the form.

Amended Return box: If amending your 2018 credit, check the box at the top of the form. See pages 7 and 26.
Lines 1, 2, and 3: Enter your name(s), address, and full nine-digit Social Security number(s). If you are married filing separately, enter both Social Security numbers, but do not enter your spouse’s name.
Line 4: Check the box that applies to you or your spouse as of December 31, 2018, if any. If both boxes 5a and 5b apply, check both.
Line 5a: Age 65 or older. This includes the unmarried 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.
Line 5b: 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 (e.g., 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 66 or older, you may not file a claim as totally and permanently disabled.
Line 6: Filing Status. Check the box to identify your filing status. All couples who are married under the laws of the State of Michigan, or under the laws of another state, and are treated as married for federal tax purposes must claim either married filing jointly or married filing separately status on the property tax credit. If you file a joint federal return, you must file a joint property tax credit. If you filed married filing separately, you must include the total household resources of both spouses unless you maintained separate homesteads. If you filed your federal return as head of household or qualifying widow(er), file your property tax credit as single.
Line 7: Residency. Check the box that describes your Michigan residency for 2018. If you and your spouse had a different residency status during the year, check a box for each of you. If you checked box c, enter the dates of Michigan residency in 2018.

Property Tax

Line 8: Homestead Status. Check this box if the taxable value of your homestead includes unoccupied farmland classified as agricultural by your assessor.
Line 9: If the taxable value of your homestead is greater than $135,000, STOP; you are not eligible for the homestead property tax credit. If your taxable value is less than $135,000, enter the 2018 taxable value from your 2018 property tax statement or assessment notice. If you do not know your taxable value, contact your local assessor. Farmers should include the taxable value of all land that qualifies for this credit (see instructions for farmers on page 26). Farmers should note that the $135,000 limit on taxable value does not apply to the taxable value of their homestead attributable to unoccupied farmland classified as agricultural.

Line 10: Read “Property Taxes Eligible for Credit” on page 26 before you complete this line.
Line 11: Read “Rent Eligible for Credit” on page 27 before you complete this line.

Total Household Resources

Include all taxable and nontaxable income you and your spouse received in 2018. If your family lived in Michigan and one spouse earned wages outside Michigan, include the income earned both in and out-of-state in your total household resources. (See “Total Household Resources,” page 26.)
Line 14: 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 15: Do not include business dividend and interest income reported as a distributive share on Form Schedule K-1. See line 16 instructions.
Line 16: Enter amounts to the extent included in AGI from:
  • U.S. Schedule C (Profit or Loss from Business).
  • Part II (Ordinary Gains and Losses) of the U.S. Form 4797.
  • Part II (Income or Loss from Partnerships and S Corporations) and Part III (Income or Loss from Estates and Trusts) of the U.S. Schedule E.
  • U.S. Schedule F (Profit or Loss from Farming).
  • Include income items reported as a distributive share.
If the total is negative enter “0.” Include amounts from sources outside Michigan. Include the above federal schedules with your claim.
Line 17: Enter amounts to the extent included in AGI from:
  • Part I (Income or Loss from Rental Real Estate and Royalties) of the U.S. Schedule E.
  • Part IV (Income or Loss from Real Estate Mortgage Investment Conduits (REMIC)) of the U.S. Schedule E (rents, royalties).
  • Part V (Net farm rental income or (loss) from Form 4835) of the U.S. Schedule E.
If the total is negative enter “0.” Include amounts from sources outside Michigan. Include the above federal schedules with your claim.
Line 18: Enter all annuity, retirement, pension and individual retirement account (IRA) benefits. 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 all contributions to the Roth IRA are withdrawn first. **NOTE:** Losses from Roth IRAs cannot be deducted.

**Line 19:** Enter net capital gains and losses. This is the total of short-term and long-term gains, less short-term and long-term losses from your U.S. Schedule D (losses cannot exceed $3,000 if single or married filing jointly, or $1,500 if married filing separately). Include gains realized on the sale of your residence whether or not these gains are exempt from federal income tax.

**Line 20:** 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 net farm income on line 16; and forgiveness of debt to the extent included in federal AGI (e.g., mortgage foreclosure).

**Line 21:** Enter all 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 for the year. Medicare premiums reported on your Social Security or Railroad Retirement statement should be deducted.

**Line 22:** Enter child support and all payments received as a foster parent. **NOTE:** If you received a 2018 Custodial Party End of Year Statement (FEN-851) showing child support payments paid to the Friend of the Court, enter the child support portion here and include a copy of the statement. See line 27 instructions.

**Line 23:** Enter all unemployment compensation received during 2018.

**Line 24:** Enter the value over $300 in gifts of cash or merchandise received, or expenses paid on your behalf (rent, taxes, utilities, food, medical care, etc.) by parents, relatives, or friends. This includes the amount of financial support you received if you are claimed as a dependent on someone else’s return. Do not include government payments made directly to third parties such as an educational institution or subsidized housing project.

**Line 25:** Enter other nontaxable income. This includes:

- Nongovernmental scholarship, stipend or grant payments paid directly to an educational institution
- 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
- Minister’s housing allowance
- Forgiveness of debt to the extent not included in federal AGI (e.g., mortgage foreclosure)
- Reimbursement from dependent care and/or medical care spending accounts
- If you are married filing separately, include your spouse’s income unless you maintained separate homesteads during the year. Complete and include Form 5049.

**Line 26:** Enter workers’ compensation, service-connected disability compensation and pension benefits from the Veterans Administration. Veterans receiving retirement benefits should enter the benefits on line 18.

**Line 27:** Enter the total payments made to your household by MDHHS and all other public assistance payments such as state adoption subsidies. Your 2018 Client Annual Statement (DHS-1241) mailed by MDHHS in January 2019 will show your total MDHHS 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 2018 FEN-851 (include a copy), subtract the amount of child support payments entered on line 22 from the total MDHHS payments and enter the difference here.

**Line 30:** Enter total adjustments from your U.S. Form 1040, Schedule 1. Describe adjustments to income. These adjustments reduce total household resources and include some of the following:

- Payments to IRAs, SEP, SIMPLE, or qualified plans
- Student loan interest deduction
- Moving expenses incurred by members of the Armed Forces on active duty and, due to a military order, move **into or within** Michigan because of a permanent change in station. Moving expenses when moving **out** of Michigan cannot be included in “Other Adjustments” to reduce total household resources
- 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 Medical Savings Account (MSA) deduction
- Health Savings Account (HSA) deduction
- Any other adjustments to gross income included on your 2018 U.S. Form 1040, Schedule 1.

**Line 31:** Enter health insurance premiums, Health Maintenance Organization (HMO) premiums, or other insurance premiums you paid for yourself and your family. Include the following premiums:

- Medical insurance
- Dental insurance
- Vision insurance
- Prescription drug plan
- Automobile insurance (medical care portion only).

Do **not** include any insurance premiums deducted on lines 21 or 30, amounts paid for income protection insurance (long-term disability), long-term care insurance, or amounts paid by an employer with pre-tax payroll contributions. You must reduce an insurance premium by the federal premium tax credit received under the Patient Protection and Affordable Care Act. Use the 2018 U.S. Premium Tax Credit Form 8962 to calculate the net insurance premium. The annual total insurance premium (line 11A of U.S. Form 8962 or the sum of lines 12A through 23A of U.S. Form 8962) less the total premium tax credit (line 24 of U.S. Form 8962) may be claimed.
**Property Tax Credit**

**Line 34:** Multiply line 33 by 3.2 percent (0.032) or the percentage from MI-1040CR Table 2. This is the amount that will not be refunded. The personal representative claiming a credit for a deceased taxpayer with total household resources of $6,000 or less must annualize the decedent’s income and use the annualized figure to determine the nonrefundable percentage from Table 2. Then use the actual total household resources to compute the credit. See “Annualizing Total Household Resources” on page 28.

<table>
<thead>
<tr>
<th>MI-1040CR TABLE 2:</th>
<th>PERCENT OF TAXES NOT REFUNDABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>% of Income</td>
</tr>
<tr>
<td>$0 - $60,000</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

**OTHER CLAIMANTS**

<table>
<thead>
<tr>
<th>Income</th>
<th>% of Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000 or less</td>
<td>0%</td>
</tr>
<tr>
<td>$3,001 - $4,000</td>
<td>1%</td>
</tr>
<tr>
<td>$4,001 - $5,000</td>
<td>2%</td>
</tr>
<tr>
<td>$5,001 - $6,000</td>
<td>3%</td>
</tr>
<tr>
<td>More than $6,000</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

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

**PART 1: Allowable Computation Based on Claimant Status**

Complete only Section A, B, or C, whichever applies to you. Senior claimants who checked only 5a complete Section A. Claimants who checked only 5b or checked both boxes 5a and 5b complete Section B. All other claimants complete Section C.

<table>
<thead>
<tr>
<th>MI-1040CR TABLE A:</th>
<th>SENIOR CREDIT REDUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Household Resources</td>
<td>Percentage</td>
</tr>
<tr>
<td>$21,000 or less</td>
<td>100% (1.00)</td>
</tr>
<tr>
<td>$21,001 - $22,000</td>
<td>96% (0.96)</td>
</tr>
<tr>
<td>$22,001 - $23,000</td>
<td>92% (0.92)</td>
</tr>
<tr>
<td>$23,001 - $24,000</td>
<td>88% (0.88)</td>
</tr>
<tr>
<td>$24,001 - $25,000</td>
<td>84% (0.84)</td>
</tr>
<tr>
<td>$25,001 - $26,000</td>
<td>80% (0.80)</td>
</tr>
<tr>
<td>$26,001 - $27,000</td>
<td>76% (0.76)</td>
</tr>
<tr>
<td>$27,001 - $28,000</td>
<td>72% (0.72)</td>
</tr>
<tr>
<td>$28,001 - $29,000</td>
<td>68% (0.68)</td>
</tr>
<tr>
<td>$29,001 - $30,000</td>
<td>64% (0.64)</td>
</tr>
<tr>
<td>$30,001 - $60,000</td>
<td>60% (0.60)</td>
</tr>
</tbody>
</table>

**Line 37:** Enter the percentage from MI-1040CR Table A that applies to your total household resources from line 33. A senior, age 65 or older, filing a part-year credit must calculate annualized total household resources to determine the reduction percentage using MI-1040CR Table A.

**Line 42:** If you checked only 5a enter the amount from line 38. If you checked only 5b or checked both 5a and 5b enter the amount from line 39. All others enter the amount from line 41. If you received FIP assistance or other MDHHS benefits in 2018, prorate your credit to reflect the ratio of income from other sources to total household resources. To prorate your credit use the information from your form to complete MI-1040CR Worksheet 3.

**MI-1040CR WORKSHEET 3: FIP/MDHHS BENEFITS**

<table>
<thead>
<tr>
<th>A.</th>
<th>Enter amount from line 27 (FIP and other MDHHS benefits) ..........................</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.</td>
<td>Enter amount from line 33 (Total Household Resources) ..................................................</td>
</tr>
<tr>
<td>C.</td>
<td>Subtract line A from line B (Total Household Resources) ..................................................</td>
</tr>
<tr>
<td>D.</td>
<td>Divide line C by line B and enter percentage here ...............................................................</td>
</tr>
<tr>
<td>E.</td>
<td>If you checked only 5a, enter the amount from line 38. If you checked box 5b, enter the amount from line 39. All others, enter the amount from line 41 here (maximum $1,500). ..................................</td>
</tr>
<tr>
<td>F.</td>
<td>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 4. Otherwise, enter here and on your MI-1040CR, line 42 .........................................................</td>
</tr>
</tbody>
</table>

**Line 43:** The computed credit is reduced by 10 percent for every $1,000 (or part of $1,000) that your total household resources exceed $51,000. Enter the percentage from MI-1040CR Table B that applies to your total household resources from line 33.

**NOTE:** If you are filing a part-year credit and the annualized income is more than $51,000, use annualized total household resources to determine the percentage allowable in MI-1040CR Table B.

<table>
<thead>
<tr>
<th>MI-1040CR TABLE B: HOMESESTAD PROPERTY TAX CREDIT PHASE OUT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Household Resources</td>
</tr>
<tr>
<td>$51,000 or less</td>
</tr>
<tr>
<td>$51,001 - $52,000</td>
</tr>
<tr>
<td>$52,001 - $53,000</td>
</tr>
<tr>
<td>$53,001 - $54,000</td>
</tr>
<tr>
<td>$54,001 - $55,000</td>
</tr>
<tr>
<td>$55,001 - $56,000</td>
</tr>
<tr>
<td>$56,001 - $57,000</td>
</tr>
<tr>
<td>$57,001 - $58,000</td>
</tr>
<tr>
<td>$58,001 - $59,000</td>
</tr>
<tr>
<td>$59,001 - $60,000</td>
</tr>
<tr>
<td>$60,001 - above</td>
</tr>
</tbody>
</table>
Alternate Property Tax Credit for Renters Age 65 or Older

If you are a senior renter age 65 or older you may qualify for the Alternate Property Tax Credit. Complete MI-1040CR Worksheet 4 to determine if you qualify. Visit www.michigan.gov/incometax for help calculating the Alternate Property Tax Credit for Renters Age 65 or Older.

MI-1040CR Worksheet 4, Line B: Enter rent paid from line 53 and/or, if you live in service fee housing, enter amount from line 55. If you moved from one rental homestead to another during the last two years (also see “If You Moved in 2018” on page 27), enter smaller of:

- The final month’s rent on your previous rented homestead multiplied by 12, or
- The actual rent paid from line 53 and/or line 55.

PART 4: Renters

See “Rent Eligible for Credit” on page 27.

Line 52: 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 2018 and for each time rental amounts changed. If you need more space, include an additional sheet. Do not include more than 12 months’ rent. If you married during 2018, see page 28. 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 monthly rent amount. Claim the remaining balance of rent on lines 52, 53 and on line 11. If you lived in a special housing facility (other than cooperative housing) and received an itemized statement from your landlord that separates rent from other services (such as food), report rent on this line.

PART 5: Alternate Housing Facilities

If you are completing lines 54 through 57, you must also complete line 58.

Line 54: If your housing costs are subsidized, check box 54a and enter the total amount of rent you paid on line 55 and on line 11. Do not include amounts paid on your behalf by a government agency. Complete lines 12 through 44 to calculate your credit.

If you lived in Service Fee Housing (even if it was subsidized housing), check box 54b and enter the amount of rent you paid on line 55. Do not include amounts paid on your behalf by a government agency. Enter 10 percent of the rent on lines 56 and 10 (as property taxes), and complete lines 13 through 44 to calculate your credit.

Line 57: If you lived in one of the special housing facilities identified and rent is not itemized, check the appropriate box and calculate your prorated share of property taxes. If you lived in a special housing facility (other than cooperative housing) and received an itemized statement from your landlord that separates rent from other services, do not complete line 57 since rent is reported on line 52. See “Rent Eligible for Credit” and “Residents of Adult Care Homes including Assisted Living Facilities” on pages 27 and 29, respectively.

MI-1040CR WORKSHEET 4: ALTERNATE PROPERTY TAX CREDIT FOR RENTERS AGE 65 AND OLDER

A. Enter the amount from line 42 or, if line 33 exceeds $51,000, line 42 multiplied by line 43. If you received FIP/MDHHS, enter the amount from Worksheet 3, line F..............................

B. Enter rent paid from line 53 and/or line 55 ...................................................

C. Multiply amount on line 33 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 44 (maximum $1,500).....................