MI-1040

Individual Income Tax

FORMS AND INSTRUCTIONS

e-file

WWW.MIFASTFILE.ORG

- E-filing your return is easy, fast, and secure!
- 83% (more than 4 million) of all Michigan taxpayers choose e-file.
- E-filed returns are usually processed within 14 business days (see page 3). Allow 14 days before checking the status of your e-filed return.
- Tax preparers who complete 11 or more Michigan Individual Income Tax returns are required to e-file all eligible returns supported by their software (see page 3).
- Free e-file is available. Do you qualify?
- Visit **www.MIfastfile.org** for a list of e-file resources, how to find an e-file provider, and more information on free e-file services.

UNCLAIMED PROPERTY. The Michigan Department of Treasury is holding millions of dollars in abandoned and unclaimed property belonging to Michigan residents. **Over the last four years, more than $375 million has been returned to rightful owners.** To check if Treasury is holding funds for you or your family, visit **www.michigan.gov/unclaimedproperty.**

FILING DUE DATE:
APRIL 17, 2018

WWW.MICHIGAN.GOV/TAXES

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

Help With Your Taxes

New for 2017

Amended Return. Beginning with tax year 2017, use the *Michigan Individual Income Tax Return* (MI-1040) and *Michigan Amended Return Explanation of Changes* (Schedule AMD) to file an amended MI-1040. See page 7 for more details.

Michigan Standard Deduction. If the older of you or your spouse (if married filing jointly) was born during the period January 1, 1946 through January 1, 1951, and reached the age of 67 on or before December 31, 2017, you may deduct $20,000 for single or married filing separately filers or $40,000 for joint filers against all income, rather than solely against retirement and pension income. Taxpayers that qualify for the Michigan Standard Deduction are not eligible to deduct retirement and pension income on the *Michigan Pension Schedule* (Form 4884).

Expanded Subtraction for Retirement Benefits. If the older of you or your spouse (if married filing jointly) was born on or after January 1, 1953 but before January 2, 1956, have reached age 62 and receive Social Security exempt retirement benefits due to employment with a governmental agency, you may be eligible for a retirement and pension deduction. For more information see *Michigan Pension Schedule* (Form 4884).

City of Detroit

In January 2016, the Michigan Department of Treasury began processing City of Detroit Individual Income Tax Returns. Your City of Detroit return may be filed with your Michigan return. For more information and instructions visit **www.michigan.gov/citytax**.

Tax Assistance

The Michigan Department of Treasury (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 you will need the following information from your return:

- Social Security number (SSN) of the primary filer (the filer listed first on the return)
- Tax year of the return
- Adjusted gross income (AGI) or total household resources
- 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
- Retirement, Pension, Interest, Dividends, Capital Gain Estimators
- Pay your tax due on the MI-1040, and make quarterly estimated income tax and individual income tax extension payments
- Other tax resources.

Select "Check My Income Tax Information" where you can:

- 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
517-636-4486
Automated Information Service

With Treasury's automated phone system, you can:

- Request the status of your refund
- Check the status of letters you have sent to Treasury
- Request information on estimated payments
- Order current tax year forms.

While most questions can be answered by the Automated Information Service, customer service representatives are available from 8 a.m. to 4:45 p.m., Monday through Friday.

Assistance is available using TTY through the Michigan Relay Service by calling 711. Printed material in an alternate format may be obtained by calling 517-636-4486.

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), most public libraries, Northern Michigan post offices, and Michigan Department of Health and Human Services (MDHHS) county offices.

General Information

Adjusted Gross Income (AGI)

Throughout this booklet, Treasury refers to adjusted gross income as AGI. When AGI is asked for, copy your AGI directly from your U.S. Form *1040*, U.S. Form *1040A*, or U.S. Form *1040EZ*.

Tax Rate, Exemption Allowances, and Deductions for Retirees and Seniors

The income tax rate for 2017 is 4.25 percent.

For tax year 2017, the personal exemption allowance is $4,000, the special exemption allowance for deaf, blind, hemiplegic, paraplegic, quadriplegic, or totally and permanently disabled is $2,600 and the exemption allowance for qualified disabled veterans is $400. See page 9 for more information.

Retirement and pension benefits included in AGI from a pension or an Individual Retirement Account (IRA) may be deductible. See Form 4884 instructions beginning on page 15 for further details regarding retirement and pension benefit deductions based on year of birth and filing status.

Senior citizens born before 1946 may be able to deduct part of their interest, dividends, and capital gains that are included in AGI. For 2017, the deduction is limited to a maximum of $11,259 for single filers and $22,518 for joint filers. See *Michigan Schedule 1* (Schedule 1) instructions beginning on page 12 for further details regarding dividend/interest/capital gains deductions.

Filing Extension Granted for Military Personnel Serving in a Combat Zone

United States military personnel serving in a combat zone on April 17, 2018, 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. When e-filing, service men and women serving in combat zones should enter the words "*Combat Zone*" in the preparer notes. When filing a paper return, print "*Combat Zone*" in ink on the top of page 1 of the MI-1040.

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 21 of the Revenue Act, to request informal conferences.

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

E-filing eliminates many of the errors that lengthen processing times. E-filed returns are usually processed within 14 days. Tax preparers who complete 11 or more individual income tax returns are required to e-file all eligible returns. Visit **www.MIfastfile.org** for a list of e-file resources, how to find an e-file provider, and more information on free e-file services. When e-filing, do not mail a paper copy of your return.

Property Tax Credits/Refunds

A reminder from the Internal Revenue Service (IRS): Michigan homestead property tax credit and homestead exemption refunds received in 2017 may be taxable on your 2017 U.S. Form *1040*. If you claimed an itemized deduction for property taxes on your 2016 U.S. Form *1040* and then received a refund in 2017 from the State or your local unit of government for a portion of those taxes, you must include that refund as income on your 2017 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 claimed itemized deductions on your 2016 federal income tax return and received a Michigan tax refund in 2017, you will be mailed a 2017 Michigan 1099-G in early 2018 that shows the amount of your 2016 refund that was issued in 2017. The refund amount will include any amounts credited forward to 2017 estimated tax, prior year refunds issued in 2017, 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, earned income tax credits, or other refundable tax credits claimed on your 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 state 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 to the Friend of the Court, an IRS levy, money due to a state agency, a court-ordered garnishment, or other court orders. Taxpayers who are married filing jointly may receive an *Income Allocation for 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.

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 or $3,000 or less if filing a joint return, you do not need to file a return unless you are claiming a refund of withholding.

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

If you are considered married for federal tax purposes, you must file your Michigan return using either the married filing jointly or married filing separately filing status. This applies to all couples who are married under the laws of the State of Michigan

or under the laws of another state. If you filed a joint federal income tax return, you must file a joint Michigan income tax return. If you and your spouse filed separate federal returns, you may file separate or joint Michigan returns.

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 17, 2018, to avoid penalty and interest. Payment must be included with your return. Make your check payable to "State of Michigan" and write the last four digits of your Social Security number(s) and "2017 income tax" on the front of the check.

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. This allows an extension of time to file, but not to pay. Payment is due no later than April 17, 2018, otherwise penalty and interest may apply. See page 5. 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. Visit **www.michigan.gov/taxes** for the latest interest rates.

Identity Theft

Tax-related identity theft occurs when someone uses your Social Security number to file a tax return claiming a fraudulent refund. Victims of tax-related identity theft can assist the Department of Treasury by following the steps listed below:

- Paper file your return and include all required schedules.
- Send copies, not originals, of the following documents:
  1. Federal return and schedules (if applicable).
  2. Identity theft affidavits (if applicable).
  3. Government issued photo identification.
  4. W-2s and/or 1099s.

Even if the above steps are followed, the Department of Treasury may require additional identity verification and you may be asked:

- To complete an identity confirmation quiz, which is a tool Treasury uses to assist in the protection of taxpayers against tax-related identity theft.
- To provide additional supporting documentation as needed.

Visit **www.michigan.gov/identitytheft** for more information regarding tax-related identity theft.

How to Complete and File Paper Returns

Completing Michigan Forms

Treasury captures the information from paper income tax returns using an Intelligent Character Recognition (ICR) process. If completing a paper return, avoid unnecessary delays by following 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** (UPPER CASE). Capital letters are easier to recognize.
- **Print numbers like this:** 0123456789 Do **not** put a slash through the zero (∅) or seven (7).
- **Fill check boxes with an [X].** Do not use a check mark.
- **Leave lines/boxes blank** if they do not apply or if the amount is zero unless otherwise directed.
- **Do not write extra numbers, symbols, or notes** on the return, such as cents, dashes, decimal points, commas, or dollar signs. Enclose any explanations on a separate sheet unless you are instructed to write explanations on the return.
- **Stay within the lines** when entering information in boxes.
- **If a form is multiple pages,** all pages must be filed.
- **Report all amounts in whole dollars**. Round down amounts of 49 cents or less. Round up amounts of 50 cents or more. If cents are entered on the form, they will be treated as whole dollar amounts.

When You Have Finished

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

Assemble your returns and attachments. Do not staple your check to your return. 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:

- *Additions and Subtractions* (Schedule 1)
- *Nonresident and Part-Year Resident* (Schedule NR)
- *Farmland Preservation Tax Credit* (MI-1040CR-5)
- *Schedule of Taxes and Allocation to Each Agreement* (Schedule CR-5)
- *Property Tax Credit* (MI-1040CR or MI-1040CR-2)
- Federal Schedules (see Table 3, page 59)
- *Schedule of Apportionment* (MI-1040H)
- *Underpayment of Estimated Income Tax* (MI-2210)
- *Withholding Tax Schedule* (Schedule W)
- *Adjustments of Capital Gains and Losses* (MI-1040D)
- *Adjustments of Gains and Losses From Sales of Business Property* (MI-4797)
- *Voluntary Contributions Schedule* (4642)
- *Sales and Other Dispositions of Capital Assets* (MI-8949)
- *Pension Schedule* (4884)
- *Pension Continuation Schedule* (4973)

- *Married Filing Separately and Divorced or Separated Claimants Schedule* (5049).
- *Michigan Amended Return Explanation of Changes* (Schedule AMD)

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

If you are also filing a City of Detroit return, do **not** staple it to your State of Michigan return; fold it and leave it loose in the envelope.

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 your check payable to "**State of Michigan**" and **print the last four digits of your Social Security number** and "**2017 income tax**" on the front of your check. To ensure accurate processing of your return, send one check for each return. Do not staple your check to your return.

Do not mail your 2017 return in the same envelope with a return for years prior to 2017; mail your 2017 return in a separate envelope.

Important Reminders

- **Missing pages.** The MI-1040, MI-1040CR, MI-1040CR-2, MI-1040CR-7, and MI-1040X-12 are multiple-page forms. All pages must be completed and submitted for Treasury to process the return timely.
- **Use correct tax year forms.** For example, do not use a 2016 form to file your 2017 return.
- **Required attachments.** 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.
- **Schedules received alone.** Only the MI-1040, MI-1040CR, MI-104CR-2 and MI-1040CR-7 forms may be filed alone. All other forms must be filed with a completed MI-1040.
- **Missing, incomplete, or applied for Social Security number.** If you don't have an SSN or an Individual Taxpayer Identification Number (ITIN), apply for one through the IRS. **Do not** file your Michigan return until you have received your SSN or ITIN.

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 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. Visit **www.michigan.gov/taxes** for help calculating the penalty and interest.

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, include on line 30 the amount of tax you paid with your extension request. Include a copy of your federal or state extension with your return.

2018 Estimated Payments

Usually, you must make estimated income tax payments if you expect to owe more than $500 when you file your 2018 MI-1040. This is after crediting the property tax, farmland, any other refundable or nonrefundable credits, and amounts you paid through withholding.

Common income sources which make estimated payments necessary are self-employment income, salary, wages, or retirement benefits 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), business income 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 17, 2018; June 15, 2018; September 17, 2018; and January 15, 2019. If you are a fiscal year filer, the due dates are the same as your federal estimated payment due dates.

If you made estimated payments for 2017 Treasury will send you personalized vouchers for 2018, unless you used a tax preparer. Do not use vouchers intended for another taxpayer. If you do not receive personalized vouchers, use a tax preparer, or use tax preparation software to complete your return, you can obtain a *Michigan Estimated Individual Income Tax Voucher* (MI-1040ES) from Treasury's Web site.

Exceptions. If you expect to owe more than $500, you may not have to make estimated payments if you expect your 2018 withholding to be at least:

- 90 percent of your total 2018 tax, **or**
- 100 percent of your total 2017 tax.
- 110 percent of your total 2017 tax if 2017 AGI was more than $150,000 if filing joint or single ($75,000 if your 2017 filing status is married filing separately).

Total 2017 tax is the amount on your 2017 MI-1040, line 21, less the amount on lines 25, 26, 27b and 28.

Farmers, fishermen or seafarers may have to make estimated payments, 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 2018 quarterly installment (MI-1040ES) until as late as January 15 2019, and pay the entire amount of your 2018 estimated tax due, **or**
- File your 2018 MI-1040 return and pay the entire amount of tax due on or before March 1, 2019.

If you are a farmer or fisherman you will have filed a U.S. *Schedule F*, *Schedule C*, or *Schedule E* to report income from these activities. 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 estimated payments. 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 make estimated payments or 10 percent (with a minimum of $10) for failing to pay enough estimated payments or making estimated payments late. Interest is one 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") 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 MI-1040, line 18 and the example on page 10.

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 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 27).

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 nonresidents.

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")
- 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 may 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 may make Michigan individual 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 along with an MI-1040.

Deceased Taxpayers

A **personal representative** for the estate of a taxpayer who died in 2017 (or 2018 before filing a 2017 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 2017 MI-1040.

Use the decedent's Social Security number and **your** address. If the taxpayer died after December 31, 2016, enter the date of death in the "Deceased Taxpayer" box on page 2 on the 2017 MI-1040.

The **surviving spouse** is considered married for the year in which the deceased spouse died and may file a joint return for that year. Write your name and the decedent's name and both Social Security numbers on the MI-1040. Write "DECD" after the decedent's last name. You must report the decedent's income. Sign the return. In the deceased's signature line, write "Filing as surviving spouse." If the taxpayer died after December 31, 2016, enter the date of death in the "Deceased Taxpayer" box on page 2 of the MI-1040. See "Deceased Taxpayer Chart of Examples" on page 59, example A.

If filing as a **personal representative** or **claimant** and you are claiming a refund for 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 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 59, example B or C.

If filing as a **personal representative** or **claimant** of a deceased taxpayer(s) 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 59, example D or E.

For information about filing a credit claim, see "Deceased Claimant's Credit" on page 27.

Amended Returns

Beginning with tax year 2017, if you need to make a correction to your return, file a new complete MI-1040. Check the Amended Return box at the top of page 1 of the form, and file the Schedule AMD **and all** applicable schedules and supporting documentation to amend your return. If you are amending for tax year 2016 or prior, you must use Form MI-1040X-12. 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.

Once you file a joint return, you cannot choose to file separate returns for that year after the due date of the return.

If a change on your federal return affects Michigan taxable income, you must file an amended return within 120 days of the change. You must include a copy of your amended federal return and all supporting schedules. Include payment of any tax and interest due.

To amend only a homestead property tax or home heating credit, file a new MI-1040CR, MI-1040CR-2, or MI-1040CR-7 respectively, for the appropriate year. Check the Amended Return box on the top of page 1 of each credit claim; **do not file a new MI-1040 or Schedule AMD**. If applicable, include a copy of your property tax statement(s), and/or lease agreement and a copy of your heat statement.

Net Operating Losses (NOL)

If you have a federal NOL deduction, remove the federal NOL deduction from Michigan taxable income, to the extent included in federal AGI. Residents accomplish this through an addition on Michigan Schedule 1, line 7. If you are required to file a Michigan Schedule NR, the entire federal NOL deduction, no matter where earned, is allocated to Column C. A Michigan NOL deduction in a carryforward year may be claimed on Michigan Schedule 1, line 21.

Part 1 of *Application for Michigan Net Operating Loss Refund* (MI-1045) is used to calculate the Michigan NOL for the loss year and a copy must be included with returns to which the loss is carried forward. A separate worksheet showing how the loss has been used in years previous to and succeeding the loss year should always be submitted to verify the claimed carryforward. If carrying the loss back, Part 2 of Form MI-1045 must be filed.

Repayments of Income Reported in a Prior Year

If you had to repay money in 2017 that you claimed as income in a previous year (e.g., unemployment benefits), you may be entitled to a credit on your 2017 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*, a credit will be allowed on the Michigan return.

To compute your Michigan credit, multiply the amount you repaid in 2017 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 29. Write "Claim of Right/Repayment" next to line 29.

Include 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.

Use Tax

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

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

Beginning October 1, 2015, additional Internet retailers began charging tax on their online sales. Taxpayers should review their records to determine if the online retailer charged tax at the time of sale. If the tax was paid then, no additional tax would be due.

How to Report Use Tax

Use Worksheet 1 to calculate your use tax and enter the amount of use tax due on MI-1040, line 23.

Worksheet Calculation

Line 1: For purchases of $0 to $1,000, multiply your total purchases times 6 percent (0.06) and enter the amount on Line 1, **or,** if you have incomplete or inaccurate receipts to calculate your purchases, you may use "Table 1 - Use Tax" to estimate your taxes (see the following example).

Line 1 should contain a number unless you made no purchases under $1,000 subject to the use tax.

Line 2: In all cases, if a single purchase is $1,000 or more and tax is not collected by the seller, you must pay 6 percent use tax on that purchase.

Example: Ed ordered a computer from a catalog retailer in New York for $1,437.50. Ed 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. Ed's AGI is $46,500. Ed would complete Worksheet 1 as follows:

Line 1: Ed selects $36 from Table 1 ..... $36

Line 2: Ed enters $1,437.50 x 6 percent $86.25

Line 3: Total use tax due $122.25

Ed would enter $122 (rounding down because the amount is 49 cents or less) on his MI-1040, line 23**.**

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 also owed on purchases made in a foreign country.

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

WORKSHEET 1 - USE TAX

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

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

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

Enter amount from Line 3 above on your 2017 MI-1040, line 23. If the amount on Line 3 is 0, enter "0" on your 2017 MI-1040, line 23.

TABLE 1 - USE TAX

AGI*	Tax
$0 - $10,000	$4
$10,001 - $20,000	$12
$20,001 - $30,000	$20
$30,001 - $40,000	$28
$40,001 - $50,000	$36
$50,001 - $75,000	$50
$75,001 - $100,000	$70
Above $100,000	Multiply AGI by 0.08% (0.0008)

* AGI from MI-1040, line 10.

Line-by-Line Instructions for *Individual Income Tax Return* (MI-1040)

Lines not listed are explained on the form.

Amended return box: If amending your 2017 return, check the box at the top of the form, include a completed Schedule AMD and supporting documentation.

Line 1: Only married filers may file joint returns. Include name and address.

Lines 2 and 3: Enter your full nine-digit Social Security number(s). Failure to provide a complete Social Security number may result in processing delays.

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. Checking the box will not raise your tax or reduce your refund.

Line 6: Farmers, fishermen, or seafarers may have to make estimated payments, and have different filing options. If at least two-thirds of your gross income is from farming, fishing, or seafaring, check this box. (For estimate filing information, see page 5.)

Line 7: Filing Status. Check the box to identify your filing status. If you filed a joint federal return, you must also file a joint Michigan return. Married couples who file separate federal returns may file a separate or joint Michigan return. If your status is married filing separately (box c), enter your spouse's full name in the space provided and enter 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 your Michigan return as single.

NOTE: If you are claiming a homestead property tax credit or home heating credit and you lived with your spouse, it may be easier to file a joint Michigan return because joint total household resources are the basis for computing these credits.

Line 8: Residency. Check the box that describes your Michigan residency for 2017. 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 *Nonresident and Part-Year Resident Schedule* (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.

Line 9a: Enter the number of exemptions you claimed on your U.S. Form *1040* or *1040A*. These exemptions are for you, your spouse (if filing jointly), and your dependents.

Multiply the number of exemptions by your exemption allowance of $4,000 and enter that amount in the box.

Line 9b: Michigan Special Exemptions: Deaf, Blind, or Certain Disabilities. You qualify for this exemption if you are deaf, blind, hemiplegic, paraplegic, quadriplegic, or totally and permanently disabled. Complete this line, claiming only one exemption per person as it applies to you, your spouse and your dependents. If your dependent files a return, you or your dependent, but not both, may claim the dependent's special exemption.

- 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 claim an exemption as totally and permanently disabled.**

Line 9c: Qualified Disabled Veterans. A taxpayer may claim an exemption of $400 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.

Line 9d: If someone else can claim you as a dependent, check the box, enter 0 on line 9a and enter $1,500 on line 9d. If your AGI is less than $1,500 and you had no Michigan income tax withheld from your wages, you do **not** need to file this form.

Line 10: Adjusted Gross Income. Enter your AGI from your U.S. Form *1040*, U.S. Form *1040A*, or U.S. Form *1040EZ*. You must include copies of federal schedules that apply to you (see Table 3, page 59). For Michigan adjustments to AGI, see Schedule 1, page 41. Instructions for completing Schedule 1 begin on page 12.

Line 17: Tax. Multiply the amount on line 16 by 4.25 percent (0.0425).

Line 18: Income Tax Imposed by Government Units Outside Michigan. Include the amount of income tax paid to:

- A nonreciprocal state (see page 6)
- 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. For assistance with calculating this credit, go to **www.michigan.gov/incometax**.

Include a copy of the return filed with the other government unit(s) with your MI-1040. If you do not include the return filed with the other government unit(s) when claiming this credit, processing of your return may be delayed or your credit may be denied.

Do **not** include taxes paid on income you subtracted on lines 10 through 26 of Schedule 1 (e.g., rental or business income from another state, part-year resident wages). If you claim credit for Canadian provincial tax, you must file a *Michigan Resident Credit for Tax Imposed by a Canadian Province* (Form 777).

Include copies of your *Canadian Federal Individual Tax Return* (Form T-1), *Canadian Statement of Remuneration Paid* (Form T-4), 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*.

Line 18a: Enter the total income tax paid to other government units. If you paid tax to more than one unit, include a schedule showing the tax paid to each government unit. **Also include a copy of the return(s).**

Line 18b: 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 18b. Compute your allowable credit as follows:

Step 1: Divide your non-Michigan income subject to tax by both states by your total income subject to Michigan tax (MI-1040, line 14); then

Step 2: Multiply the amount of tax shown on MI-1040, line 17, by the resulting percentage.

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.

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

Hunter is a Michigan resident and has $40,000 of Michigan wages, $10,000 of wages earned in another state, and $3,000 in interest and dividends. Hunter's federal AGI is $53,000. He has no Michigan adjustments (additions or subtractions) to AGI. After subtracting his $4,000 exemption from $53,000 income subject to tax, Hunter's taxable income is $49,000 (MI-1040, line 16). This results in a tax of $2,083 ($49,000 x 0.0425) that is reported on MI-1040, line 17. The other state imposed $700 tax on the $10,000 Hunter earned in that state. To compute the credit, determine the following:

Step 1: Calculate the percentage of non-Michigan income to total income subject to tax ($10,000/$53,000) = 19%

Step 2: Multiply Michigan tax of $2,083 by 19% = $396

Step 3: On MI-1040, line 18a, enter $700, the tax imposed by the other state. On MI-1040, line 18b, enter $396 (the credit is the lesser of $700 or $396).

Line 19: Michigan Historic Preservation Tax Credit. Taxpayers eligible for this credit received a certificate from the State Historic Preservation Office indicating their eligibility. To claim this credit you must submit **all** of the supporting documentation. For a list of supporting forms and schedules see the Form 3581 instructions.

Line 19a: Enter the amount from your 2017 Form 3581, line 9.

Line 19b: Enter the amount from your 2017 Form 3581, line 14.

Line 19: Small Business Investment Tax (Venture Investment) Credit. The Small Business Investment Tax (Venture Investment) Credit provides Qualified Investors a 25 percent tax credit over a two year period on Qualified Investments in Qualified Businesses. To qualify, investments had to be made after December 31, 2010 and before January 1, 2012. Taxpayers eligible for this credit received a certificate from the Michigan Strategic Fund Board, Small Business Investment Tax Credit Program. The certificate must be included with the taxpayer's return.

Line 19a: Enter the contribution amount or investment amount from the required certificate.

Line 19b: Enter the income tax credit amount from the required certificate.

Line 20: Income Tax. Carry this amount to line 21.

Line 22: Voluntary Contributions. Contributions can be made on the *Voluntary Contribution Schedule* (Form 4642). Include 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.

When filing an amended MI-1040, you cannot amend your voluntary contributions amount. You must enter the amount from your original return.

Line 23: Use Tax. Enter use tax due from Worksheet 1, line 3, on page 8.

When filing an amended MI-1040, you cannot amend your use tax amount. You must enter the amount from your original return. To amend your use tax, write a letter to Michigan Department of Treasury, Business Tax Division, P.O. Box 30427, Lansing, MI 48909.

Line 25: Property tax credit information begins on page 25.

Line 26: Farmland preservation credit applies to farmers only. See MI-1040CR-5 instructions for information.

Line 27: 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 6 percent of the taxpayer's federal credit. Enter your federal EITC amount on line 27a and 6 percent of line 27a on line 27b.

Line 28: Michigan Historic Preservation Tax Credit. Enter the amount from your *2017 Historic Preservation Tax Credit* (Form 3581), line 16a or 16b, whichever applies. Include a completed Form 3581 and U.S. Form *3581*, if applicable.

Line 29: Enter the total **Michigan** tax withheld including Michigan flow-through withholding (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 30: Enter the total estimated tax paid with your 2017 MI-1040ES, the amount paid with a Form 4, and the amount of your 2016 credit forward (2016 MI-1040, line 34) to this year's tax. **Do not include a prior year's refund amount or Michigan flow-through withholding.**

Line 31: This line is for amended returns only. If you checked box 31a to indicate you received a refund and/or credit forward from your original return, enter the refund amount received as a negative number. If you checked box 31b to indicate you paid with your original return, enter the amount of your payment as a positive number. Do not include any interest or penalty paid with your original return. When filing an amended return, you must include Schedule AMD.

Example 1: Tina is amending her return. Tina received a $100 refund on her original return. Tina checks box 31a and enters the refund as a negative number. Tina reports -$100 on line 31c.

Example 2: Tom is also amending his return. Tom paid a total of $275 with his original return; $250 was for tax due, $5 was for interest and $20 was for penalty. Tom checks box 31b and enters the amount paid as a positive number but does not include interest or penalty. Tom enters $250 on line 31c.

Line 33: You Owe. If line 32 is less than line 24, enter the difference. This is the tax you owe with your return. If line 32 is negative, treat it as a positive amount and add it to the amount on line 24. Enter the result on line 33. Payments can now be made electronically. Go to **www.michigan.gov/iit** for more information. 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.

If you pay after the due date of the return, penalty and interest for late payment is also due. 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 33.

Generally, if you owe more than $500, you are required to make estimated payments. Taxpayers required to make estimated payments may owe penalty and interest for underpayment, late payment, or for failing to make estimated tax payments. Use the *Michigan Underpayment of Estimated Income Tax* (Form 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 include an MI-2210. Enter the penalty and interest amounts on the lines provided.

Line 35: Credit Forward. Credit forward is only available on an original return and will not be accepted as a way to claim your overpayment on an amended return.

Line 36: Refund. This includes any tax you overpaid and any credits you claimed. The state does not refund amounts less than $1. Mail your return to the "Refund, credit, or zero returns" address on page 2 of your MI-1040.

Direct Deposit

Direct Deposit is only available on an original return and may not be used to issue a refund on an amended return.

Check with your financial institution to (1) make sure it will accept Direct Deposit, (2) obtain the correct Routing Transit Number (RTN) and account number, and (3) if applicable, verify that your financial institution will allow a joint refund to be deposited into an individual account.

Direct Deposit requests associated with a foreign bank account are classified as International ACH Transactions (IAT). If your Direct Deposit is forwarded or transferred to a bank account in a foreign country, it will be returned to Treasury. If this occurs, your refund will be converted to a check and mailed to the address on your tax return. Contact your financial institution for questions regarding the status of your account.

a. 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. Account Number. Enter your financial institution 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. Do **not** include the check number.

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

When You Are Finished

Sign Your Return: Each spouse must sign a joint return. If the tax preparer is someone other than the taxpayer, he or she must include the 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: Include all your credit claims and required Michigan and federal schedules (see Table 3 on page 59).

If you owe tax: Make your check payable to "**State of Michigan.**" **Print the last four digits of your Social Security number** and "**2017 income tax**" on the front of your check. If paying on behalf of another taxpayer, write the filer's name and the last four digits of the filer's Social Security number on the check. Enclose your payment but do **not** staple it to the return.

The **filing deadline to receive a refund** for tax year 2017 is April 15, 2022.

Line-by-Line Instructions for *Additions and Subtractions* (Schedule 1)

Part-year and nonresidents, complete Schedule NR (see page 49) before proceeding.

If you have income or losses attributable to other states, you must include all relevant federal schedules and supporting statements (see page 59). Include *Schedule K-1s* which support your federal *Schedules B, D, E* and *4797.* **The type, source and location of the income or loss must be identified.** For assistance conveying this information to Treasury, refer to the "Business, Rental & Royalty Activity Worksheet" and its instructions available on Treasury's Web site. If you do not include the federal schedules and supporting statements, processing of your return may be delayed or your credit/subtraction may be denied.

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). Do not complete this line if you were a nonresident for the full year.

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 Capital Gains and Losses* (MI-1040D) and related *Michigan Sales and Other Dispositions of Capital Assets* (MI-8949) **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 12, 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 include a *Michigan Schedule of Apportionment* (MI-1040H).

Line 5: Enter the net loss from the federal column of your MI-1040D, line 13, or MI-4797, line 18b(2) as a positive number.

Line 6: Enter gross expenses from the production of oil and gas or extraction of nonferrous metallic minerals subject to Michigan severance tax to the extent deducted from AGI. Subtract the related gross income on line 19.

Line 7: Residents, enter the amount of the NOL deduction included in AGI. Part-year and nonresidents, see instructions for Schedule NR, line 11.

Line 8: Enter the total of the following (include an additional 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, including the Michigan 529 Advisor Plan (MAP), or a Michigan Achieving a Better Life Experience Program (ABLE) account, if the withdrawal was not a qualified withdrawal as provided in the MESP or ABLE Acts. You may first exclude any amount that represents a return of contributions for which no deduction was claimed in any prior tax year.
- 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 2017 because the MET contract was terminated, enter the smaller of: (1) the refund you received or (2) the amount of the original MET contract price including fees which you deducted in previous years.
- Domestic Production Activities Deduction (DPAD) included in AGI that is attributable to business activity located in another state, and apportioned if applicable. Nonresidents and part-year residents report DPAD only on Schedule NR.

NOTE: Michigan treatment of bonus depreciation conforms with federal law. Adjustments for bonus depreciation are not required.

Subtractions From Income

NOTE: Part-year and nonresidents, subtract only income attributable to Michigan (Schedule NR, column B) that is not included on line 13.

Line 10: Enter income from U.S. government obligations (e.g., Series EE bonds, Treasury notes), 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, include a copy of your U.S. *Schedule B* and a supporting statement listing the amounts received, the source, and the issuing agency. Capital gains from the sale of U.S. government obligations must be adjusted on your MI-1040D.

Line 11: Include military and Michigan National Guard retirement benefits here and on Schedule W, Table 2. Also report any taxable Tier 1 and Tier 2 railroad retirement benefits. Other qualifying public or private retirement benefits must be reported on the *Michigan Pension Schedule* (Form 4884) and Schedule 1, line 25.

Line 12: Enter the gains from the federal column of your MI-1040D, line 12, and MI-4797, line 18b(2). See instructions for Schedule 1, line 3.

Line 13: Income Attributable to Another State. Nonresidents and part-year residents, complete Schedule NR. See instructions on page 50. Include federal schedules.

Business income that is taxed by Michigan and another state must be apportioned. Complete and include the MI-1040H. Income reported on the MI-4797 and carried to the MI-1040D is business income, potentially subject to apportionment.

Capital gains from the sale of real property or tangible personal property located outside of Michigan must be adjusted on the 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 9).

Residents may subtract:

- Net 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 14: Compensation received for active duty in the U.S. Armed Forces included in AGI should be entered here and on Schedule W, Table 1. Enter only the taxable portion of Social Security and Military pay included on your U.S. Form *1040*, or your U.S. Form *1040A*. Do not include your total Social Security benefits.

NOTE: Compensation from the U.S. Public Health Service, contracted employee pay and civilian pay are not considered military pay.

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

- Be a permanent resident of a Renaissance Zone designated prior to January 1, 2012, for at least 183 consecutive days
- Be approved by your local assessor's office
- Not be delinquent for any State or local taxes abated by the Renaissance Zone Act
- File an MI-1040 each year
- Have gross income of $1 million or less.

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 2017, subtract the portion of income earned while a resident of the Zone. If you are a part-year resident of a Zone, complete and include a Schedule NR with your MI-1040. (See "Note" on the bottom of the Schedule NR instructions, page 50.)

Certain Renaissance Zones began to phase out in 2007. 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 deduction 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.

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

Note to farmers: 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 (MESP). You may deduct, to the extent not deducted in calculating AGI, the total of all contributions less qualified withdrawals and rollovers (compute the contributions, withdrawals and rollovers separately for each account) made during 2017 by the taxpayer in the tax year to accounts established through the MESP (529 direct-sold program), including the MI 529 Advisor Plan (MAP). The deduction may not exceed $5,000 for a single return or $10,000 for a joint return per tax year. There are many 529 savings/investment programs nationwide, but Michigan only allows a tax deduction for contributions to the Michigan 529 programs: MESP, MAP and MET.

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

- If you purchased a MET 529 prepaid tuition contract during 2017, you may deduct the total contract price (including the processing fee).
- If you made a charitable contribution to the MET Charitable Tuition Program during 2017, you may deduct the total contribution amount. You should have received a receipt from MET to confirm the amount. All charitable donations will go toward providing scholarships to former foster care students attending Michigan colleges.
- If you purchased a MET payroll deduction, monthly purchase or pay-as-you-go contract, you may deduct the amount paid on that contract during 2017 (not including fees for late payments or insufficient funds). You will 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: Subtract the gross income subject to Michigan severance tax from the Michigan production of oil and gas or extraction of nonferrous metallic minerals to the extent included in AGI. Add back the related expenses on line 6. Include copies of applicable federal schedules.

Line 20: Tax Agreement Tribes: A "Resident Tribal Member" (Member must be on the list submitted by their Tribe to the State of Michigan) of a federally recognized Indian tribe that has an active tax agreement with the State of Michigan may subtract certain income that is included in his or her AGI identified on line 10 of the MI-1040. Such exempt income may include income derived from wages, interest, and pension income. For a list of agreement tribes, go to **www.michigan.gov/taxes** and select "Individual Income Tax" and then "Native American." A list of tribes' names will be available; click to access the tax agreement and proceed to Section IV. **Non-Tax Agreement Tribes:** If your tribe is not listed, your tribe does not have an active

tax agreement with Michigan. Non-agreement members, see *Revenue Administrative Bulletin 1988-47* for guidelines in determining exempt income that may be subtracted on line 20.

NOTE: Michigan income earned while living outside of your Agreement Area (see your tribe's agreement for a description of your Agreement Area) or Indian Country (as defined under 18 U.S.C. 1151 for Non-Agreement Tribes) may not be subtracted from Michigan AGI.

Line 21: Net Operating Loss (NOL). You may only deduct the Michigan NOL. Your Michigan NOL carryforward entered here must be reduced by the domestic production activities deduction and the excess capital loss deduction attributable to Michigan that was used to arrive at your **2016** AGI (see MI-1045 instructions). You must include Form MI-1045, pages 1 and 2 of your federal return and all supporting schedules and statements.

Line 22: Miscellaneous subtractions only include:

- Any portion of a qualified withdrawal from an MESP account, including the MAP, or ABLE account to the extent included in federal AGI. **NOTE:** Any amounts not included in AGI or that are already deducted on the U.S. Form *1040* to arrive at AGI **do not** qualify for this subtraction.
- Benefits from a discriminatory self-insured medical expense reimbursement plan, to the extent these reimbursements are included in AGI.
- Losses from the disposal of property reported in the Michigan column of MI-1040D, line 13, or MI-4797, line 18b(2).
- Amount used to determine the credit for elderly or totally and permanently disabled from U.S. Form *1040 Schedule R,* line 19. Include a copy.
- Holocaust victim payments.

You may not subtract:

- Retirement and pension benefits on line 22. See Form 4884
- Itemized deductions from U.S. *Schedule A*
- Sick pay (except railroad sick pay included in AGI), 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
- Contributions to national or Michigan political parties or candidates
- Proceeds and prizes won in State of Michigan regulated bingo, raffle, or charity games
- 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.) Include installment gross winnings as reported on your Form W-2G, box 1, and enter on your Schedule W, Table 1.
- Adjustments for bonus depreciation not included in AGI.

Lines 23C and 23F: Benefits From Employment with a Governmental Agency Not Covered by the Federal Social Security Act (SSA).

SSA exempt employment is not covered by the federal SSA, which means the worker did not pay Social Security taxes and is not eligible for Social Security benefits based on that employment. Almost all employment is covered by the federal SSA. The most common instances of retirement and pension benefits from employment that is not covered by Social Security are police and firefighter retirees, some federal retirees covered under the Civil Service Retirement System and hired prior to 1984, and a small number of other state and local government retirees. Federal retirees hired since 1984 and those covered by the Federal Employees' Retirement System are covered under the SSA.

A recipient born between January 1, 1946 and January 1, 1956 who receives, or whose spouse receives, retirement or pension benefits from employment with a governmental agency that was not covered by the federal SSA is entitled to a greater retirement or pension deduction or Michigan Standard Deduction. If you or your spouse are SSA exempt this increases your maximum allowable deduction.

For taxpayers born before 1953, answer the questions below to determine if you should check boxes 23C and/or 23F.

Line 23C:

1. Was the older of the filer or spouse born between January 1, 1946 and December 31, 1952?
Yes: Continue to question 3.
No: Continue to question 2.

2. Did the filer receive retirement or pension benefits from a deceased spouse born between January 1, 1946 and December 31, 1952?
Yes: Continue to question 3.
No: Stop. You are not eligible to check box 23C.

3. Did the filer receive SSA Exempt retirement or pension benefits?
Yes: Check box 23C.
No: Continue to question 4.

4. Did the filer receive SSA Exempt surviving spouse benefits?
Yes: Check box 23C.
No: Stop. You are not eligible to check box 23C.

Line 23F:

1. Was the older of the filer or spouse born between January 1, 1946 and December 31, 1952?
Yes: Continue to question 3.
No: Continue to question 2.

2. Did the spouse receive retirement or pension benefits from a deceased spouse born between January 1, 1946 and December 31, 1952?
Yes: Continue to question 3.
No: Stop. You are not eligible to check box 23F.

3. Did the spouse receive SSA Exempt retirement or pension benefits?
Yes: Check box 23F.
No: Continue to question 4.

4. Did the spouse receive SSA Exempt surviving spouse benefits?

Yes: Check box 23F.

No: Stop. You are not eligible to check box 23F.

If the older of the filer or spouse was born on or after January 1, 1953 but before January 2, 1956, has reached age 62 and either the filer or spouse receives Social Security exempt retirement benefits, check box 23C (for the filer) and/or box 23F (for the spouse).

Line 24: Michigan Standard Deduction. If the older of you or your spouse (if married filing jointly) was born during the period January 1, 1946 through January 1, 1951, and reached the age of 67 on or before December 31, 2017, you are eligible for a deduction against all income and will no longer deduct retirement and pension benefits. The deduction is $20,000 for a return filed as single or married filing separately, or $40,000 for a married filing jointly return. If you checked either box 23C or 23F your standard deduction is increased by $15,000. If you checked both boxes 23C and 23F your standard deduction is increased by $30,000.

The standard deduction is reduced by any amounts reported on line 11 and any military pay included on line 14.

In most cases, taxpayers who are eligible to complete line 24 should not complete lines 25 or 26. However, if a taxpayer is the unremarried surviving spouse of a decedent born prior to 1946 who also died after reaching age 65, check the box below line 26 to claim the Michigan standard deduction on line 24 and a deduction for investment income on line 26 (if applicable).

Line 25: Qualifying retirement and pension benefits included in your AGI may be subtracted from income. Retirement and pension benefits are taxed differently depending on the age of the recipient. See "Which Benefits are Taxable" below.

You must include Form 4884. If you were born during the period January 1, 1946 through January 1, 1951, see line 24.

Line 26: Senior citizens born prior to 1946 (or the unremarried surviving spouse of a decedent born prior to 1946 who also died after reaching age 65) may subtract interest, dividends, and capital gains included in AGI. This subtraction is limited to a maximum of $11,259 on a single return or $22,518 on a joint return. The maximum is reduced by any deduction for:

- Military (including Michigan National Guard) retirement benefits from line 11
- Railroad retirement benefits from line 11
- Public and private retirement and pension benefits from line 25
- Amount used for the federal credit for the elderly and totally and permanently disabled from line 22.

For further assistance, go to **www.michigan.gov/incometax.**

General Information - *Pension Schedule* (Form 4884)

What are Retirement and Pension Benefits

Under Michigan law, qualifying retirement and pension benefits include most payments that are reported on a 1099-R for federal tax purposes. This includes defined benefit pensions, IRA distributions, and most payments from defined contribution plans. Payments received before the recipient could retire under the provisions of the plan or benefits from 401(k), 457, or 403(b) plans attributable to employee contributions alone are not retirement and pension benefits under Michigan law, are taxable, and are subject to withholding.

Qualifying benefits include distributions from the following sources:

- Pension plans that define eligibility for retirement and set contribution and benefit amounts in advance
- Qualified retirement plans for the self-employed
- Retirement distributions from a 401(k) or 403(b) plan attributable to employer contributions or attributable to employee contributions that result in additional employer contributions (e.g., matching contributions)
- 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 and was born prior to January 1, 1953
- 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)
- Foreign retirement and pension benefits that meet Michigan's qualifications may also be eligible.

Qualifying public benefits include distributions from the following sources:

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

Retirement and pension benefits that are transferred from one plan to another (rolled over) continue to be treated as if they remained in the original plan.

For public and private retirement or pension benefits, you may not subtract (do not include on Form 4884):

- 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.

Which Benefits are Taxable

Retirement and pension benefits are taxed differently depending on the age of the recipient. Married couples filing a joint return should complete Form 4884 based on the year of birth of the older spouse. Military and Michigan National Guard pensions, railroad retirement benefits and Social

Security benefits are exempt from tax and should be reported on the Schedule 1, line 11 or line 14.

Who May Claim a Pension Subtraction

- **Recipients born before 1946** may subtract all qualifying retirement and pension benefits received from public sources, and may subtract qualifying private retirement and pension benefits up to $50,509 if single or married filing separate, or $101,019 if married filing a joint return. If your public retirement benefits are greater than the maximum amount you are not entitled to claim an additional subtraction for private pensions.

NOTE: In addition to the public retirement benefits listed above, the private pension limits are also reduced by the following from Schedule 1, line 11:

  - Military retirement from the U.S. Armed Forces
  - Retirement from the Michigan National Guard
  - Railroad retirement.

- **Recipients born during the period January 1, 1946 through January 1, 1951,** do not complete Form 4884. See Schedule 1, line 24.
- **Recipients born after January 1, 1951 through December 31, 1952** will be able to deduct up to $20,000 in qualifying retirement and pension benefits if single or married filing separate, or up to $40,000 if married filing a joint return. Generally, all retirement or pension benefits (public and private) are treated the same unless the recipient also has significant benefits from service in the U.S. Armed Forces or Michigan National Guard, or receives taxable railroad retirement benefits. Recipients who deduct military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard, or taxable railroad retirement benefits on Schedule 1, line 11 may have lower deduction limits if these deductions total more than $30,509 on a single return or $61,019 on a joint return. See the instructions for line 16 or 27 of Form 4884, whichever applies, for more information.
- **Recipients born on or after January 1, 1953 but before January 2, 1956 who have reached age 62 and receive retirement benefits from employment exempt from Social Security** may deduct up to $15,000 in qualifying retirement and pension benefits. If both spouses on a joint return receive Social Security exempt retirement benefits, the maximum deduction increases to $30,000. See Form 4884, line 28 instructions for more information.
- **All other recipients born after 1952,** all retirement and pension benefits are taxable and you are not entitled to a pension subtraction.

For help calculating the retirement and pension subtraction, see "*Which Section of Form 4884 Should I Complete?*" on page 17.

Retirement Benefits from a Deceased Spouse

Calculate the amount of deductible retirement benefits received as a survivor of a deceased spouse based on the birth year of the deceased spouse and the filing status of the surviving spouse. Retirement benefits received as a survivor generally have a distribution code of 4 on the federal Form 1099-R. The 1099-R reports retirement benefits to the Internal Revenue Service and it is sent by the pension administrator paying the benefits.

Example 1: A married filer who receives retirement benefits as the surviving spouse of a decedent born in 1942 (Tier 1) would be able to subtract all public retirement benefits received from the deceased spouse and private retirement benefits received up to $101,019, reduced by any public benefits received from the deceased spouse.

Generally, any retirement benefits deducted as a survivor reduce the amount of other retirement benefits that may be deducted.

Example 2: A single filer who receives retirement benefits as the surviving spouse of a decedent born in 1952 (Tier 2) would be able to subtract up to $20,000 in qualified retirement benefits received from the deceased spouse.

Example 3: If the filer in Example 2 was born in 1952 (Tier 2), any retirement benefits received from the deceased spouse that are deductible will reduce the filer's maximum deduction for retirement benefits of $20,000.

NOTE: Filers born after 1952 (Tier 3) receiving survivor benefits from a deceased spouse born in Tier 1 complete Section B of Form 4884. Filers born after 1952 (Tier 3) receiving survivor benefits from a deceased spouse born in Tier 2 complete Section C of Form 4884.

Filing Status	Birth Year	Retirement Benefits Tier	Retirement Benefits Deduction Limits
Single/Separate	Before 1946	Tier 1	All public plus private benefits up to $50,509 combined
Single/Separate	**1946 through 1952	Tier 2	$20,000
Single/Separate	After 1952	Tier 3	***No deduction
***Joint**	Before 1946	Tier 1	All public plus private benefits up to $101,019 combined
***Joint**	**1946 through 1952	Tier 2	$40,000
***Joint**	After 1952	Tier 3	***No deduction

*** On a joint return, determine the eligibility for deducting retirement benefits using the age of the older spouse.**

**** Taxpayers born during the period January 1, 1946 through January 1, 1951 should not deduct retirement benefits; you are eligible for the Michigan Standard Deduction. See Schedule 1, line 24 instructions.**

*****Taxpayers in Tier 3 who have reached age 62 and receive pension benefits from employment with governmental agencies not covered by the Social Security Act, may be eligible for a retirement and pension deduction. See Form 4884, line 28 instructions.**

Line-by-Line Instructions for *Pension Schedule* (Form 4884)

Visit **www.michigan.gov/incometax** for help calculating the retirement and pension subtraction**.**

NOTE: For purposes of this form, single limits apply to taxpayers who are married filing separately.

Lines not listed are explained on the form.

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

Lines 4 and 5: Enter your year(s) of birth. If you are married and filing separately, do not enter your spouse's year of birth.

Line 6: Enter deceased spouse's name, Social Security number and year of birth. If deceased spouse was born after December 31, 1952, STOP; you may not deduct retirement benefits from the deceased spouse. If you are filing your final joint tax return because your spouse died during the tax year, do not complete line 6 or check box 7B.

NOTE: When completing Form 4884, surviving spouse means the deceased spouse died prior to the current tax year (e.g. when filing a 2017 return the spouse died in 2007). Deceased spouse benefits do not include benefits from a spouse who died in 2017.

Line 7: If you have more than ten qualifying entries, continue those entries on the *2017 Michigan Pension Continuation Schedule* (Form 4973). Only include benefits from taxpayer(s) born after 1952 if you qualify to complete Section D of Form 4884 or if you are filing a joint return when the older spouse was born before 1953.

Line 7B: For each qualifying retirement and pension benefit attributable to a deceased spouse put an "X" in column 7B. See instructions for line 6 for more information on deceased spouse benefits.

Line 7C: If an individual has multiple retirement and pension benefits from the same Payer FEIN and distribution code, combine those amounts on the same line.

Line 7D: List the distribution code from box 7 of the federal Form 1099-R.

Line 7F: Include the taxable amount of retirement or pension reported in federal AGI. If you are a part-year resident only use the portion from the Michigan Schedule NR, line 10 column B.

Line 8: If you or your spouse reported any retirement and pension benefits from service in the U.S. Armed Forces, the Michigan National Guard or any taxable railroad retirement benefits reported on Schedule 1, line 11, these amounts should be subtracted from the allowable private pension deduction limits. For purposes of this line, single limits apply to taxpayers who are married filing separately.

Amounts deducted on Schedule 1, line 11, are not deducted again on Form 4884, and are only used to reduce the allowable deduction for private retirement and pension benefits. For example, if a joint filer born in 1945 received $30,000 in retirement benefits from service in the U.S. Armed Forces the allowable private deduction limit reported on line 8 would be $101,019 - $30,000 = $71,019.

Line 12: If you checked either SSA Exempt box 23C or 23F from Schedule 1, your maximum is increased by $15,000. If you checked both boxes 23C and 23F your maximum is increased by $30,000.

Line 15: Carry this amount to Schedule 1, line 25. Do not complete Section B, Section C or Section D.

Line 16: If you or your spouse received and reported any retirement and pension benefits from service in the U.S. Armed Forces or Michigan National Guard, or any taxable railroad retirement benefits reported on Schedule 1, line 11, these amounts should be subtracted from the allowable private pension deduction limit here.

Amounts deducted on Schedule 1, line 11, are not deducted again on Form 4884 and are only used to reduce the allowable deduction for private retirement and pension benefits.

Which Section of Form 4884 Should I Complete?

Using the information from line 7, complete Section A, Section B, Section C or Section D. To determine which section of the form to complete, answer the following questions.

1. Were retirement or pension benefits received by a filer or spouse (if married filing jointly) born prior to January 1, 1953, or were surviving spouse benefits received for a deceased spouse who was born prior to January 1, 1953 and died prior to January 1, 2017?

- Yes: Continue to question 2.
- No: If you or your spouse (if married filing jointly) have reached age 62 and receive Social Security exempt retirement benefits, complete Section D of Form 4884, otherwise you are not eligible for a retirement or pension benefits subtraction. Do not file Form 4884.

2. Was the older of filer or spouse (if married filing jointly) born during the period January 1, 1946 through January 1, 1951?

- Yes: Do not file Form 4884. Use Schedule 1, line 24 (see instructions, page 15).
- No: Continue to question 3.

3. Was older of filer or spouse (if married filing jointly) born prior to January 1, 1946?

- Yes: Complete Section A of Form 4884.
- No: Continue to question 4.

4. Is filer or spouse (if married filing jointly) receiving benefits from a deceased spouse who was born prior to January 1, 1946 and died prior to January 1, 2017?

- Yes: Complete Section B of Form 4884.
- No: Complete Section C of Form 4884.

Line 22: Do not include benefits received from a deceased spouse (who died prior to 2017).

Line 23: If you checked either SSA Exempt box 23C or 23F from Schedule 1, your maximum is increased by $15,000. If you checked both boxes 23C and 23F your maximum is increased by $30,000.

Line 26: Carry this amount to Schedule 1, line 25. Do not complete Section A, Section C or Section D.

Line 27: If you checked either SSA Exempt box 23C or 23F from Schedule 1, your maximum is increased by $15,000. If you checked both boxes 23C and 23F your maximum is increased by $30,000.

Taxpayers who were born after January 1, 1951, who are receiving benefits from a deceased spouse who was born during the period January 1, 1946 through January 1, 1951 should also use Section C to calculate the deduction for retirement and pension benefits. Benefits received due to individuals born after 1952 are not deductible. If you deducted military retirement benefits, or taxable railroad retirement benefits on Schedule 1, line 11, your deduction for retirement or pension benefits received from a private source may be reduced.

To determine your allowable subtraction, use Worksheet 2 if you have taxable railroad retirement benefits or qualifying retirement and pension benefits from service in the U.S. Armed Forces or Michigan National Guard and you are completing Section C of Form 4884.

Carry this amount to Schedule 1, line 25. Do not complete Section A, Section B, or Section D.

Line 28: If you checked box 23C and/or 23F on Schedule 1 and the older of you or your spouse was born on or after January 1, 1953 but before January 2, 1956, enter all qualifying retirement and pension benefits you received, up to $15,000. If you are receiving benefits as a surviving spouse, your deceased spouse's birth date should not be considered unless you are filing a joint return for the year of your spouse's death. If both spouses on a joint return have retirement benefits from employment exempt from the Social Security Act, the maximum deduction is $30,000.

Recipients who deduct taxable railroad retirement benefits or military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard on Schedule 1, line 11 may have lower deduction limits on this line if the Schedule 1, line 11 totals more than $35,509. For additional information and to determine your allowable subtraction, refer to the "Worksheet for Filers with Taxable Railroad Retirement Benefits or Qualifying Retirement and Pension Benefits from Service in the U.S. Armed Forces or Michigan National Guard and Completing Section D of Form 4884" available on Treasury's Web site.

Carry this amount to Schedule 1, line 25. Do not complete Section A, Section B, or Section C.

Worksheet 2 for Filers with Taxable Railroad Retirement Benefits or Qualifying Retirement and Pension Benefits from Service in the U.S. Armed Forces or Michigan National Guard and Completing Section C of Form 4884

1. Enter military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard and taxable railroad retirement benefits reported on Schedule 1, line 11.	1.		00
2. Enter public retirement and pension benefits reported on Form 4884, line 7.	2.		00
3. Add lines 1 and 2.	3.		00
4. Enter private retirement and pension benefits reported on Form 4884, line 7.	4.		00
5. Enter $50,509 if single or $101,019 if filing jointly.	5.		00
6. Subtract line 3 from line 5. If less than zero, enter $0.	6.		00
7. Enter the smaller of line 4 or line 6.	7.		00
8. Add line 2 and line 7.	8.		00
9. Enter $20,000 if single or $40,000 if filing jointly. Higher limits apply if you checked Schedule 1, box 23C or 23F (see line 11 below).	9.		00
10. Enter the smaller of line 8 or line 9 here and on Form 4884, line 27.	10.		00
Calculation for filers with benefits from employment exempt from the Social Security Act			
11. Enter $20,000 if single or $40,000 if filing jointly.	11.		00
12. If you checked box 23C or 23F on Schedule 1, enter $15,000 for each box checked.	12.		00
13. Add line 11 and line 12. This is your maximum deduction for line 9 of this Worksheet.	13.		00

Form 4884 Various Scenarios

Scenario 1: Single filer born after January 1, 1951 through December 31, 1952 (Tier 2) with retirement/pension benefits.

Henry is filing as single. He was born in 1952 and is receiving a private pension of $25,000 with a distribution code of 7.

Step 1:	After completing lines 1 and 2, Henry enters 1952 on line 4.		
Step 2:	He completes row 1 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of the payer in 7E, and $25,000 in 7F.	Line 7F, Row 1	$25,000
Step 3:	Henry refers to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. • Henry answers yes to question 1 as he was born prior to January 1, 1953. • He answers no to question 2 because he was not born during the period January 1, 1946 through January 1, 1951. • He answers no to question 3 because he was not born prior to January 1, 1946. • He answers no to question 4 because he is not receiving benefits from a deceased spouse. Based on his answers he completes Section C of Form 4884.		
Step 4:	Since he is single and his total pension benefits are over the maximum allowed, Henry enters the maximum of $20,000 on line 27 and on the Schedule 1, line 25.	Line 27. Schedule 1, Line 25	$20,000 $20,000

Scenario 2: Joint filer with the older spouse born prior to January 1, 1946 (Tier 1) with private and public retirement/pension benefits.

Jerry and Beverly are filing a joint return. Jerry was born in 1943 and is receiving a public pension of $40,000 with a distribution code of 7. Beverly was born in 1946 and is receiving a private pension of $70,000 with a distribution code of 7.

Step 1:	After completing lines 1 through 3, Jerry and Beverly enter 1943 on line 4 and 1946 on line 5.		
Step 2:	They complete row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of the payer in 7E and $40,000 in 7F.	Line 7F, Row 1	$40,000
	They complete row 2 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of the payer in 7E and $70,000 in 7F	Line 7F, Row 2	$70,000
Step 3:	Jerry and Beverly refer to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. They answer yes to question 1, no to question 2, yes to question 3 and complete Section A of Form 4884.		
Step 4:	They enter $101,019 on line 8 as they are married filing jointly.	Line 8.	$101,019
Step 5:	They enter $40,000 on line 9, the total of their public pension benefits.	Line 9.	$40,000
Step 6:	They subtract line 9 from line 8 and enter $61,019 on line 10.	Line 10.	$61,019
Step 7:	They enter $70,000 on line 11, the total of their private pension benefits.	Line 11	$70,000
Step 8:	They leave line 12 blank as it does not apply to them	Line 12	leave blank
Step 9:	They enter $70,000 on line 13, the total of lines 11 and 12.	Line 13.	$70,000
Step 10:	They enter $61,019, the smaller of lines 10 or 13.	Line 14.	$61,019
Step 11:	They add lines 9 and 14, enter $101,019 on line 15 and carry this amount to Schedule 1, line 25.	Line 15. Schedule 1, Line 25	$101,019 $101,019

Scenario 3: Married filing separately with filer born after January 1, 1951 through December 31, 1952 (Tier 2) and separated spouse born prior to January 1, 1946 (Tier 1).

James and Phyllis are married filing separately. James was born in 1951 and is receiving a public pension of $50,000. Phyllis was born in 1941 and is receiving a public pension of $45,000.

Step 1:	As James is married filing separately, he completes lines 1 and 2, leaves the spouse's name line blank, and includes the spouse's Social Security number on line 3.		
Step 2:	James enters 1951 on line 4 and skips line 5.		
Step 3:	He completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of the payer in 7E, and $50,000 in 7F.	Line 7F, Row 1	$50,000
Step 4:	James refers to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. He answers yes to question 1, no to question 2, no to question 3 because the separated spouse's year of birth is not relevant, no to question 4 and completes Section C of Form 4884.		
Step 5:	Since he is married filing separately and his total pension benefits are over the maximum allowed, James enters the maximum of $20,000 on line 27 and on the Schedule 1, line 25.	Line 27. Schedule 1, Line 25	$20,000 $20,000

Scenario 4: Single filer born after January 1, 1951 through December 31, 1952 (Tier 2) with SSA exempt benefits.

Monique is filing as single. She was born in 1952 and is receiving a pension of $25,000 as a retired firefighter.

Step 1:	After completing lines 1 and 2, Monique enters 1952 on line 4.		
Step 2:	She completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of the payer in 7E, and the $25,000 in 7F.	Line 7F, Row 1.	$25,000
Step 3:	She refers to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. She answers yes to question 1, no to question 2, no to question 3, no to question 4 and completes Section C of Form 4884.		
Step 4:	Since she is single and receiving benefits from employment that was SSA exempt her maximum allowable pension deduction is increased from $20,000 to $35,000. She would enter $25,000, the lesser of her total retirement and pension benefits or the maximum allowable pension deduction, on line 27 and on the Schedule 1, line 25. **NOTE:** It is important for taxpayers with benefits that were SSA exempt to check the box(es) on line 23 of the Schedule 1.	Line 27. Schedule 1, Line 23 23A. 23B. 23C. Schedule 1, Line 25	$25,000 1952 65 X $25,000

Scenario 5: Single filer born on or after January 1, 1953 but before January 2, 1956 (Tier 3) with SSA exempt benefits.

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

Step 1:	After completing lines 1 and 2, Leigh enters 1953 on line 4.		
Step 2:	Leigh completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of the payer in 7E and $8,000 in 7F.	Line 7F, Row 1.	$8,000
	Leigh completes row 2 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of the payer in 7E and $10,000 in 7F.	Line 7F, Row 2.	$10,000
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, but because she has reached age 62 and receives SSA exempt retirement benefits, she 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 28 and on the Schedule 1, line 25.	Line 28.	$15,000
		Schedule 1, Line 23	
		23A.	1953
		23B.	64
	NOTE: It is important for taxpayers with benefits that were SSA exempt to check the box(es) on line 23 of the Schedule 1.	23C.	X
		Schedule 1, Line 25	$15,000

Scenario 6: Joint filers, with the older spouse born prior to January 1, 1946 (Tier 1) who died during the tax year with private pension benefits.

Bob and Mary are filing a joint return. Bob, born in 1944, has a private pension of $55,000. Bob died on October 15, 2017. Bob received a 1099-R for $50,000 with a distribution code of 7 and Mary received a 1099-R for $5,000 with a distribution code of 4 for the remainder of Bob's pension. Mary, born in 1952, is receiving a public pension of $70,000 with a distribution code of 7.

Step 1:	After completing lines 1 through 3, Mary enters 1944 on line 4 and 1952 on line 5. Mary does not complete line 6 or check 7B because Bob died during the current tax year.		
Step 2:	Mary completes row 1 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of payer in 7E, and $50,000 in 7F.	Line 7F, Row 1.	$50,000
	She completes row 2 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 4 in 7D, the name of payer in 7E, and $5,000 in 7F	Line 7F, Row 2.	$5,000
	She completes row 3 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of payer in 7E, and $70,000 in 7F	Line 7F, Row 3.	$70,000
Step 3:	Mary refers to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. She answers yes to question 1, no to question 2, yes to question 3 and completes Section A of Form 4884.		
Step 4:	She enters $101,019 on line 8 as she is filing jointly	Line 8.	$101,019
Step 5:	She enters $70,000, her public pension, on line 9.	Line 9.	$70,000
Step 6:	She subtracts line 9 from line 8 and enters $31,019 on line 10.	Line 10.	$31,019
Step 7:	She enters $55,000, the total private pension benefits, on line 11.	Line 11.	$55,000
Step 8:	Mary leaves line 12 blank as Bob is not considered a deceased spouse for purposes of this return; they are filing jointly.	Line 12.	leave blank
Step 9:	Mary enters $55,000 on line 13, the total of lines 11 and 12.	Line 13.	$55,000
Step 10:	She enters $31,019, the smaller of lines 10 or 13.	Line 14.	$31,019
Step 11:	She adds lines 9 and 14, enters $101,019 on line 15 and carries this amount to Schedule 1, line 25.	Line 15.	$101,019
		Schedule 1, Line 25.	$101,019

Scenario 7: Filer and spouse both born after December 31, 1952 (Tier 3).

Scott and Lisa are filing a joint return. Scott, born in 1954, is receiving private pension benefits of $30,000. Lisa, born in 1957, is receiving an IRA distribution (private pension) of $20,000.

Step 1:	As both Scott and Lisa were born after December 31, 1952 and did not check box 23C or 23F on Schedule 1, they are not entitled to a pension subtraction. Do not complete Form 4884.	Do not file Form 4884.

Scenario 8: Joint filers born after 1952 (Tier 3) with retirement/pension benefits and receiving surviving benefits from a deceased spouse born in 1949 (Tier 2).

Mark and Nancy are filing a joint return. Mark, born in 1953, is receiving a private pension of $25,000. Nancy was born in 1953. Nancy's deceased spouse, Eduardo, was born in 1949 and died in 2008. Nancy is receiving $35,000 in surviving spouse pension benefits from Eduardo's private pension.

Step 1:	After completing lines 1 through 3, Mark and Nancy enter 1953 on line 4 and 1953 on line 5. Nancy is receiving pension benefits from a deceased spouse so she then completes line 6. She enters Eduardo's full name on line 6a, his Social Security number on line 6b, and 1949 on line 6c.		
Step 2:	As Mark and Nancy were both born in Tier 3 Mark's pension is not deductible and should not be listed on line 7 of Form 4884.		
	They complete row 1 of line 7 by entering an X in Private for 7A, an X in 7B, the payer FEIN in 7C, the distribution code in 7D, the name of payer in 7E, and $35,000 in 7F.	Line 7F, Row 1.	$35,000
Step 3:	They refer to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. They answer yes to question 1, no to question 2, no to question 3, no to question 4 and complete Section C of Form 4884.		
Step 4:	They are married filing jointly and enter the total of their benefits from line 7 of $35,000, since it is less than the maximum of $40,000, on line 27 and on the Michigan Schedule 1, line 25.	Line 27.	$35,000
		Schedule 1, Line 25	$35,000

Scenario 9: Joint filers born after 1952 (Tier 3) with retirement/pension benefits and receiving surviving benefits from a deceased spouse born in 1944 (Tier 1).

Howard and Georgia are filing a joint return. Howard, born in 1953, is receiving a private pension of $40,000. Georgia was born in 1955. Howard's deceased spouse, Edith, was born in 1944 and died in 2006. Howard is receiving $30,000 in surviving spouse pension benefits from Edith's private pension.

Step 1:	After completing lines 1 through 3, Howard and Georgia enter 1953 on line 4 and 1955 on line 5. Howard is receiving pension benefits from a deceased spouse so he then completes line 6. He enters Edith's full name on line 6a, her Social Security number on line 6b, and 1944 on line 6c.		
Step 2:	As Howard and Georgia were both born in Tier 3 their pension benefits are not deductible and should not be listed on line 7 of Form 4884.		
	They complete row 1 of line 7 by entering an X in Private for 7A, an X in 7B, the payer FEIN in 7C, the distribution code in 7D, the name of payer in 7E, and $30,000 in 7F.....	Line 7F, Row 1.	$30,000
Step 3:	They refer to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. They answer yes to question 1, no to question 2, no to question 3, yes to question 4 and complete Section B of Form 4884.		
Step 4:	They enter $101,019 on line 16 as they are filing jointly.	Line 16.	$101,019
Step 5:	They leave line 17 blank because they are not receiving public benefits from Edith.	Line 17.	leave blank
Step 6:	They subtract line 17 from line 16 and enter $101,019 on line 18.	Line 18.	$101,019
Step 7:	They enter $30,000, private benefits received from Howard's deceased spouse, Edith, on line 19.....	Line 19.	$30,000
Step 8:	They enter the smaller of lines 18 or 19, $30,000, on line 20.	Line 20.....	$30,000
Step 9:	Howard and Georgia add lines 17 and 20 and enter $30,000 on line 21.	Line 21.	$30,000
Step 10:	Since Howard and Georgia are born in Tier 3 and do not have deductible benefits they would leave line 22 blank.	Line 22.....	leave blank
Step 11:	They enter $40,000 on line 23 as they are filing jointly.....	Line 23.....	$40,000
Step 12:	Since line 21 is less than line 23 they enter $10,000 on line 24.	Line 24.....	$10,000
Step 13:	They enter the smaller of lines 22 or 24, zero, on line 25.	Line 25.....	$0
Step 14:	They add lines 21 and 25 and enter $30,000 on line 26 and Schedule 1, line 25.	Line 26..... Schedule 1, Line 25	$30,000 $30,000

Scenario 10: Single filer born after January 1, 1951 through December 31, 1952 (Tier 2) receiving surviving benefits from a deceased spouse born in 1939 (Tier 1).

Alice, born in 1952, is a surviving spouse filing a single return. Her deceased husband Miguel was born in 1939 and died in 2010. Alice has public pension benefits of $37,500 and is also receiving surviving spouse benefits from Miguel's public pension of $69,000.

Step 1:	After completing lines 1 and 2, Alice enters 1952 on line 4. Alice is receiving pension benefits from a deceased spouse so she then completes line 6. She enters Miguel's full name on line 6a, his Social Security number on line 6b, and 1939 on line 6c.		
Step 2:	She completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of payer in 7E, and $37,500 in 7F.	Line 7F, Row 1.	$37,500
	She completes row 2 of line 7 by entering an X in Public for 7A, entering an X in 7B, the payer FEIN in 7C, the distribution code of 4 in 7D, the name of payer in 7E, and $69,000 in 7F.	Line 7F, Row 2	$69,000
Step 3:	Alice refers to the questionnaire on page 17 to decide which Section of Form 4884 is to be completed. She answers yes to question 1, no to question 2, no to question 3, yes to question 4 and completes Section B of Form 4884.		
Step 4:	She enters $50,509 on line 16 because she is filing single.	Line 16.	$50,509
Step 5:	She enters $69,000, public benefits received from her deceased spouse, Miguel, on line 17.	Line 17.	$69,000
Step 6:	Since line 17 is more than line 16, she enters zero on line 18	Line 18.	$0
Step 7:	She leaves line 19 blank because she is not receiving private benefits from her deceased spouse.	Line 19.	leave blank
Step 8:	She enters the smaller of lines 18 or 19, she enters zero on line 20 .	Line 20.	$0
Step 9:	Alice adds lines 17 and 20 and enters $69,000 on line 21.	Line 21.	$69,000
Step 10:	She enters $37,500 on line 22, the total of her benefits	Line 22.	$37,500
Step 11:	Alice enters $20,000 on line 23 as she is filing single	Line 23.	$20,000
Step 12:	Since line 21 is more than line 23 she enters zero on line 24	Line 24.	$0
Step 13:	She enters the smaller of lines 22 or 24, zero, on line 25.	Line 25.	$0
Step 14:	Alice adds lines 21 and 25 and enters $69,000 on line 26 and Schedule 1, line 25	Line 26. Schedule 1, Line 25	$69,000 $69,000

Scenario 11: Filer and spouse both born in Tier 2 with the older spouse born in 1948.

William and Betty are Michigan residents and are filing a joint return. William, born in 1951, is receiving public pension benefits of $10,000 and wages from a part-time job. Betty, born in 1948, is receiving private pension benefits of $20,000.

Step 1:	As the older of William and Betty was born in 1948 (age 69 in 2017), they do not complete Form 4884 and instead complete Schedule 1, lines 23 and 24 for the Michigan Standard Deduction. This standard deduction applies against all income (pension, wages, interest, etc.).	Do not file Form 4884.

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 and property tax credit claims filed for mandatory federal reporting requirements and to deter fradulent 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 2017
- You pay property taxes or rent on your Michigan homestead
- You were contracted to pay rent, or own the home in which you live.

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 $50,000. 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 $41,000. 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 2017 total household resources and property taxes levied in 2017. If you file a Michigan income tax return, your credit claim should be included with your MI-1040 return and filed by April 17, 2018 to be considered timely. To avoid penalty and interest, if you owe tax, postmark your return no later than April 17, 2018. The filing deadline to receive a 2017 property tax credit is April 15, 2022.

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** for more information on total household resources.

Special Provisions for Farmers

If you received a farmland preservation tax credit in 2017, 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 2017, 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 2017 taxes the amount of property taxes billed in 2017 from a corrected or supplemental tax bill. You must **deduct** from your 2017 property taxes any refund of property taxes received in 2017 that was a result of a corrected tax bill from a previous year.

Do not include:

- Delinquent property taxes (e.g., 2016 property taxes paid in 2017)
- 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 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.* 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 0.20 = $948 taxes attributable to the apartment

$2,150 total 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 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 2017 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, 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 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 20 percent of that land rent. **NOTE:** Do **not** take 20 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: 600/62,000 = 0.0097

Step 2: $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 2017

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 or moved during 2017, 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 2017 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 2017 (or 2018 before filing a claim) may be entitled to a credit for 2017. 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, 2016, 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 "DECD" 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 59. 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 2017 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 the instructions on page 28.) 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 59.

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 $41,000 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 2017.

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 2017

If you married during 2017, 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 2017

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, 2017. 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 income 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 2017 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 2017 credit, check the box at the top of the form. See pages 7 and 25.

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 5: Check the box that applies to you or your spouse as of December 31, 2017, if any. If both boxes 5a and 5b apply, check both.

Line 5a: Age 65 or older. This includes the 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.

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 filed separate federal returns and 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 2017. 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 2017.

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 2017 taxable value from your 2017 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 2017. 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 25.)

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: Add the amounts 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: Add the amounts 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 *2017 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 2017.

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 *2017 Client Annual Statement* (DHS-1241) mailed by MDHHS in January 2018 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 2017 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* or U.S. Form *1040A*. 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 **into** or **within** Michigan can be included in "Other Adjustments" to reduce total household resources. 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 2017 U.S. Form *1040*.

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 2017 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 3.5 percent (0.035) 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.

MI-1040CR TABLE 2:
PERCENT OF TAXES NOT REFUNDABLE

ALL GENERAL CLAIMANTS

Income	*% of Income*
$0 - $50,000	3.5%

OTHER CLAIMANTS *

Income	*% of Income*
$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, 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.

MI-1040CR TABLE A:
SENIOR CREDIT REDUCTION

Total Household Resources	Percentage
$21,000 or less	100% (1.00)
$21,001 - $22,000	96% (0.96)
$22,001 - $23,000	92% (0.92)
$23,001 - $24,000	88% (0.88)
$24,001 - $25,000	84% (0.84)
$25,001 - $26,000	80% (0.80)
$26,001 - $27,000	76% (0.76)
$27,001 - $28,000	72% (0.72)
$28,001 - $29,000	68% (0.68)
$29,001 - $30,000	64% (0.64)
$30,001 - $50,000	60% (0.60)

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 2017, 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

A. Enter amount from line 27 (FIP and other MDHHS benefits) ..... _____

B. Enter amount from line 33 (Total Household Resources)..... _____

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 only box 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 $1,200) ..... _____

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 4. **Otherwise, enter here and on your MI-1040CR, line 42** _____

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 $41,000. 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 $41,000, use annualized total household resources to determine the percentage allowable in MI-1040CR Table B.

MI-1040CR TABLE B:
HOMESTEAD PROPERTY TAX CREDIT PHASE OUT

Total Household Resources	Percentage
$41,000 or less	100% (1.00)
$41,001 - $42,000	90% (0.90)
$42,001 - $43,000	80% (0.80)
$43,001 - $44,000	70% (0.70)
$44,001 - $45,000	60% (0.60)
$45,001 - $46,000	50% (0.50)
$46,001 - $47,000	40% (0.40)
$47,001 - $48,000	30% (0.30)
$48,001 - $49,000	20% (0.20)
$49,001 - $50,000	10% (0.10)
$50,001 - above	0% (0.00)

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.

MI-1040CR Worksheet 4, Line B: Enter rent paid from line 53 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 2017" 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 or line 55.

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 $41,000, 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 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 $1,200).....	_____

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 2017 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 2017, 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 line 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.

TABLE 3 - FEDERAL SCHEDULES

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

Schedule A	Itemized Deductions
Schedule B	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

If you have income or losses attributable to other states, you must include all relevant federal schedules and supporting statements listed above Include *Schedule K-1s* which support your federal *Schedules B, D, E* and *4797*. The type, source and location of the income or loss must be identified. For assistance conveying this information to Treasury, refer to the "Business, Rental & Royalty Activity Worksheet" and its instructions available on Treasury's Web site. If you do not include the federal schedules and supporting statements, processing of your return may be delayed or your credit/subtraction may be denied.

Deceased Taxpayer Chart of Examples (see instructions, pages 6 and 27.)

A. Joint Filers with Surviving Spouse

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

B. Single Filer with Personal Representative

1. Filer's First Name	M.I.	Last Name	
John	A	Brown	EST OF
If a Joint Return, Spouse's First Name	M.I.	Last Name	
Home Address (Number, Street, or P.O. Box)			
Sam W. Jones	REP	123 Main St.	

C. Single Filer with Claimant

1. Filer's First Name	M.I.	Last Name	
John	A	Brown	DECD
If a Joint Return, Spouse's First Name	M.I.	Last Name	
Home Address (Number, Street, or P.O. Box)			
Sam W. Jones	CLAIMANT	123 Main St.	

D. Joint Filers with Personal Representative

1. Filer's First Name	M.I.	Last Name	
John	A	Brown	EST OF
If a Joint Return, Spouse's First Name	M.I.	Last Name	
Jane	C	Brown	EST OF
Home Address (Number, Street, or P.O. Box)			
Sam W. Jones	REP	123 Main St.	

E. Joint Filers with Claimant

1. Filer's First Name	M.I.	Last Name	
John	A	Brown	DECD
If a Joint Return, Spouse's First Name	M.I.	Last Name	
Jane	C	Brown	DECD
Home Address (Number, Street, or P.O. Box)			
Sam W. Jones	CLAIMANT	123 Main St.	

WORKSHEET 5 - EXEMPTION ALLOWANCE FOR SCHEDULE NR

When One Spouse Is a Full-Year Resident and the other a Part-Year or Nonresident

Computing Amount of Exemption for Part-Year or Nonresident Income

1. Michigan Taxable Income of spouse who is NOT a full-year resident ..... 1. _____
2. Total Taxable Income of spouse who is NOT a full-year resident ..... 2. _____
3. Divide line 1 by line 2 and enter percentage here ..... 3. _____ %
4. Michigan personal exemption allowance 4. **$4,000**
5. Number of spouse's special exemptions from MI-1040, line 9b _____ x $2,600 ..... 5. _____
6. Spouse's qualified disabled veteran exemption from MI-1040, line 9c _____ x $400 ..... 6. _____
7. Add lines 4, 5, and 6 ..... 7. _____
8. Multiply line 7 by the percentage on line 3 ..... 8. _____

Computing Amount of Prorated Exemption Amount for Dependents

9. Amount from Schedule NR, line 14B ..... 9. _____
10. Amount from Schedule NR, line 14A ..... 10. _____
11. Divide line 9 by line 10 and enter percentage here ..... 11. _____ %
12. Multiply line 11 by exemption allowance of $4,000 ..... 12. _____
13. Multiply line 12 by the number of dependents claimed ..... 13. _____
14. Multiply line 11 by the number of dependents claimed who are qualified disabled veterans (from MI-1040, line 9c) _____ x $400 ..... 14. _____
15. Multiply line 11 by the number of dependents claimed with special exemptions from MI-1040, line 9b _____ x $2,600 ..... 15. _____

Computing Amount of Exemption for Michigan Resident Spouse

16. Resident spouse's personal exemption allowance 16. **$4,000**
17. Number of resident spouse's special exemptions from MI-1040, line 9b _____ x $2,600 ..... 17. _____
18. Resident spouse's qualified disabled veteran exemption from MI-1040, line 9c _____ x $400 ..... 18. _____
19. Add lines 16, 17, and 18 ..... 19. _____
20. Add lines 8, 13, 14, 15, and 19 and carry to Schedule NR, line 19 ..... 20. _____

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, 2017. 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.
46020 Addison
46010 Adrian
58020 Airport
79010 Akron-Fairgrove
24030 Alanson
05010 Alba
13010 Albion
01010 Alcona
74030 Algonac
03030 Allegan
82020 Allen Park
70040 Allendale
29010 Alma
44020 Almont
04010 Alpena
50040 Anchor Bay
81010 Ann Arbor
06010 Arenac Eastern
50050 Armada
07010 Arvon Twp.
29020 Ashley
13050 Athens
25130 Atherton
60010 Atlanta
06020 Au Gres-Sims
02010 AuTrain-Onota
63070 Avondale

32010 Bad Axe
43040 Baldwin
80020 Bangor (Van Buren)
80240 Bangor Twp.
09030 Bangor Twp. (Bay)
07020 Baraga
21090 Bark River-Harris
19100 Bath
13020 Battle Creek
09010 Bay City
37040 Beal City
51020 Bear Lake
15010 Beaver Island
26010 Beaverton
58030 Bedford
25240 Beecher
34080 Belding
05040 Bellaire
23010 Bellevue
25060 Bendle
25230 Bentley
11010 Benton Harbor
10015 Benzie County Central
63050 Berkley
34140 Berlin Twp.
11240 Berrien Springs
27010 Bessemer
21065 Big Bay De Noc
62470 Big Jackson
54010 Big Rapids
73170 Birch Run
63010 Birmingham
46040 Blissfield
63080 Bloomfield Hills
80090 Bloomingdale
49020 Bois Blanc Pines
15020 Boyne City
15030 Boyne Falls
63180 Brandon
11210 Brandywine
29040 Breckenridge
22030 Breitung Twp.
73180 Bridgeport-Spaulding
11340 Bridgman
47010 Brighton
17140 Brimley
46050 Britton Deerfield
12020 Bronson
76060 Brown City
11310 Buchanan
28035 Buckley
56020 Bullock Creek
75020 Burr Oak
02020 Burt Twp.
78020 Byron
41040 Byron Center

83010 Cadillac
41050 Caledonia
31030 Calumet
30010 Camden-Frontier
74040 Capac
25080 Carman-Ainsworth
55010 Carney-Nadeau
79020 Caro
73030 Carrollton
59020 Carson City-Crystal
76070 Carsonville-Pt. Sanilac
32030 Caseville
79030 Cass City
14010 Cassopolis
41070 Cedar Springs
50010 Center Line
05035 Central Lake
59125 Central Montcalm
75030 Centreville
15050 Charlevoix
23030 Charlotte
31050 Chassell Twp.
16015 Cheboygan
81040 Chelsea
73110 Chesaning Union
54025 Chippewa Hills
50080 Chippewa Valley
32040 Church
18010 Clare
63090 Clarenceville
63190 Clarkston
63270 Clawson
39020 Climax-Scotts
46060 Clinton
50070 Clintondale
25150 Clio
12010 Coldwater
56030 Coleman
32260 Colfax Twp.
11330 Coloma
75040 Colon
38040 Columbia
39030 Comstock
41080 Comstock Park
38080 Concord
75050 Constantine
70120 Coopersville
78100 Corunna
80040 Covert
20015 Crawford AuSable
82230 Crestwood
76080 Croswell-Lexington

33040 Dansville
25140 Davison
82030 Dearborn
82040 Dearborn Heights
80050 Decatur
76090 Deckerville
46070 Deerfield
08010 Delton-Kellogg
17050 DeTour
82010 Detroit
19010 DeWitt
81050 Dexter
31100 Dollar Bay-Tamarack City
14020 Dowagiac Union
44050 Dryden
58050 Dundee
78030 Durand

74050 East China
50020 East Detroit
41090 East Grand Rapids
38090 East Jackson
15060 East Jordan
33010 East Lansing
34340 Easton Twp.
23050 Eaton Rapids
11250 Eau Claire
82250 Ecorse
14030 Edwardsburg
05060 Elk Rapids
32050 Elkton-Pigeon-Bay Port Laker
05065 Ellsworth
31070 Elm River Twp.
49055 Engadine
21010 Escanaba
09050 Essexville-Hampton
67020 Evart
66045 Ewen-Trout Creek
40060 Excelsior

68030 Fairview
63200 Farmington
18020 Farwell
03050 Fennville
25100 Fenton
63020 Ferndale
50090 Fitzgerald
82180 Flat Rock
25010 Flint
25120 Flushing
40020 Forest Area
41110 Forest Hills
36015 Forest Park
19070 Fowler
47030 Fowlerville
73190 Frankenmuth
10025 Frankfort-Elberta
50100 Fraser
73200 Freeland
53030 Free Soil
62040 Fremont
61080 Fruitport
29050 Fulton

39050 Galesburg-Augusta
11160 Galien Twp.
82050 Garden City
69020 Gaylord
25070 Genesee
82290 Gibraltar
21025 Gladstone
26040 Gladwin
45010 Glen Lake
03440 Glenn
80110 Gobles
41120 Godfrey-Lee
41020 Godwin Heights
25050 Goodrich
25030 Grand Blanc
70010 Grand Haven
23060 Grand Ledge
41010 Grand Rapids
41130 Grandville
62050 Grant
42030 Grant Twp.
38050 Grass Lake
59070 Greenville
82300 Grosse Ile Twp.
82055 Grosse Pointe
39065 Gull Lake
52040 Gwinn

11670 Hagar Twp.
35020 Hale
03100 Hamilton
82060 Hamtramck
31010 Hancock
38100 Hanover-Horton
32060 Harbor Beach
24020 Harbor Springs
13070 Harper Creek
82320 Harper Woods
18060 Harrison
64040 Hart
80120 Hartford
47060 Hartland
33060 Haslett
08030 Hastings
63130 Hazel Park
73210 Hemlock
62060 Hesperia
82070 Highland Park
60020 Hillman
30020 Hillsdale
70020 Holland
63210 Holly
33070 Holt
61120 Holton
13080 Homer
03070 Hopkins
72020 Houghton Lake
31110 Houghton-Portage Twp.
47070 Howell
46080 Hudson
70190 Hudsonville
82340 Huron
63220 Huron Valley

58070 Ida
44060 Imlay City
82080 Inkster
16050 Inland Lakes
34010 Ionia
34360 Ionia Twp.
22010 Iron Mountain
27020 Ironwood
52180 Ishpeming
29060 Ithaca

38170 Jackson
58080 Jefferson (Monroe)
70175 Jenison
69030 Johannesburg-Lewiston
30030 Jonesville

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
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
72010 Roscommon
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
17160 Whitefish Twp.
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

Point. Click. File.

e-file

Secure, Fast,
and Convenient!

Free e-file is available.
Do you qualify?

www.MIfastfile.org

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.

MI-1040 - Nonrefundable Credits — Page No.

Taxes paid to government units outside Michigan (18) 9

Historic Preservation Tax Credit (19) 10

Small Business Investment Tax Credit (19) 10

MI-1040 - Refundable Credits — Page No.

Homestead Property Tax Credit (25) 25

Farmland Preservation Tax Credit (26) 10

Earned Income Tax Credit (27) 10

Historic Preservation Tax Credit (28) 10

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

Page No.

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 or MI-4797 (5) 12

Gross expenses from Michigan oil and gas activity and nonferrous metallic minerals extraction (6) 12

Net operating loss deduction used to reduce AGI (7) 12

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 (8) 12

Refund received from a Michigan Education Trust (MET) contract (8) 12

Subtractions

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

Page No.

Income from U.S. government obligations (Series EE Bonds, Treasury notes, etc.) (10) 12

Military, Michigan National Guard and taxable railroad retirement benefits (11) 12

Gains from federal column of Michigan MI-1040D and MI-4797 (12) 12

Income attributable to another state (13) 13

Compensation received for active duty in U.S. Armed Forces and taxable Social Security (14) 13

Renaissance zone deduction (15) 13

Michigan state and city income tax refunds and homestead property tax credit refunds (16) 13

Contributions made to accounts established through MESP (17) 13

Contract price for a MET contract (18) 13

Charitable contributions to MET programs (18) 13

Gross income from Michigan oil and gas activity and nonferrous metallic minerals extraction (19) 13

Exempted Resident tribal member income (20) 13

Michigan NOL (21) 14

Amount used to determine the credit for elderly or totally and permanently disabled from U.S. Form *1040 Schedule R* (22) 14

Holocaust victim payments (22) 14

Michigan Standard Deduction (24) 15

Qualifying retirement and pension benefits (25). See *Pension Schedule* (Form 4884) 15

Dividends, interest, and capital gains for senior citizens (26) 15

Index

Income Tax

Page

Additions to income 12
Amending 7
Annualizing total household resources 28
Appeals 3
Blind exemption 9
Canadian provincial tax credit 9
Deaf exemption 9
Deceased 6, 27, 59
Direct Deposit 11
Disabled, defined 9
Due date 4
Earned income tax credit 10
Electronic filing 1, 3
Estimated payments 5
Extensions 5
Federal schedules 59
Filing requirements 3
Homestead property 10, 25
Interest 4
Line-by-line instructions 9
MESP 12, 13
MET 12, 13
Military pay 3, 13
Net operating losses 7, 14, 25
Nonresidents, income allocation 6, 12, 49, 59
Out-of-state income tax credit 9
Part-year residents, income allocation 6, 12, 49, 59
Penalty 4, 11
Pensions and retirement 12, 15-18, 51, 53
Qualified Disabled Veterans exemption 9
Reciprocal states 6
Renaissance zone deduction 13
Repayments of income reported in a prior year 7
Residency 6, 9
Rounding numbers 4
Small Business Investment Tax
(Venture Investment) Credit 10
School district code list 60
Special exemptions 9
Standard Deduction 15
State Campaign Fund 9
Subtractions from income 12
Tax credits available 62
Voluntary Contributions Schedule 10, 55

Homestead Property Tax Credit

Alternate credit for senior citizens (renters) 33
Amending 25
Bought or sold a home 27
Cooperative housing 27
Deceased claimant 27, 59
Delay paying property tax 25
Disabled, defined (line 5 instructions) 30
Divorced, credit calculation 28
Due date 25
Duplexes 26
Farmers 26
Home used for business 26
Homestead, defined 25
Income property 26
Line-by-line instructions 30
Married filing separately 28
Married in 2017 28
Mobile homes 27
Moving 27
Nursing homes 29
Part-year residents 27
Property taxes eligible for credit 26
Qualifying for a property tax credit 25
Rent 27, 33
School district code list 60
Senior citizens, defined (line 5 instructions) 30
Separated, credit calculation 28
Service fee housing 27
Shared housing 29
Special housing 27, 29, 33
Subsidized housing 27, 33
Tax-exempt housing 27
Total Household Resources defined 25
Total Household Resources limits 25

Forms, Worksheets and Tables

Forms

4642, *Michigan Voluntary Contributions Schedule* 55-56
4884, *Michigan Pension Schedule* 51-52
4973, *Michigan Pension Continuation Schedule* 53
5049, *Michigan Married Filing Separately and Divorced or Separated Claimants Schedule* 47-48
5530, *Michigan Amended Return Explanation of Changes* 57-58
MI-1040, *Individual Income Tax Return* 35-38
MI-1040CR, *Homestead Property Tax Credit Claim* 43-46
Schedule 1, *Additions and Subtractions* 41-42
Schedule NR, *Nonresident and Part-Year Resident Schedule* 49-50
Schedule W, *Withholding Tax Schedule* 39-40

Worksheets

Alternate Property Tax Credit for Renters 65 and Older 33
Exemption Allowance for Schedule NR 59
FIP/MDHHS Benefits 32
Taxable Railroad Retirement Benefits or Qualified Retirement and Pension Benefits 18
Use Tax 8

Questionnaire

Which Section of Form 4884 Should I Complete 17

Tables

Federal Schedules 59
Homestead Property Tax Credit Phase Out 32
Percent of Taxes Not Refundable (MI-1040CR) 32
Senior Credit Reduction (MI-1040CR) 32
Use Tax 8

Miscellaneous

New for 2017 2
Tax Assistance 2

Other Taxes

Use Tax 8, 10

Michigan Department of Treasury
Lansing, MI 48922

PRSRT STD
U.S. POSTAGE PAID
Mich. Dept. of Treasury

Financial Information for Fiscal Year 2016

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, 2016.

State Revenues and Financing Sources

(Millions of Dollars)

Financing Source	Amount	%
Sales and Use Taxes	$9,355.8	29.6%
Income Tax	9,372.0	29.7%
Other Revenue & Taxes	5,770.5	18.3%
Motor Vehicle & Fuel Taxes	2,052.9	6.5%
State Education Tax	1,897.3	6.0%
Tobacco & Liquor Taxes	1,155.3	3.7%
Business, Corporate and Ins. Taxes	1,093.3	3.5%
Lottery Profits	879.4	2.8%
Total	$31,576.5	100.0%

State Expenditures and Financing Uses

(Millions of Dollars)

Financing Use	Amount	%
Education	$14,002.4	44.3%
Health Services	5,030.2	15.9%
Public Safety & Corrections	2,547.6	8.1%
Transportation	2,272.7	7.2%
General Government	2,831.5	9.0%
Other	1,101.9	3.5%
Economic Dev. & Environmental Reg.	1,499.2	4.7%
Human Services	1,077.5	3.4%
Revenue Sharing to Local Governments	1,213.4	3.8%
Total	$31,576.5	100.0%

Figures represented in millions of dollars may not add to totals because of rounding.

Treasury Offices

Treasury office staff do not prepare tax returns.

DETROIT
Cadillac Place, Suite L-380
3060 W. Grand Blvd.

DIMONDALE *
7285 Parsons Drive
(*NOT a mailing address)

ESCANABA
State Office Building, 1st Floor
305 Ludington Street
(open M-W-F 8 - 12 only)

FLINT
State Office Building, 5th 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)