

Home Heating Credit Information

The Home Heating Credit is a way the State of Michigan helps you pay some of your heating expenses if you are a qualified Michigan homeowner or renter. You should complete the Home Heating Credit Claim form (MI-1040CR-7) to see if you qualify for the credit. The deadline for submitting this form is September 30, 2014.

Given that each taxpayer has unique circumstances that determine their eligibility for the credit, the Department of Treasury encourages you to review the information below.

▶▶ Why is the amount of my credit different from what I expected?

Before calling or writing, we suggest you use the [Home Heating Credit Checklist](#).

What is the Home Heating Credit?

The credit, for most people, is based on a comparison between either your standard credit allowance or your actual heating costs and total household resources.

The credit is designed to provide assistance to low income, deaf, disabled or blind persons and disabled veterans. Michigan residents who are not in these groups may also qualify for the credit.

Who may file a Home Heating Credit Claim?

You may claim a home heating credit if **all** of the following apply:

- You occupy a Michigan homestead
- You own your home or are contracted to pay rent
- You were **NOT** a full time student who was claimed as a dependent on another person's return
- You did **NOT** live in college or university operated housing for the entire year
- You did **NOT** live in a licensed care facility for the entire year
- Your income is within the income limits in tables A and B, shown below:

What is a "Homestead"?

Your homestead is the place where you have your permanent home. It is the place to which you plan to return whenever you go away. You must be the owner and occupant or be contracted to pay rent and occupy the dwelling. You can only have one homestead at a time. Cottages, second homes and property you own and rent/lease to others does not qualify as a homestead.

Note: College or university operated housing does **not** qualify as a homestead. This includes dormitories, residence halls and/or apartments.

What are Total Household Resources?

Total household resources include all income received by **all** household members during the year, including income that might be exempt from federal adjusted gross income. Losses from business activity may not be used to reduce total household resources.

[Checklist for Determining Total Household Resources](#)

What Are Qualified Health Insurance Premiums?

[Qualified Health Insurance Premiums](#)

How do I file a Home Heating Credit (MI-1040CR-7)?

If you are required to file a Michigan Individual Income Tax return (MI-1040), submit the Home Heating Credit Claim (MI-1040CR-7) with your MI-1040. If you are not required to file an MI-1040, you may file your Home Heating Credit Claim by submitting form MI-1040CR-7 only. The due date for filing a Home Heating Credit Claim is September 30.

See [special situations](#) for shared housing or the claim is for less than a 12 month period.

Standard Credit

The standard credit computation uses standard allowances established by law. Use Table A above to find the standard allowance for the number of exemptions you claimed. If your heat costs are currently included in your rent or in someone else's name, you must check the box on line 7 of the Home Heating Credit Claim.

You may be eligible to use the Standard method if:

- You resided in Michigan for any amount of time in the year of claim. You will need to [prorate](#) the standard allowance for the time you resided in Michigan if it is less than 12 months.
- Your heating costs: were included in your rent, were not included in your rent, or your heat bill was in someone else's name.
- You are claiming heat costs for your Michigan home, not a vacation home or a commercial account.
- Your total household resources level is within the limits for this credit found in Table A.

TABLE A
2013 Home Heating Credit Standard Allowance

<u>Your Exemptions (from line 13h)</u>	<u>Standard Allowance</u>	<u>Income Ceiling</u>
0 or 1	\$443	\$12,642
2	\$598	\$17,071
3	\$753	\$21,500
4	\$908	\$25,929
5	\$1,062	\$30,328
6	\$1,217	\$34,757
	+ \$155 for each exemption over 6	+ \$4,429 for each exemption over 6

Alternate Credit

The alternate credit uses heating costs to compute a home heating credit. Add the amounts you were billed for heat from November 1, 2012 through October 31, 2013 (see instructions for line 11 below). If you buy bulk fuel (oil, coal, wood, or bottled gas), add your receipts to get your total heating cost. Treasury may request receipts to verify your heating costs. You may claim heating costs on your Michigan homestead only. You may **not** claim heating costs on a vacation home or a home outside of Michigan.

You are NOT eligible to calculate the credit using the Alternate method if:

- You were not a Michigan resident for a full 12 months for the year of the claim.
- Your heating costs were included in your rent or in someone else's name at the time you filed your claim.
- You are claiming heat costs for your vacation home or a commercial account.
- You are a claimant filing a deceased taxpayer's home heating credit claim.
- Your total household resources level is above the limits for this credit found in Table B.

TABLE B
Exemptions and Maximum Income for the Alternate Credit Computation

<u>Your Exemptions (from line 13h)</u>	<u>Maximum Income</u>
0 or 1	\$13,576
2	\$18,269
3	\$22,967
4 or more	\$24,018

Special Situations

Shared Housing – *If you share a home but are not the owner or you do not have a contract to pay rent, you cannot claim a credit.*

When two or more single adults share a home, each may claim a credit if each has contracted to pay rent or owns a share of the home. Each should file a home heating credit based on his or her total household resources and his or her share of the standard allowance. First, determine the standard allowance, from Table A above, by adding the personal exemptions of all the claimants sharing a home. Divide this standard allowance by the number of claimants in the home.

Example: Three men share an apartment. Each has a signed lease and pays 1/3 of the rent. The standard allowance for three exemptions is \$753. Each person must use a standard allowance of \$251 ($\$753 \div 3 = \251) to compute his credit.

If you are eligible for a special exemption or a dependent exemption, compute your standard allowance following this example:

Catherine and Betty share a home and each pay one half of the rent. Catherine is age 59 and Betty is age 65 and totally and permanently disabled. They file separate MI-1040CR-7 claims. They must first divide \$598 (the standard allowance for two exemptions) by two. Catherine's standard allowance is \$299 ($\$598 \div 2 = \299).

Betty's allowance is also \$299, however, she qualifies for a special exemption for being disabled (as she is entitled to a disabled exemption until she is eligible for full Social Security at age 66). She may also add an additional \$155 to her standard allowance, because the difference between the standard allowance for three exemptions (\$753) and the standard allowance for two exemptions (\$598) is \$155.

$$\$753 - \$598 = \$155 + \$299 = \$454$$

The standard allowance Betty is eligible to claim is \$454.

Part-Year Resident or Occupied Homestead Less Than 12 Months – You must prorate your standard allowance for the number of days you owned or rented and occupied your Michigan homestead. For example, you moved to Michigan on September 1. It is 122 days from September 1 to December 31. Divide 122 by 365 days and multiply the result by your standard allowance. Enter the prorated standard allowance on line 35 of your claim. If you are a part-year resident, you must include all income received from any sources while a Michigan resident in total household resources.

Adult Foster Care, Licensed Home for the Aged, Nursing Home, and Substance Abuse Treatment Centers – If you live in a licensed care facility, generally you do not qualify for the home heating credit. Licensed care facilities include adult foster care homes, licensed homes for the aged, nursing homes, and substance abuse treatment centers.

If you lived in a licensed care facility only part of the year, you could qualify for a partial credit for the period you lived outside the facility. (See prorating instructions for a part-year owner or renter on page 5 of the MI-1040CR-7 Booklet.) If your spouse lives in a licensed care facility and you live in the family homestead, you may still qualify for a credit. **File a joint credit claim and do not check a box on line 12.**

Subsidized senior citizen apartments are not licensed care facilities. If you live in a subsidized senior citizen apartment, you may apply for a credit.

If you are single and maintain a homestead (that is not rented to someone else) while living in an adult foster care, licensed home for the aged, nursing home or substance abuse treatment center, you may claim a credit for the heating costs paid on your homestead. You must provide proof of heating costs paid on your homestead.

Deceased Claimants – If the taxpayer died during 2013, the personal representative may claim the standard heating credit but may not claim the alternate heating credit. If your spouse died in 2013, use the same number of exemptions you would have used had your spouse lived all year.

The **surviving spouse** may file a joint claim for 2013. Write your name and the deceased's name and both Social Security numbers on the MI-1040CR-7. Write "DECD" after the deceased's name. You must report the deceased's income. Sign the claim on the deceased's signature line, write "Filing as surviving spouse." Enter the deceased's date of death in the "Deceased Taxpayers" box on the bottom of page 2 of the form.

If filing as a **personal representative or claimant** for a single deceased taxpayer or when both taxpayers are deceased:

- You must attach a U.S. Form 1310 or Michigan Claim for Refund Due a Deceased Taxpayer (MI-1310) and a death certificate
- Enter the name of the deceased person(s) in the Filer and Spouse name fields with "DECD" next to the name(s) and the representative's or claimant's name, title and address in the home address field
- Use the deceased's Social Security number on the form
- Enter date(s) of death in the designated boxes on bottom of page 2
- You must prorate for the number of days from January 1 until the date of death, see page 5 for prorating credit.

Common Mistakes to Avoid

Mistakes may delay your credit payment. Some common errors are:

- Filing after the deadline of September 30th
- Entering name and/or address incorrectly
- Illegible writing
- Incorrect or missing social security number(s) for eligible dependents
- Incorrect or missing age for eligible dependents (if child is less than one year old, enter 1 for age)
- Incorrect Social Security number(s)
- Failure to mark box 7 (You must mark this box if your heating costs are currently included in your rent or is your heat service in someone else's name.)
- Entering figures on the wrong lines or not entering figures on required lines
- Mistakes in computing your credit (Addition, subtraction, etc.)
- Entering incorrect heat amount
- Failure to report total household resources from all sources or entering monthly amount instead of annual amount

Payment Process

If you are responsible for paying your heating bills, State law requires Treasury to issue your credit in the form of a State of Michigan Energy Draft. You can only use the draft to pay heat bills. Give the draft to your enrolled heat provider who will apply it to current or future heating bills for your home. If the amount of your draft is more than you owe, you may request a refund of the difference by checking the box on line 15. Your heat provider has 14 days to pay your refund, without interest.

If you receive a draft and your heat provider is not enrolled in Michigan's energy assistance program, or if you use bulk fuel and have already bought your energy supply for the year, return the draft with a note of explanation to Treasury. Treasury will review your explanation and, if appropriate, reissue your credit in the form of a check. If you are notified of denial, you have the right to a hearing.

If you receive a draft and your heat is included in your rent, or your heat service is in someone else's name, return the draft with a note of explanation and a copy of your lease agreement(s) and/or property tax statements to: Michigan Department of Treasury, PO Box 30757, Lansing, MI 48909. Treasury will review your explanation and, if appropriate, reissue your credit in the form of a check. If you are notified of denial, you have the right to a hearing.

If you receive FIP assistance or other DHS benefits or you are enrolled with DHS for direct payment, the law requires your credit to be sent directly to your heat provider, who will then apply it to your account.

If your heat is provided by DTE Energy, Consumers Energy, or SEMCO Energy Gas, your home heating credit may be sent directly to your heat provider.

How do I Check the Status of my Home Heating Credit Claim?

To check the status of your refund, use the [Check My Income Tax Info site](#).

For privacy and security reasons you will be asked for your social security number, name, tax year, total household resources and filing status.

1. Select the option 'Check My Tax and Refund Information'
2. To verify your identity, log in using the filer's social security number and name, then choose the link 'Check My Tax and Refund Information'
3. You will be asked to enter the tax year, your total household resources and filing status. Follow the directions given on the next page to check the status of your refund

Frequently Used Home Heating Credits Forms and Instructions

- [MI-1040CR-7](#)
- [MI-1040CR-7 Instructions](#)
- [Form 4976 MI-1040CR-7 Supplemental](#)
- [Form 3174 Direct Deposit of Refund](#)
- [Form 5049 Worksheet for Married, Filing Separately and Divorced or Separated Claimants](#)

Other Helpful Information

Homestead Property Tax Credit –The Property Tax Credit is a way the State of Michigan helps you pay some of your property taxes if you are a qualified Michigan homeowner or renter. The credit is designed to give the greatest property tax relief to senior citizens, disabled or blind persons and disabled veterans as well as the surviving spouse of a veteran. Michigan residents who are not in these groups may also qualify for the credit. [Homestead Property Tax Credit Information](#)

How to Choose a Tax Preparer Who's Right for You – Need assistance in completing your forms? You can hire a professional to prepare your taxes or you might qualify for free (or low fee) tax preparation services. [Choosing a Tax Preparer](#)