Reset Form

Michigan Department of Treasury
777 (Rev. 01-23)

Attachment 32

2022 MICHIGAN Resident Credit for Tax Imposed by a Canadian Province

Issued under authority of Public Act 281 of 1967, as amended. **Include with MI-1040.** Type or print in blue or black ink.

Filer's Name(s) as shown on your MI-1040 (First, Middle Initial, Last)	Filer's Full Social Security Number
Home Address (Street, City, State, ZIP Code)	Spouse's Full Social Security Number

PART 1: CONVERSION OF CANADIAN WAGES AND TAXES TO UNITED STATES CURRENCY

1.	Canadian income taxed by Michigan	1.	00		
2.	Fringe benefits included in Box 14 of the T-4, not taxable in U.S.	2.	00		
3.	Subtract line 2 from line 1	3.	00		
4.	Multiply line 3 by the conversion rate of 76.84% (0.7684) (see instructions)			4.	00
5.	Total Canadian income from line 15000 of your Canadian income tax return	5.	00		
6.	Multiply line 5 by the conversion rate of 76.84% (0.7684)			6.	00
7.	Divide line 4 by line 6 (percentage of Canadian income taxed by Michigan to total Canadian income)			7.	%
8.	Multiply the Canadian federal tax (line 42000 of Canadian return) $_____ by the conversion rate of 76.84 (0.7684)	8.	00		
9.	Multiply line 8 by line 7			9.	00
10.	Multiply the provincial tax (line 42800 of Canadian return) $_____ by the conversion rate of 76.84% (0.7684)	10.	00		
11.	Multiply line 10 by line 7			11.	00
12.	Contribution to Canadian Pension Plan from Form *T-4*, Boxes 16 and 17	12.	00		
13.	Multiply line 12 by the conversion rate of 76.84% (0.7684)			13.	00

PART 2: COMPUTATION OF MICHIGAN TAX

14.	Adjusted gross income from MI-1040, line 10			14.	00
15.	Canadian income taxed by Michigan from line 4, above	15.	00		
16.	U.S. adjustments to Canadian wages (from U.S. Form *1040, Schedule 1*, lines 11 through 23 and 25)	16.	00		
17.	Subtract line 16 from line 15			17.	00
18.	Subtract line 17 from line 14 for Michigan sourced income			18.	00
19.	Additions from MI-1040, line 11			19.	00
20.	Add lines 17, 18 and 19			20.	00
21.	Subtractions from MI-1040, line 13			21.	00
22.	Subtract line 21 from line 20 for income subject to tax			22.	00
23.	Divide line 17 by line 22 for percentage of Canadian income to total income subject to tax	23.	%		
24.	Exemption allowance from MI-1040, line 15			24.	00
25.	Subtract line 24 from line 22 for taxable income			25.	00
26.	Multiply line 25 by the Michigan tax rate of 4.25% (0.0425)			26.	00

PART 3: ALLOWABLE CREDIT FOR TAX PAID TO CANADIAN PROVINCE(S)

27.	Multiply line 26 by line 23 for Michigan tax on Canadian province income			27.	00
28.	Add lines 9, 11 and 13 for total tax paid in Canada	28.	00		
29.	Adjustments to credit claimed on U.S. Form *1040*:				
29a.	Canadian portion of credit, excluding carryovers, claimed on U.S. Form *1040*, *Schedule 3*, line 1 (see instructions)	29a.	00		
29b.	Canadian income taxed by Michigan from all U.S. *1116* forms	29b.	00		
29c.	Gross Canadian income from all U.S. *1116* forms	29c.	00		
29d.	Divide line 29b by line 29c and enter percentage	29d.	%		
29e.	Multiply line 29a by line 29d for adjusted amount claimed on U.S. Form *1040*	29e.	00		
30.	Subtract line 29e from line 28 for amount available for credit on MI-1040			30.	00
31.	Canadian provincial tax from line 11. Enter here and on MI-1040, line 18a			31.	00
32.	Credit for tax paid to Canadian province (lesser of lines 27, 30 or 31). Enter here and on MI-1040, line 18b			32.	00

INCLUDE THIS FORM WITH YOUR MI-1040 RETURN

Instructions for Form 777
Resident Credit for Tax Imposed by a Canadian Province

You will need your U.S. Form *1040*, all U.S. *1116* forms, *Canadian Federal Individual Income Tax Return* and Canadian Form *T-4* to complete your Michigan Form 777. Include copies of all of these forms with your Form MI-1040 return.

Who May Claim This Credit

To qualify for a credit using this form, you must:

- Be a resident or part-year resident of Michigan,
- Have income that was subject to income tax by both Michigan and a Canadian province, **and**
- File a Canadian return which shows provincial tax paid.

NOTE: The surtax for individuals who are not residents of Canada may not be used to compute a Michigan tax credit. If your Canadian return submitted with your MI-1040 return does not show provincial tax, you do not qualify for a Michigan tax credit.

Credit Computation

The maximum credit for tax imposed by a Canadian province is the smaller of:

- Michigan tax due on the Canadian income, **or**
- The provincial tax you did not claim for credit on your U.S. Form *1040.*

Credit is not allowed for:

- Canadian provincial tax unused in prior years but carried over to your 2022 U.S. Form *1116.*
- Canadian provincial tax unused in 2022 and claimed as a carryover deduction to future years.
- Taxes paid on income subtracted on line 13 of your MI-1040 (e.g., rental or business income from another state or Canada, part-year resident wages).
- Canadian federal tax, contributions to Canadian Pension Plan, or taxes paid to any other foreign country or subdivision of a foreign country, other than a province of Canada.

NOTE: If you reduce your U.S. income tax by a carryover of provincial tax, you must amend your prior year Michigan income tax return to reduce the credit computed on that year's return.

Conversion Rate

The conversion rate used on this form for the 2022 tax year is the conversion rate of 76.84% (0.7684).

If you used a conversion rate on your 2022 U.S. Form *1116* other than 76.84%, replace the rate in Part 1 of this form with the rate used on your 2022 U.S. Form *1116*.

Line-by-Line Instructions

Lines not listed are explained on the form.

Line 1: Enter your Canadian income taxable by Michigan. This includes, but is not limited to, salaries, wages, commissions and other employment income.

Part-year residents: Compensation reported on this line may include only the portion earned while a Michigan resident.

Line 2: If box 14 of Canadian Form T-4 includes fringe benefits reported in your U.S. adjusted gross income (AGI), reduce the amount in box 14 by the fringe benefits amount included in AGI on your U.S. Form *1040.* Note: This reduction must be accompanied by verification from your employer.

Line 12: Enter contributions to a Canadian Pension Plan from boxes 16 and 17 on the Canadian Form *T-4* (maximum of $3,499.80) or from line 42100 of the Canadian return.

Part-year residents must prorate the amount on this line. Divide Canadian salaries and wages earned as a Michigan resident by total Canadian salaries and wages earned. Then multiply the total contribution from boxes 16 and 17 by the resulting percentage.

Line 13: Multiply line 12 by 76.84% (0.7684) and enter the result.

Line 15: Enter your Canadian income from line 4.

Note: Interest and dividends from Canada received by a Michigan resident are taxable by Michigan as Michigan sourced income.

Line 29a: Enter the portion of the U.S. foreign tax credit reported on U.S. Form *1040*, *Schedule 3*, line 1 that is based on Canadian federal tax, Canadian provincial tax, and contributions to Canadian Pension Plan paid or accrued in 2022. The amount entered must not include the portion of the U.S. credit attributable to carryover of prior year tax and must not include Canadian taxes carried over to a year after 2022. In computing the U.S. credit, it is presumed the Canadian federal income tax is claimed first.