

INCOME AND DEDUCTIBLE ITEMS, SUMMARY CHART

Notes: N = Not included
 Y = Included
 AGI = Adjusted Gross Income

THR= Total Household Resources
 HHI = Household Income (2011 and prior years only)

<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>	<u>HHI</u>
Alimony received	Y	Y	Y	Y
Awards, prizes (in excess of \$300 for THR and HHI)	Y	Y	Y	Y
Bingo:				
First \$300	Y	Y	N	N
In excess of \$300	Y	Y	Y	Y
Bonuses	Y	Y	Y	Y
Business (Schedule C) income or loss:				
• In Michigan (except Michigan oil and gas subject to severance tax)	Y	Y	Y*	Y
• From another state and/or net income from Michigan oil and gas subject to severance tax	Y	N	Y*	Y
Capital gains:				
100% taxable	Y	Y	Y	Y
Note: Individuals born before 1946 may subtract dividends, interest, and capital gains included in AGI. The maximum deduction must be reduced by the pension subtraction. Allowable deduction is the smaller of the calculation or actual total dividends, interest, and capital gains.				
This subtraction is adjusted by the percentage increase in the U.S. Consumer Price Index for the preceding calendar year. See MI-1040 instruction booklet for the year being reviewed.				
Gains on sale of principal residence	N	N	Y	Y
Casualty loss reimbursement in excess of loss of property	Y	Y	Y	Y

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<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>	<u>HHI</u>
Child support payments:				
• Payer	Y	Y	Y	Y
• Receiver	N	N	Y	Y
Chore service payments:				
• Provider of service	Y	Y	Y	Y
• Receiver of service	N	N	N	N
Commissions	Y	Y	Y	Y
Compensation for personal services rendered	Y	Y	Y	Y
Damages for personal injury or sickness	N	N	Y	Y
Deferred compensation	Y	Y	Y	Y
Director's fees	Y	Y	Y	Y
Disability income (limited)	Y	Y	Y	Y
• Policeman and Fireman On-Duty "J-Days"	N	N	Y	Y
Dividends received (see Note under "Capital gains")	Y	Y	Y	Y
Educational expenses paid by employer	N	N	Y	Y
Employee business expenses: cash allowance or reimbursement	Y	Y	Y	Y
Energy assistance grants or tax credit	N	N	N	N
Estates or trusts income or loss	Y	Y	Y*	Y
FIP benefits (see "Public assistance . . .")				
Farm income or loss from:				
• Michigan	Y	Y	Y*	Y
• Another state	Y	N	Y*	Y
Farm portion of homestead property tax credit	Y	Y	N	N
Farmland preservation tax credits	Y	Y	Y	Y
Foreign earned income exclusion	N	N	Y	Y
Foster care payments	N	N	Y	Y

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*** All rent and royalty income and loss must be netted before considering the effect on THR. A resulting loss cannot be used to reduce THR.

<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>	<u>HHI</u>
Gambling:				
• Winnings (in excess of \$300 for THR and HHI)	Y	Y	Y	Y
• Losses:				
○ Professional gamblers (As allowed on federal Sch C)	Y	Y	N*	Y
○ All others	N	N	N	N
Gifts - cash:				
• First \$300	N	N	N	N
• Excess over \$300	N	N	Y	Y
Government grant for home repair or improvement	N	N	N	N
Government payments made directly to educational institutions or housing projects	N	N	N	N
Health, life (unless benefits exceed \$50,000), and accident insurance premiums paid by employer	N	N	N	N
Homestead property tax credits	Y	N	N	N
Housing allowance for clergy	N	N	Y	Y
Inheritance bequest or devise from:				
• Non-spouse	N	N	Y	Y
• Spouse	N	N	N	N
Interest received on:				
• Banking, savings and loan assoc., etc., accounts	Y	Y	Y	Y
• Insurance dividends	Y	Y	Y	Y
• Land contracts	Y	Y	Y	Y
• Money market and savings certificates	Y	Y	Y	Y
• Municipal bonds issued by another state	N	Y	Y	Y
• Municipal bonds issued by Michigan	N	N	Y	Y
• Tax refunds	Y	Y	Y	Y
• U.S. Obligations (only specific agencies exempt)	Y	N	Y	Y
Interest taxable to Michigan (see Note under “Capital gains”)				

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<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>	<u>HHI</u>
Life insurance proceeds paid to:				
• Non-spouse	N	N	Y	Y
• Spouse	N	N	N	N
Life insurance - cash in amount in excess of premiums	Y	Y	Y	Y
Living expenses of claimant paid by another person	N	N	Y	Y
Loans received or paid	N	N	N	N
Long-term disability payments received (if all or part of premium paid by employer)	Y	Y	Y	Y
Lottery:				
• 100% taxable (in excess of \$300 for THR and HHI)	Y	Y	Y	Y
• Installment winners of Michigan lottery who won prior to 12-30-88	Y	N	Y	Y
Lump sum distribution included in 10-year averaging (for individuals born before 1936)	N	N	Y	Y
Medicare payments	N	N	N	N
Military wages or retirements	Y	N	Y	Y
• Combat pay not excluded from taxable on federal return	Y	N	Y	Y
• Combat pay excluded from taxable on federal return	N	N	Y	Y
Moving expenses, reimbursement:				
• Moving into Michigan	Y	Y	Y	Y
• Moving out of Michigan	Y	N	N	N
Net operating loss deduction	Y	Y	N	Y
Partnership income or loss:				
• In Michigan (except net income from Michigan oil and gas subject to severance tax)	Y	Y	Y*	Y
• From another state and/or net income from Michigan oil and gas subject to severance tax	Y	N	Y*	Y

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<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>	<u>HHI</u>
Pension and retirement benefits for persons born after 1945	Y	See note below	Y	Y
Private pensions (e.g., qualified annuity plans) up to amount allowed as subtraction for claimed year for persons born before 1946	Y	N**	Y	Y
Private pensions or qualified annuity plans in excess of amount allowed as subtraction for claimed year for persons born before 1946	Y	Y	Y	Y
Public Pensions (federal, state, or municipal governments) for persons born before 1946 View more pension information	Y	N	Y	Y
Public assistance payments from DHS				
<ul style="list-style-type: none"> FIP paid to grandparents for care of grandchildren FIP paid to parents for children 	N N	N N	Y Y	Y Y
Public health officer's income:				
<ul style="list-style-type: none"> Michigan resident Nonresident 	Y Y	Y N	Y N	Y N
Railroad sick pay	Y	Y	Y	Y
Railroad Tier 1 retirement benefits:				
<ul style="list-style-type: none"> Taxable amount for persons born before 1946 Nontaxable portion 	Y N	N N	Y Y	Y Y
<i>Note: Beginning in 2012 retirement subtractions for persons born after 1945 will be limited based on the year of birth of the oldest spouse. See "Pension & Retirement Benefits – 2012" for more information.</i>				
Railroad Tier 2 retirement benefits for persons born before 1946	Y	N	Y	Y
Railroad unemployment benefits	N	N	Y	Y
Refunds – Michigan state and local income tax	Y	N	N	N
Relief in kind	N	N	N	N

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<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>	<u>HHI</u>
Rents and royalties income or loss:				
• In Michigan (except net income from Michigan oil and gas royalties subject to severance tax)	Y	Y	Y***	Y
• From another state and/or net income from Michigan oil and gas royalties subject to severance tax	Y	N	Y***	Y
Retirement benefits (see “Private and Public pensions . . .”)				
S corporation business activity:				
• In Michigan (except net income from Michigan oil and gas subject to severance tax)	Y	Y	Y*	Y
• In another state and/or net income from Michigan oil and gas subject to severance tax	Y	N	Y*	Y
Scholarship, stipends, education grants, GI bill benefits	N	N	Y	Y
Note: Scholarship must be received and used for qualified tuition and related expenses such as fees, books, supplies, and equipment required for courses of instruction at a qualified organization.				
Scholarships or grants received and used for nonqualified expenses that are included in federal AGI such as room and board	Y	Y	Y	Y
Severance pay	Y	Y	Y	Y
Sick pay	Y	Y	Y	Y
Social Security benefits:				
• Taxable amount	Y	N	Y	Y
• Nontaxable portion	N	N	Y	Y
Stipends received for benefit of grantor (interns, resident doctors)	Y	Y	Y	Y
Strike pay	Y	Y	Y	Y
Supplemental gain (Form 4797)	Y	Y	Y	Y
Supplemental unemployment benefits	Y	Y	Y	Y
Surplus foods	N	N	N	N
Unemployment compensation	Y	Y	Y	Y

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Unemployment compensation from railroad	N	N	Y	Y
Vacation allowance	Y	Y	Y	Y
Veterans Administration benefits	N	N	Y	Y
Wages, salaries, tips	Y	Y	Y	Y
Workers' Compensation	N	N	Y	Y

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<u>Deductible Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>	<u>HHI</u>
Alimony paid	Y	Y	Y	Y
Capital losses:				
Short-term, maximum \$3,000 (THR/HHI, maximum \$3,000)	Y	Y	Y	Y
Long-term, maximum \$3,000 (THR/HHI, maximum \$3,000)	Y	Y	Y	Y
Casualty Loss:				
Claimed as itemized deduction	N	N	N	N
Claimed as business deduction	Y	Y	Y	Y
“Claim of Right” (repayment of items previously included in income) taken as:				
Itemized deduction (taken as Michigan credit)	N	N	N	N
Federal tax credit (taken as Michigan credit)	N	N	N	N
Deduction reflected in AGI	Y	Y	Y	Y
Health and accident insurance paid by taxpayer for self and family (not including pre-tax payroll deductions)	N	N	Y	Y
IRA or Keogh, (payments to)	Y	Y	Y	Y
Moving Expenses:				
Moving to Michigan	Y	Y	Y	Y
Moving out of Michigan	Y	N	N	N
Penalty on early withdrawal of savings	Y	Y	Y	Y
Self-employment tax deduction	Y	N	Y	Y
Venture Capital deduction	Y	N	N	N

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