

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 credit and property tax credit claims filed and to deter fraudulent 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 2012.
- You pay property taxes or rent on your Michigan homestead.
- You were contracted to pay rent or own the home you live in.

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.

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 26.

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-1040 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 MI-1040CR-2. Claim your credit on MI-1040CR and check box 5b if you are age 65 or younger; otherwise, check box 5a.

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 2012 total household resources and property taxes levied in 2012. If you file a Michigan income tax return, your credit claim should be attached to your MI-1040 return and filed by April 15, 2013, to be considered timely. To avoid penalty and interest, if you owe tax, postmark no later than April 15, 2013. The filing deadline to receive a 2012 property tax credit is April 17, 2017.

Amending Your Credit Claim

File a new claim form and write "Amended" across the top of the form. You must do this 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. Include gains realized on the sale of your residence whether or not these gains are exempt from federal income tax.

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

- Scholarship, stipend, grant, or GI bill benefits and payments made 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, even if excluded from AGI (e.g., mortgage foreclosure).
- Reimbursement from dependent care and/or medical care spending accounts.
- Payments made on your behalf, 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 to a third party (e.g., a doctor).

Note: If payment is made from money withheld from your benefit, the payment is part of total household resources. (For example, the DHS 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.

For more information on total household resources, visit: www.michigan.gov/taxtotalhouseholdresources.

Special Provisions for Farmers

If you received a farmland preservation tax credit in 2012, 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 That Can Be Claimed for Credit

Ad valorem property taxes that were levied on your homestead in 2012, including collection fees up to 1 percent of the taxes, can be claimed no matter when you pay them. You may add to your 2012 taxes the amount of property taxes billed in 2012 from a corrected or supplemental tax bill. You must **deduct** from your 2012 property taxes any refund of property taxes received in 2012 that was a result of a corrected tax bill from a previous year.

Do not include:

- Delinquent property taxes (e.g., 2011 property taxes paid in 2012).
 - 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. Attach a copy of U.S. Form 8829 to 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 a 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:

$\$395 \times 12 = \$4,740$ annual rent

$\$4,740 \times .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 2012 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 That Can Be Claimed 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 that is 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 paid. Use the amount the landlord gives you and enter rent paid on line 56 and 10 percent of rent on line 57, and follow instructions.
- If your housing is **exempt** from property tax and no service fee is paid, you are not eligible for 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. (Do not take 20 percent of your total monthly payment).
- When you pay **room and board in one fee**, you must determine your portion of the tax that can be claimed for credit based on square footage.

Example: You pay \$750 a 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. If you pay **room and board in separate billings**, you must base your property tax credit on rent.

Step 1: $600/62,000 = 0.0097$

Step 2: $\$54,000 \times 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 2012

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 7 and domicile on page 23.)

If you bought or sold your home or moved during 2012, you must prorate your taxes. Complete MI-1040CR, Part 3, page 3, to determine the taxes that can be claimed for credit. Use only the taxes levied in 2012 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, page 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 2012 (or 2013 before filing a claim) may be entitled to a credit for 2012. 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, 2011, enter the date of death in the "Deceased Taxpayer" box on page 3.

The **surviving spouse** may file a joint claim with the deceased. 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 attach 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 2012 tax year, must prorate taxes to the date of death. Complete lines 48 through 52 to prorate the property taxes. Annualize total household resources. (See the instructions on page 26.) Attach 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 attach a U.S. Form 1310 or 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, page 29.
- A senior, age 65 or older, filing a part-year credit must calculate annualized total household resources before using MI-1040CR Table A, page 29.
- If the annualized income is more than \$41,000, use annualized total household resources to determine the percentage allowable in MI-1040CR Table B, page 29.

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

Step 1: Divide 366 by the number of days the taxpayer was a Michigan resident in 2012.

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 2012

If you married during 2012, 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.

Married Filing Separately

Spouses who file separate Michigan income tax returns and share a household are entitled to one property tax credit. Complete your property tax credit claim jointly and include income from both spouses in total household resources. Divide the credit as you wish. If each spouse claims a portion of the credit, attach a copy of the claim showing each spouse's share of the credit to each income tax return. Enter only your portion of the credit on MI-1040CR, line 45.

Separated and Filing a Joint Return With Your Spouse

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.

Filing Separate Federal and State Returns and Maintaining Separate Homesteads

You 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.

Separated or Divorced in 2012

Figure your credit based on the taxes you paid together before your separation plus the taxes you paid individually after your separation. Attach 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 Cheryl separated on October 2, 2012. The annual taxes on the home they owned were \$1,860. Cheryl 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. Cheryl earned \$20,000 and Karl earned \$25,000. They lived together for 275 days.

Step 1: Calculate the prorated total household resources for each spouse for the 275 days they lived together. Divide each spouse's total income by 366 days, then multiply that figure by 275.

Cheryl $(\$20,000/366) \times 275 = \$15,027$
Karl $(\$25,000/366) \times 275 = \$18,784$

Step 2: Add both prorated total household resources together to determine the total for the time they lived together.

$\$15,027 + \$18,784 = \$33,811$

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.

Cheryl $\$15,027/\$33,811 = 44\%$
Karl $\$18,784/\$33,811 = 56\%$

Step 4: Calculate the prorated taxes eligible for credit for the time they lived together. Divide the \$1,860 by 366 days, then multiply by 275 days.

$(\$1,860/366) \times 275 = \$1,398$

Step 5: Calculate each individual's share of the prorated taxes. Multiply the \$1,398 by the percentages determined in Step 3.

Cheryl $\$1,398 \times 44\% = \615
Karl $\$1,398 \times 56\% = \783

Enter these amounts on MI-1040CR, line 51, column A.

Cheryl uses lines 48 through 51, column B, to compute her share of taxes for the remaining 91 days.

Karl uses lines 53 and 54 to compute his share of rent. Each completes the remaining lines of MI-1040CR according to the form instructions.

Residents of Nursing Homes and Other Adult Care Homes

If you are a resident of a nursing home, adult foster care home, or home for the aged, that facility is considered your homestead. If the facility pays local property taxes (many do not), you may claim your portion of those taxes for credit. You may **not** claim rent. Ask the manager what your share is or, to determine it yourself, divide the amount of property tax levied on the facility in 2012 by the number of residents for which the facility is licensed. This is your share. 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. Combine the tax for your homestead and your spouse's share of the facility's property tax to compute your claim.

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.

Line-by-Line Instructions for MI-1040CR

Lines not listed are explained on the form.

Lines 1, 2, and 3: Enter your name(s), address, and Social Security number(s). If you are married, filing separate claims, 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, 2012, if any. If both boxes apply, only check box 5b.

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, hemiplegic, paraplegic, quadriplegic, or totally and permanently 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. A claimant who is blind qualifies as totally and permanently disabled. 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.

Line 6: Filing Status. Check the box to identify your filing status. If you file a joint federal return, you must file a joint property tax credit. Married couples who file married filing separate 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), you must file the property tax credit as single or, if married, married filing separately.

Line 7: Residency. Check the box that describes your Michigan residency for 2012. 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 2012.

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 2012 taxable value from your 2012 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 24). **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 That Can Be Claimed for Credit" on page 24 before you complete this line.

Line 11: Read "Rent That Can Be Claimed for Credit" on page 25 before you complete this line.

Total Household Resources

Include all taxable and nontaxable income you and your spouse received in 2012. 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 23.)

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 distributable share on Form 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. Attach the above federal schedules to 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).

If the total is negative enter "0." Include amounts from sources outside Michigan. Attach the above federal schedules to 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 that 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). Exclude any items reported on line 16. 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 your 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. 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 *2012 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 attach a copy of the statement. See line 27 instructions.

Line 23: Enter all unemployment compensation received during 2012.

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. 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:

- Scholarship, stipend, grant, or GI bill benefits and payments made directly to an educational institution.
- Compensation for damages to character or for personal injury or sickness.

- Adoption subsidies.
- 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.

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 DHS and all other public assistance payments. Your *2012 Client Annual Statement* (DHS-1241) mailed by DHS in January 2013 will show your total DHS 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 2012 FEN-851 (attach a copy), subtract the amount of child support payments entered on line 22 from the total DHS 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.
- Any other adjustments to gross income included on your 2012 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.

Property Tax Credit

Line 34: Multiply line 33 by 3.5 percent (0.035) or the percentage from MI-1040CR Table 2 below. **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 26.

MI-1040CR TABLE 2 - PERCENT OF TAXES NOT REFUNDABLE	
ALL GENERAL CLAIMANTS	
<i>Income</i>	<i>% of Income</i>
\$0 - \$50,000	3.5%
OTHER CLAIMANTS *	
<i>Income</i>	<i>% of Income</i>
\$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 unmarried 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 box 5a complete Section A. Disabled claimants who checked box 5b complete Section B. All other claimants complete Section C.

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.

MI-1040CR TABLE A — SENIOR CREDIT REDUCTION	
Total Household Resources	Percentage
\$0 - \$21,000	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 - above	60% (0.60)

Line 42: If you are a senior claimant enter the amount from line 38. If you are a disabled claimant enter the amount from line 39. All others enter the amount from line 41. If you received FIP assistance or other DHS benefits in 2012, 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 on page 30.

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
\$41,001 - \$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 54 or, if you live in service fee housing, enter amount from line 56. If you moved from one rental homestead to another during the last two years (also see “If You Moved in 2012” on page 25), enter smaller of:

- The final month’s rent on your previous rented homestead multiplied by 12 , or
- The actual rent paid from line 54 or line 56.

Renters

See “Rent That Can Be Claimed for Credit” on page 25.

Line 53: 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 2012 and for each time rental amounts changed. If you need more space,

attach an additional sheet. Do **not** include more than 12 months’ rent. If you married during 2012, see page 26. 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 total rental amount and enter this amount on line 10. Claim the remaining balance of rent on line 54 and on line 11.

Line 55: If your housing costs are subsidized check box 55a and enter the total amount of rent **you** paid on line 56 and on line 11. Do not include amounts paid on your behalf by a government agency. Complete lines 12 through 45 to calculate your credit.

If you lived in Service Fee Housing, check box 55b and enter the amount of rent you paid on line 56 and 10 percent of the rent on lines 57 and 10 (as property taxes), completing lines 13 through 45 to calculate your credit.

Line 58 Special Housing: If you lived in one of the special housing facilities identified, check the appropriate box and calculate your prorated share of taxes. See “**Rent That Can Be Claimed for Credit**” and “**Residents of Nursing Homes and Other Adult Care Homes**” on pages 25 and 26.

MI-1040CR WORKSHEET 3 - FIP/DHS BENEFITS

- A. Enter amount from line 27 (FIP and other DHS 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 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 _____

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

- A. Enter amount from line 42, line 44 if line 33 exceeds \$41,000, or if you received FIP/DHS benefits, enter the amount from Worksheet 3, line F..... _____
- B. Enter rent paid from line 54 or line 56..... _____
- 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 45..... _____