MI-1040

Individual Income Tax

FORMS AND INSTRUCTIONS

- E-filing your return is easy, fast, and secure!
- 88% (more than 4.7 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.

e-file

WWW.MIFASTFILE.ORG

UNCLAIMED PROPERTY. The Michigan Department of Treasury is holding millions of dollars in abandoned and unclaimed property belonging to Michigan residents. **In the past three years, nearly $387 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 18, 2023

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.

MICHIGAN 2022

Help With Your Taxes

New for 2022

Homestead Property Tax Credit Updates.

- The maximum taxable value increases to $143,000
- The limit on total household resources increases to $63,000
- The homestead property tax credit phase-out begins when your total household resources exceed $54,000
- The maximum homestead property tax credit increases to $1,600.

For more information and to check your eligibility for this credit, see page 26.

Tier 3 Michigan Standard Deduction. If the older of you or your spouse (if married filing jointly) was born during the period January 1, 1953 through January 1, 1956, and reached the age of 67 on or before December 31, 2022, you may be eligible for a deduction up to $20,000 if single or married filing separately, or up to $40,000 if married filing a joint return. For more information, see the Tier 3 Michigan Standard Deduction instructions and Worksheet 2 on page 16.

Expanded Subtraction for Retirement Benefits. If the older of you or your spouse (if married filing jointly) was born after January 1, 1956 but before January 2, 1961, have reached age 62 and receive retirement benefits from employment with a governmental agency that was exempt from Social Security, you may be eligible for a retirement and pension deduction. For more information, see *Michigan Pension Schedule* (Form 4884).

Michigan First-Time Home Buyer Savings Program. If you contributed to a Michigan First-Time Home Buyers savings account, see Michigan *First-Time Home Buyer Savings Program* (Form 5792).

Michigan Historic Preservation Tax Credit for Plans Approved after December 31, 2020. If you received a certificate of completed rehabilitation from the State Historic Preservation Office, see the instructions for line 19 of the MI-1040 and Form 5803.

City of Detroit

The Michigan Department of Treasury (Treasury) processes 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**.

Forms

Find tax forms using the Internet and Telephone Options listed on this page. Commonly used forms are also available at most public libraries, Northern Michigan post offices, and Michigan Department of Health and Human Services (MDHHS) county offices.

Tax Assistance

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/iit

Find the following information on this website:

- Current year forms and instructions
- Answers to many tax preparation questions
- Most commonly used tax forms
- Free assistance in preparing your return
- Retirement and pension deduction estimator; interest, dividends and capital gains deduction estimator; penalty and interest estimator; and other individual income tax 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 “eServices Individual Income Tax” where you can:

- Select “Guest Services” to:
  - Check the status of your return
  - Check estimated payments you made during the year
- Select “Account Services” to:
  - Change your address
  - Access letters sent by Treasury
  - Check responses to letters you have sent to Treasury
  - Submit specific account requests
    - You have the option to ask a question by choosing “Create a service request”
    - You must provide a valid email address to submit a question.

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 4:30 p.m., Monday through Friday.

Assistance is available using TTY through the Michigan Relay Service by calling 711.

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, 1040NR* or *1040SR*.

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

The income tax rate for 2022 is 4.25 percent.

For tax year 2022, the personal and stillbirth exemption allowances are $5,000. The special exemption allowance for deaf, blind, hemiplegic, paraplegic, quadriplegic, or totally and permanently disabled is $2,900. 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 17 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 2022, the deduction is limited to a maximum of $12,697 for single filers and $25,394 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 18, 2023, 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 to 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 credits and Principal Residence Exemption refunds received in 2022 may be taxable on your 2022 U.S. Form *1040*. If you claimed an itemized deduction for property taxes on your 2021 U.S. Form *1040* and then received a refund in 2022 from the State or your local unit of government for a portion of those taxes, you must include that refund as income on your 2022 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 2021 federal income tax return and received a Michigan tax refund in 2022, you will be mailed a 2022 Michigan 1099-G in early 2023 that shows the amount of your 2021 refund that was issued in 2022. The refund amount will include any amounts credited forward to 2022 estimated tax, prior year refunds issued in 2022, 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 <u>is not a bill</u>.** 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 18, 2023, 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 “2022 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 18, 2023, otherwise penalty and interest may apply. See page 5. In order to obtain a refund, you must file a return claiming the refund within four years of the due date. 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 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, 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.

Foreign Addresses

Enter your street address and city on the “Home Address” line. Enter your province or state name, country code and foreign postal code on the “City or Town” line in that order. Refer to the example below.

1. Filer’s First Name JESSICA	M.I. B	Last Name SMITH	
If a Joint Return, Spouse’s First Name	M.I.	Last Name	
Home Address (Number, Street, or P.O. Box) 123 MAIN ST. MONTREAL			
City or Town QUEBEC CA A1B 2C3		State	ZIP Code

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** (UPPERCASE). Capital letters are easier to recognize.
- **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.

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)
- *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)
- *Michigan Excess Business Loss* (MI-461)
- *Michigan Excess Business Loss Continuation Schedule* (Form 5606)
- *Michigan Net Operating Loss Schedule MI-1045* (Schedule MI-1045)
- *Michigan Net Operating Loss Deduction* (Form 5674)
- *Michigan Signed Distribution Statement for Joint Owners of Farmland Development Rights Agreements* (Form 5678)
- *Michigan Resident Credit for Tax Imposed by a Canadian Province* (Form 777)
- *Michigan First-Time Home Buyer Savings Program* (Form 5792)
- *Michigan Historic Preservation Tax Credit for Plans Approved after December 31, 2020* (Form 5803)
- Federal Schedules (see Table 3, page 59)

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 "**2022 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 2022 return in the same envelope with a return for years prior to 2022; mail your 2022 return in a separate envelope.

Important Reminders

- **Missing pages.** The MI-1040, MI-1040CR, MI-1040CR-2, and MI-1040CR-7 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 2021 form to file your 2022 return.
- **Required attachments.** If you do not include all the required attachments with your return, your refund may be reduced, denied, or delayed.
- **Schedules received alone.** Only the MI-1040, MI-1040CR, MI-1040CR-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.** Include full Social Security number(s). 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 remaining 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. **An extension is not necessary when you expect to claim a refund. Late filing penalty may not apply as refunds can be claimed up to 4 years from the original due date without an extension.**

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 31 the amount of tax you paid with your extension request. Include a copy of your federal or state extension with your return.

2023 Estimated Payments

Usually, you must make estimated income tax payments if you expect to owe more than $500 when you file your 2023 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 18, 2023; June 15, 2023; September 15, 2023; and January 16, 2024. 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 2022, Treasury will send you personalized vouchers for 2023, 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 website.

Exceptions. If you expect to owe more than $500, you may not have to make estimated payments if you expect your 2023 withholding to be at least:

- 90 percent of your total 2023 tax, **or**
- 100 percent of your total 2022 tax
- 110 percent of your total 2022 tax if 2022 AGI was more than $150,000 if filing joint or single ($75,000 if your 2022 filing status is married filing separately).

Total 2022 tax is the amount on your 2022 MI-1040, line 21, less the amount on lines 25, 26, 27b, 28 and 29.

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 2023 quarterly estimated payment until as late as January 16, 2024, and pay the entire amount of your 2023 estimated tax due, **or**
- File your 2023 MI-1040 return and pay the entire amount of tax due on or before March 1, 2024.

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 starting on page 9.

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 nonbusiness interest and dividend 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 29).

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 estimated 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 2022 (or 2023 before filing a 2022 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 2022 MI-1040.

Use the decedent's name and Social Security number and **your** address. If the taxpayer died after December 31, 2021, enter the date of death in the "Deceased Taxpayer" box on page 2 on the 2022 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, 2021, enter the date of death in the "Deceased Taxpayer" box on page 2 of the MI-1040. Refer to example A in the "Deceased Taxpayer Chart of Examples" below.

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. Refer to example B or C in the "Deceased Taxpayer Chart of Examples" below.

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 name(s) of the deceased person(s) in the Filer's and/or Spouse's Name lines and the representative's or claimant's name, title, and address in the Home Address line. Refer to example D or E in the "Deceased Taxpayer Chart of Examples" below.

For information about filing a credit claim, see "Deceased Claimant's Credit" on page 29.

Amended Returns

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 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.

Business Income (Loss)

Michigan defines business income as all income (loss) arising from transactions, activities, and sources in the regular course of the taxpayer's trade or business. Business income includes distributive share income (loss) reported on a federal *Schedule K-1*, including interest, dividend, royalty income, net short-term and long-term capital gains (losses) and depreciation to the extent included in AGI. Rental income may be business income if it is an integral part of the taxpayer's trade or business. Business income is allocated to the state where the business activity occurs. If the business activity is in Michigan and in another state, use a *Schedule of Apportionment* (Form MI-1040H) to apportion the income. If you have income from more than one business, the income from each must be allocated or apportioned separately; this is done on separate schedules for each entity. Include all schedules with your return. Describe the business or property that is the source of the income (loss) and list the activity locations. For assistance, refer to the "Business, Rental & Royalty Activity Worksheet" available on Treasury's website. For more information, refer to the "Business Income Reportable on MI-1040 or MI-1041" section of the individual income tax FAQs on our website at **www.michigan.gov/taxes.**

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. Part-year and nonresidents that are required to file a *Michigan Schedule NR*, allocate the entire federal NOL deduction, no matter where earned, to Column C.

The *Michigan Net Operating Loss Schedule MI-1045* is used to calculate the Michigan NOL for the loss year. The form must be filed before a Michigan NOL carryover may be claimed.

The Michigan NOL deduction in a carryforward year is calculated on *Michigan Net Operating Loss Deduction* (Form 5674). The Michigan NOL deduction in a carryforward

Deceased Taxpayer Chart of Examples

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.		

year is claimed on *Michigan Schedule 1*, line 29. To request a refund from a farming loss carryback use the *Michigan Farming Loss Carryback Refund Request* (Form 5603).

A separate worksheet showing how the loss has been absorbed should always be submitted to substantiate the claimed carryforward. For assistance tracking an NOL, refer to the "Michigan NOL Carryover Worksheet" available on Treasury's website.

Repayments of Income Reported in a Prior Year

If you had to repay money in 2022 that you claimed as income in a previous year (e.g., unemployment benefits), you may be entitled to a credit on your 2022 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 2022 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 30. Write "Claim of Right/Repayment" next to line 30.

Include a schedule showing the computation of the credit, proof of the repayment, U.S. Form *1040* and applicable federal schedules.

Composite Filer Participants

Taxpayers that participate on the *Michigan Composite Individual Income Tax Return* (Form 807) may be entitled to a credit on their MI-1040 for their share of the Michigan income tax liability paid on Form 807. Enter the amount of Michigan income tax paid on your behalf on MI-1040, line 30 and write "Composite Filing" next to line 30.

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).

Many Internet retailers charge tax on sales to Michigan residents. Taxpayers should review their records to determine if the retailer charged tax at the time of sale. If the Michigan tax was paid at 6 percent, 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 $18 from Table 1 .... $18

Line 2: Ed enters $1,437.50 x 6 percent .... <u>$86.25</u>

Line 3: Total use tax due $104.25

Ed would enter $104 (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 2022 MI-1040, line 23. If the amount on Line 3 is 0, enter "0" on your 2022 MI-1040, line 23.

TABLE 1 - USE TAX

AGI*	Tax
$0 - $10,000	$2
$10,001 - $20,000	$6
$20,001 - $30,000	$10
$30,001 - $40,000	$14
$40,001 - $50,000	$18
$50,001 - $75,000	$25
$75,001 - $100,000	$35
Above $100,000	Multiply AGI by 0.04% (0.0004)

* 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 2022 return, check the box at the top of the form, include a completed Schedule AMD and supporting documentation.

Line 1: Enter your 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 only disbursed 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 surviving spouse, 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 2022. If you and your spouse had a different residency status during the year, check a box for each of you. Both nonresidents and part-year residents 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 for you, your spouse (if filing jointly), and your dependents. Dependents include both qualifying children and qualifying relatives under the Internal Revenue Code. You may claim an exemption for these dependents even if your AGI exceeds the limits to claim federal tax credits for these dependents. Multiply the number of exemptions by your exemption allowance of $5,000 and enter that amount.

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 were age 66 by August 31, 2022, 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: Stillbirth Exemption. If you are a parent of a stillborn delivered during 2022 and have been issued a Certificate of Stillbirth from the Michigan Department of Health and Human Services (MDHHS), include a copy of the certificate with the MI-1040. If you do not have a certificate, contact MDHHS at 517-335-8666 for an application or information on obtaining the certificate.

Line 9e: If someone else can claim you as a dependent, check the box, enter 0 on line 9a and enter $1,500 on line 9e. 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*, *1040NR* or *1040SR*. You must include copies of federal schedules that apply to you (see Table 3, page 59). For Michigan adjustments to AGI, see Schedule 1 on page 41. Instructions for completing Schedule 1 begin on page 12. If your AGI includes an excess business loss limitation, complete *Michigan Excess Business Loss* (Form MI-461).

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/iit**.

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 29 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* and applicable federal schedules. Your credit is limited to the portion of your Canadian provincial tax not used as a credit on your U.S. Form *1040*. The credit is not available for tax paid to other foreign countries.

Line 18a: Enter the total income tax paid to other government units on income also taxed by Michigan. Include a schedule if tax was paid to more than one source. **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 out-of-state income that is subject to tax in 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 $5,000 exemption from $53,000 income subject to tax, Hunter's taxable income is $48,000 (MI-1040, line 16). This results in a tax of $2,040 ($48,000 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 out-of-state income to total income subject to Michigan tax ($10,000/$53,000) = 19%

Step 2: Multiply Michigan tax of $2,040 x 19% = $388

Step 3: On MI-1040, line 18a, enter $700, the tax imposed by the other state. On MI-1040, line 18b, enter $388 (the credit is the lesser of $700 or $388).

Line 19: Michigan Historic Preservation Tax Credit. Taxpayers eligible for this credit receive 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 or Form 5803 instructions.

Line 19a: If you are including Form 3581, enter the amount from line 9. If you are including Form 5803, enter the amount from line 7.

Line 19b: If you are including Form 3581, enter the amount from line 14. If you are including Form 5803, enter the amount from line 12.

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 Taxes Division, P.O. Box 30427, Lansing, MI 48909.

Line 25: Property tax credit information begins on page 26.

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 *2022 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 allocated share of taxes reported to you by a flow-through entity whose tax year ends in 2022 and that elected to pay tax under the Michigan flow-through entity tax. Include a copy of the *Schedule K-1* with the *Schedule K-1* notes, or other supporting documentation received from the flow-through entity, to support the credit claimed on this line.

An electing flow-through entity that files a composite return on your behalf should claim your credit on that composite return (Form 807). Do not claim that credit here.

Line 30: Enter the total **Michigan** tax withheld (from your Schedule W). If applicable, include any credit for repayments under the "Claim of Right" and/or Michigan income tax paid on your behalf on a 2022 Form 807. See "Repayments of Income Reported in a Prior Year" and/or "Composite Filer Participants" on page 8.

Line 31: Enter the total estimated tax paid with your 2022 MI-1040ES, the amount paid with a Form 4, and the amount of your 2021 credit forward (2021 MI-1040, line 35) to this year's tax. **Do not include a prior year's refund amount.**

Line 32: This line is for amended returns only. If you checked box 32a 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 32b 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 32a and enters the refund as a negative number. Tina reports -$100 on line 32c.

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 32b and enters the amount paid as a positive number but does not include interest or penalty. Tom enters $250 on line 32c.

Line 34: You Owe. If line 33 is less than line 24, enter the difference. This is the tax you owe with your return. If line 33 is negative, treat it as a positive amount and add it to the amount on line 24. Enter the result on line 34. 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 34.

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 36: 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 37: 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 return is completed by a tax preparer he or she must include the name, address, telephone number of the firm he or she represents, and preparer tax identification number or federal employer identification number. Check the box to indicate if Treasury may discuss your return with your preparer.

The Taxpayer Protection Act requires paid preparers to sign the return and provide his or her preparer tax identification number. Additional information on the Taxpayer Protection Act is available at **www.michigan.gov/taxes.**

A paid preparer must not engage in any fraudulent tax activity. Any concerns related to fraudulent activity of a paid preparer may be reported to the Michigan Department of Treasury, Fraud Unit, P.O. Box 30140, Lansing, MI 48909. Any tax-related identity theft concerns, see page 4 of the MI-1040 booklet.

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: Payments can be made using Michigan's e-Payments service by direct debit (e-Check) from your checking or saving account, or by using a credit or debit card. Visit **www.michigan.gov/iit** to make your payment electronically.

Payments can also be mailed. Make your check payable to "**State of Michigan.**" **Print the last four digits of your Social Security number** and "**2022 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 2022 is April 18, 2027.

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

Nonresidents, and part-year residents, 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 the instructions available on Treasury’s website. 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: Residents enter nonbusiness gross interest, dividends, and income from obligations or securities of states and their political subdivisions other than Michigan. Residents and nonresidents report non-Michigan municipal business income from a partnership, S corporation, estate, or trust with Michigan business activity. Business income subject to apportionment must be included on the *Michigan Schedule of Apportionment* (MI-1040H). You may reduce this income by related expenses not allowed as a deduction by Section 265(a)(1) of the Internal Revenue Code (IRC).

Line 2: Michigan residents 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 the taxes paid by an estate or trust, your share of city income tax paid by partnerships or S corporations, or your share of flow-through (pass-through) entity tax paid to another state by a flow-through entity. Part-year and nonresidents enter the amount from the *Michigan Schedule NR*, line 13, Column B that is attributable to the deduction taken for self-employment tax on your federal return and for other taxes measured by income, such as your share of city income tax paid by a partnership or S corporations, or your share of the taxes paid by an estate or trust.

If you are a direct or indirect member of a flow-through entity that elected to pay the Michigan flow-through entity tax, add your share of those taxes paid and reported to you by that flow-through entity and deducted on the flow-through entity’s federal tax return. If you apportioned this flow-through income using an MI-1040H, the apportionment percentage from line 8 should be applied to the tax reported by the flow-through entity. Include a copy of the *Schedule K-1* with the *Schedule K-1* notes, or other supporting documentation received from the flow-through entity, to support your addition.

An electing flow-through entity that files a composite return on your behalf should report your addition on that composite return (Form 807). Do not report the addition here.

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. 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).

If you have a federal excess business loss limitation, you must complete Form MI-461. Follow instructions provided on Form MI-461 to determine if any amount is to be included here.

Line 5: Enter the net loss from the federal column of your MI-1040D, line 13, or MI-4797, line 18b 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 federal NOL deduction to the extent included in AGI. Nonresidents and part-year residents 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 (MiABLE) 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 2022 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.

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

Subtractions From Income

NOTE: Nonresidents and part-year residents, 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 retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard or taxable Tier 1 and Tier 2 railroad retirement benefits here and on Schedule W, Table 2. Other qualifying public or private retirement benefits must be reported on the *Michigan Pension Schedule* (Form 4884) and Schedule 1, line 26.

Line 12: Enter the gains from the federal column of your MI-1040D, line 12, and MI-4797, line 18b. 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.

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 10).

Residents may subtract, to the extent included in AGI:

- Net business income earned in other states, and
- Net rents and royalties from real property or tangible personal property located or used in another state.

Business income that is taxed by Michigan and another state must be apportioned, including interest, dividends and capital gains. You must include Form 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.

If you have a federal excess business loss limitation, you must complete Form MI-461. Follow instructions provided on Form MI-461 to determine if any amount is to be included here.

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.* Do not include total Social Security benefits or any Tier 1 and Tier 2 railroad retirement 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 2022, 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, contact your local assessor's office.

Line 16: Subtract Michigan state and city income tax refunds and homestead property tax credit refunds that were included in AGI. If you did not itemize on your federal return for tax year 2021, your 2021 refunds should not be included in your AGI and should not be subtracted here.

If you are a farmer, 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.

If you are a direct or indirect member of a flow-through entity that elected to pay the Michigan flow-through entity tax, subtract your share of a refund of that tax received by that flow-through entity and included in your distributive share. If you apportioned this flow-through income using an MI-1040H, the apportionment percentage from line 8 should be applied to the refund reported by the flow-through entity. Include a copy of the *Schedule K-1* with the *Schedule K-1* notes, or other supporting documentation received from the flow-through entity, on which the flow-through entity reported your allocated share of the refund.

An electing flow-through entity that files a composite return on your behalf should report your subtraction on that composite return (Form 807). Do not report the subtraction here.

Line 17: Michigan 529 Contributions (MESP, MAP, MiABLE). There are many 529 savings/investment programs nationwide, but Michigan allows a tax deduction for contributions only to the Michigan Education Saving Program (MESP), MI 529 Advisor Plan (MAP), and Michigan Achieving a Better Life Experience Program (MiABLE). Deduct, to the extent not deducted in determining AGI, the total contributions made to the plan less qualified withdrawals and rollovers (net) made in the tax year by the taxpayer. Determine the net for each Michigan 529 account separately. The total deductions on line 17 may not exceed $10,000 for a single return or $20,000 for a joint return, and are subject to the following additional restrictions:

- **MESP and MAP accounts combined:** may not exceed $5,000 for a single return or $10,000 for a joint return.

- **MiABLE accounts:** may not exceed $5,000 for a single return or $10,000 for a joint return.

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

- If you purchased a MET 529 prepaid tuition contract during 2022, you may deduct the total contract price (including the processing fee).
- If you made a charitable contribution to the MET Charitable Tuition Program during 2022, 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 2022 (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." Under Special Filing Situations, select "Tax Information for Native Americans." 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 22: Miscellaneous subtractions only include:

- Any portion of a qualified withdrawal from an MESP account, including the MAP, or MiABLE 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.
- 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.
- Ordinary and necessary expenses not deducted in determining AGI and for carrying out a trade or business licensed as a recreational marihuana establishment under the Michigan Regulation and Taxation of Marihuana Act (MRTMA). Only subtract expenses that would have been deductible had section 280E of the Internal Revenue Code not been in effect. Expenses related to a trade or business licensed as a medical marihuana facility under the Medical Marihuana Facilities Licensing Act (MMFLA) may not be subtracted. Submit a copy of the license(s) issued under the MRTMA. Include an itemized breakdown of the expenses incurred. An entity holding licenses under both the MRTMA and MMFLA must identify, itemize, and account for sales and expenses attributable to the portion of the business that is licensed for adult-use marihuana and medical marihuana, separately.
- If you elected to itemize deductions on your federal return this tax year (you did not take the standard deduction) and deducted wagering losses, you may be eligible to deduct wagering losses here. **Residents:** report the amount of wagering losses you deducted on U.S. Form *1040 Schedule A*. **Nonresidents:** report the amount of wagering losses you deducted on U.S. Form *1040 Schedule A*, but only those wagering losses attributable to wagering transactions placed at or through a casino or race track located in Michigan. Further, those losses are limited to the amount of wagering gains from wagering transactions placed at or through a casino or race track located in Michigan.

Miscellaneous subtractions <u>do not include</u> the following (this is not an all-inclusive list):

- Retirement and pension benefits. See Form 4884
- Itemized deductions from U.S *Schedule A* (except the wagering losses described above)
- 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 23G: 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 who qualifies under both of the following conditions is entitled to a greater retirement or pension deduction or Tier 2 Michigan Standard Deduction.

- Born between January 1, 1946 and January 1, 1961, or is born after December 31, 1952 and retired as of January 1, 2013 and
- Receives, or whose spouse receives, retirement or pension benefits from employment with a governmental agency that was not covered by the federal SSA.

Line 23C: Answer the following questions to determine if you should check box 23C.

1. What is your current filing status?
Single: Continue to question 2.
Married filing jointly: Continue to question 5.
Married filing separately: Continue to question 5.

2. Was the filer or, if applicable, the deceased spouse, born between January 1, 1946 and January 1, 1961 and did they reach age 62?
Yes: Continue to question 4.
No: Continue to question 3.

3. Did the filer or, if applicable, the deceased spouse, retire as of January 1, 2013 and receive retirement benefits from SSA exempt employment?
Yes: Check box 23C.
No: Stop. You are not eligible to check box 23C.

4. Did the filer or, if applicable, the deceased spouse, receive retirement benefits from SSA exempt employment?
Yes: Check box 23C.
No: Stop. You are not eligible to check box 23C.

5. Was the older of the filer or, if filing jointly, spouse, born between January 1, 1946 and January 1, 1961 and did they reach age 62?
Yes: Continue to question 7.
No: Continue to question 6.

6. Did the filer retire as of January 1, 2013?
Yes: Continue to question 7.
No: Stop. You are not eligible to check box 23C.

7. Did the filer receive retirement benefits from SSA exempt employment?
Yes: Check box 23C.
No: Continue to question 8.

8. Did the filer receive retirement benefits from SSA exempt employment as a surviving spouse?
Yes: Check box 23C.
No: Stop. You are not eligible to check box 23C.

Line 23D: Check the box if you were born after 1952, were retired as of January 1, 2013 and also received retirement benefits from SSA exempt employment.

Line 23G: Answer the following questions to determine if you should check box 23G.

1. Was the older of the filer or spouse born between January 1, 1946 and January 1, 1961 and did they reach age 62?
Yes: Continue to question 3.
No: Continue to question 2.

2. Did the spouse retire as of January 1, 2013?
Yes: Continue to question 3.
No: Stop. You are not eligible to check box 23G

3. Did the spouse receive retirement benefits from SSA exempt employment?
Yes: Check box 23G.
No: Continue to question 4.

4. Did the spouse receive retirement benefits from SSA exempt employment as a surviving spouse?
Yes: Check box 23G.
No: Stop. You are not eligible to check box 23G.

Line 23H: Check the box if your spouse was born after 1952, was retired as of January 1, 2013 and also received retirement benefits from SSA exempt employment.

Line 24: Tier 2 Michigan Standard Deduction. If the older of you or your spouse (if married filing jointly) was born during the period January 1, 1946 through December 31, 1952, and reached the age of 67, 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 23G your standard deduction is increased by $15,000. If you checked both boxes 23C and 23G 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.

If you are a surviving spouse who has reached the age of 67, has not remarried, and claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year your spouse died, you are eligible for your standard deduction. However, you may elect to take the retirement and pension benefits subtraction based on your older deceased spouse's year of birth subject to the limits available for a single filer. To elect the retirement and pension benefits subtraction instead of your standard deduction, see "Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses" on page 18.

Exception: You may also claim the Tier 2 Michigan Standard Deduction if the older of you or your spouse (if filing a joint return) was born during the period January 1, 1953 through January 1, 1956 and reached age 67, you or your spouse was retired as of January 1, 2013 and also received retirement benefits from SSA exempt employment.

In most cases, taxpayers who are eligible to complete line 24 do not complete lines 25, 26 or 27. 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 27 to claim both the Tier 2 Michigan standard deduction on line 24 and a dividend/interest/capital gains deduction for investment income on line 27 (if applicable).

Line 25: Tier 3 Michigan Standard Deduction. If the older of you or your spouse (if married filing jointly) was born during the period January 1, 1953 through January 1, 1956, and reached the age of 67 on or before December 31, 2022, you may be eligible for a Tier 3 Michigan Standard Deduction. You are considered 67 the day before your 67th birthday. This deduction is up to $20,000 for a return filed as single or married filing separately, or up to $40,000 for a married filing jointly return. Exemption(s) claimed on MI-1040, lines 9a and 9d, taxable Social Security benefits, military compensation (including retirement benefits), Michigan National Guard retirement benefits and railroad retirement benefits included in AGI may reduce the amount eligible to be claimed on this line. To determine your Tier 3 Michigan Standard Deduction, complete Worksheet 2 and enter the result on this line.

Worksheet 2 has been set up such that a taxpayer claiming the Tier 3 Michigan Standard Deduction will still complete the personal exemption and applicable subtractions normally.

Filers born January 1, 1953 through January 1, 1956, were retired as of January 1, 2013, and also received benefits from SSA exempt employment, see exception on line 24.

If you are a surviving spouse who has reached the age of 67, has not remarried, and claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year your spouse died, you are eligible for your standard deduction. However, you may elect to take the retirement and pension benefits subtraction based on your older deceased spouse's year of birth subject to the limits available for a single filer. To elect the retirement and pension benefits subtraction instead of your standard deduction, see "Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses" on page 18.

In most cases, taxpayers who are eligible to complete line 25 do not complete lines 24, 26 or 27. 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 27 to claim both the Tier 3 Michigan standard deduction on line 25 and a dividend/interest/capital gains deduction on line 27 (if applicable).

Note: Nonresidents and part-year residents, complete Worksheet 2 as follows:

Line 2: Enter total military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard or taxable railroad retirement benefits included in AGI. Do not enter only the portion attributable to Michigan.

Line 3: Enter total taxable social security benefits or military pay included in AGI. Do not enter only the portion attributable to Michigan.

Line 4: Multiply MI-1040, lines 9a and 9d by the percentage from Schedule NR, line 18.

WORKSHEET 2: TIER 3 MICHIGAN STANDARD DEDUCTION

Nonresidents and part-year residents, see instructions.

1. Enter $20,000 if single or married filing separately or $40,000 if married filing a joint return	________
2. Military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard or taxable railroad retirement benefits included in AGI from Schedule 1, line 11	________
3. Taxable Social Security benefits or military pay included in AGI from Schedule 1, line 14	________
4. Enter the amounts from MI-1040, lines 9a and 9d...	________
5. Add lines 2 through 4.....................	________
6. Subtract line 5 from line 1. If line 5 is greater than line 1, enter "0." Enter the result here and carry to Schedule 1, line 25	________

Note: Worksheet 2 has been set up such that a taxpayer claiming the Tier 3 Michigan Standard Deduction will still complete the personal exemption and applicable subtractions normally.

Line 26: 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". You must include Form 4884. If you were born during the period January 1, 1946 through January 1, 1956, see lines 24 or 25.

Line 27: 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 $12,697 on a single return or $25,394 on a joint return, which must be 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 26
- 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/iit.**

Line 29: 2022 Michigan NOL Deduction. Enter the amount calculated on *Michigan Net Operating Loss Deduction* (Form 5674).

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. For exceptions see "Retirement Benefits from a Deceased Spouse" on page 18.
- 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 <u>public</u> 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 <u>not</u> 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

<u>**Tier 1**</u>

- **Recipients born before 1946** may subtract all qualifying retirement and pension benefits received from federal or Michigan public sources, and may subtract qualifying private retirement and pension benefits up to $56,961 if single or married filing separate, or $113,922 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.

<u>**Tier 2**</u>

- **Recipients born during the period January 1, 1946 through December 31, 1952,** do not complete Form 4884. See the Tier 2 Michigan Standard Deduction on Schedule 1, line 24.

Exception: If you are a surviving spouse who has reached the age of 67, has not remarried, and claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year your spouse died, you may elect to take the retirement and pension benefits subtraction based on the older deceased spouse's year of birth subject to the limits available for a single filer instead of your standard deduction.

<u>**Tier 3**</u>

- **Recipients born during the period January 1, 1953 through January 1, 1956,** do not complete Form 4884. See the Tier 3 Michigan Standard Deduction on Schedule 1, line 25.

Exception: If you are a surviving spouse who has reached the age of 67, has not remarried, and claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year your spouse died, you may elect to take the retirement and pension benefits subtraction based on the older deceased spouse's year of birth subject to the limits available for a single filer instead of your standard deduction.

- **Recipients born after January 1, 1956 but before January 2, 1961 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 18 instructions for more information.

- **Recipients born after January 1, 1956, received retirement benefits from SSA exempt employment, and were retired as of January 1, 2013** may deduct up to $35,000 in qualifying retirement and pension benefits if single or married filing separately or $55,000 if married filing a joint return. If both spouses on a joint return qualify, the maximum deduction increases to $70,000.
- **All other recipients born after January 1, 1956,** 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 20.

Retirement Benefits from a Deceased 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.

If a surviving spouse claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year your spouse died and the surviving spouse has not remarried, then the surviving spouse may claim the retirement and pension benefits subtraction that would have applied based on the year of birth of the older of the surviving spouse or the deceased spouse. If a surviving spouse did not claim a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year your spouse died or the surviving spouse has remarried, then claim the retirement and pension benefits subtraction based on the year of birth of the filer (or older spouse if remarried).

If the surviving spouse was born during the period January 1, 1946 through January 1, 1956 and has reached the age of 67, typically the retirement and pension benefits subtraction cannot be claimed on Form 4884 because the surviving spouse would claim a standard deduction on the Schedule 1. Except, the surviving spouse may elect to continue to claim the retirement and pension benefits subtraction on Form 4884 if the surviving spouse was born during the period January 1, 1946 through January 1, 1956 and has reached the age of 67, has not remarried, and claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year your spouse died. Refer to the following section "Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses" for further instruction.

Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses

If you are a surviving spouse who was born after 1945 and has reached the age of 67, has not remarried, and claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year your spouse died, you may elect to claim the **larger** of either:

(a) Your Michigan Standard Deduction **or**

(b) The retirement and pension benefits subtraction based on the older deceased spouse's year of birth subject to the limits available for a single filer.

The "Which Deduction Do I Claim?" guide may be used for assistance. To determine the amount for (a), follow the instructions based on your year of birth for either Schedule 1, line 24 or 25 starting on page 15. To determine the amount for (b), use "*Which Section of Form 4884 Should I Complete?*" on page 20 to complete Section A, B or C of Form 4884.

Which Deduction Do I Claim?

Claim the larger deduction.

a. Enter your Michigan Standard Deduction based on **your year of birth**.. ____________

b. Enter the retirement and pension benefits deduction based on **your older deceased spouse's year of birth**.... ____________

When (a) is larger, claim your Michigan Standard Deduction on Schedule 1 and do not submit Form 4884.

When (b) is larger, submit Form 4884 with a complete filing. Refer to Form 4884, line 7e instructions on page 19.

Retirement Benefits Deduction

Tier 1 Taxpayers born before 1946	**Tier 2** Taxpayers born 1946 through 1952	**Tier 3** Taxpayers born after 1952
All public benefits received and private benefits up to $56,961 for a single or married filing separate return or $113,922 for a joint return	† No retirement deduction on Form 4884. See Tier 2 Michigan Standard Deduction on Schedule 1, line 24	Before Reaching Age 67: * † No deduction
		After Reaching Age 67: † No retirement deduction on Form 4884. See Tier 3 Michigan Standard Deduction on Schedule 1, line 25

* Taxpayers in Tier 3 who receive pension benefits from employment with governmental agencies not covered by the Social Security Act may be eligible for a pension deduction. See instructions for Form 4884, line 17 and line 18.
† Taxpayers who receive pension benefits from a deceased spouse, see "Retirement Benefits from a Deceased Spouse" and "Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses".

NOTE: For more detailed information on retirement tiers, see "Who May Claim a Pension Subtraction" on page 17.

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

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

Before completing Form 4884, refer to *"Which Section of Form 4884 Should I Complete?"*

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: Check the box if both criteria are met:

- If the older of you or your spouse (if filing a joint return) was born after January 1, 1956 (or was born in 1955 and died during the tax year before reaching age 67)
- You or your spouse (if filing a joint return) were retired as of January 1, 2013 and also received retirement benefits from SSA exempt employment.

Lines 7a through 7c: If you are receiving retirement and pension benefits from a deceased spouse or are claiming the retirement and pension benefits subtraction based on your deceased spouse's year of birth, enter your deceased spouse's name, Social Security number and year of birth. If you are filing your final joint tax return because your spouse died during the tax year, do not complete Part 2 or check box 8B.

NOTE: When completing Form 4884, surviving spouse means the deceased spouse died prior to the current tax year (e.g., when filing a 2022 return the spouse died in 2007). Deceased spouse benefits do not include benefits from a spouse who died in 2022.

Line 7d: Check the box if your deceased spouse was born after 1952, was retired as of January 1, 2013, and received retirement benefits from SSA exempt employment.

Line 7e: Check the box if you are a surviving spouse who meets **all** the following conditions and are electing to claim the retirement and pension benefits subtraction on Form 4884, based on the year of birth of your older deceased spouse.

(1) Born after 1945 and is at least age 67 by December 31, 2022 **and**

(2) Has not remarried since your spouse died **and**

(3) Claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year they died

For more information, see "Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses" on page 18.

Line 8: If you have more than eight qualifying entries, continue those entries on the *2022 Michigan Pension Continuation Schedule* (Form 4973). If you are married filing separate returns, only report your qualifying retirement and pension benefits here, do not include your spouse's retirement and pension benefits.

Line 8B: For each qualifying retirement and pension benefit attributable to a deceased spouse put an "X" in column 8B. See instructions for line 7 for more information on deceased spouse benefits.

Line 8C: 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 8D: List the distribution code from box 7 of the federal Form 1099-R.

Line 8F: Include the taxable amount of retirement or pension reported in federal AGI. Use these amounts when completing the applicable section in Part 4. If you are a part-year resident only use the portion from the Michigan Schedule NR, line 10 column B.

Line 9: For purposes of this line, single limits apply to taxpayers who are married filing separately.

Line 10: If you or your spouse reported any retirement and pension benefits from service in the U.S. Armed Forces or Michigan National Guard, or taxable railroad retirement benefits reported on Schedule 1, line 11, enter these amounts on this line.

Line 16: Carry this amount to Schedule 1, line 26. Do not complete Section B or Section C.

Line 17: If you checked either box 23C or 23G from Schedule 1, the maximum is increased by $15,000. If you checked both boxes 23C and 23G the maximum is increased by $30,000.

If the older of you or your spouse was born after January 1, 1956, was retired as of January 1, 2013 and received retirement benefits from SSA exempt employment, you should use Section B to calculate the deduction for retirement and pension benefits. These taxpayers may deduct up to $35,000 in qualifying retirement and pension benefits if single or married filing separately or $55,000 if married filing a joint return. If both spouses on a joint return qualify, the maximum deduction increases to $70,000.

If the older of you or your spouse (if filing a joint return) was born in 1955 and died during the tax year before reaching age 67, retired as of January 1, 2013 and received retirement benefits from SSA exempt employment, use Section B to calculate the deduction for retirement and pension benefits.

If you are the unremarried spouse of a decedent who was born during the period January 1, 1946 to December 31, 1952 who had not reached the age of 67 or of a decedent who was born after 1952 who had received retirement benefits from employment exempt from social security in the year your spouse died and had retired as of January 1, 2013, use Section B to calculate the deduction for retirement and pension benefits.

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 that was deducted on Schedule 1, line 11, use Worksheet 3 to determine your allowable subtraction.

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

Line 18: If you checked box 23C or 23G on Schedule 1 and the older of you or your spouse was born after January 1, 1956 but before January 2, 1961, enter all qualifying retirement and pension benefits you received, up to $15,000. If both boxes 23C and 23G on Schedule 1 were checked on a joint return, the maximum deduction is $30,000. If you are the unremarried spouse of a decedent who was born after 1952, had reached age 62 and received retirement benefits from employment exempt from Social Security in the year your spouse died, enter all qualifying retirement and pension benefits you received up to $15,000.

If the older of you or your spouse (if filing a joint return) was born in 1955 and died during the tax year before reaching age 67, and received retirement benefits from employment exempt from Social Security, use Section C to calculate the deduction for retirement and pension benefits.

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 $41,961.

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 C of Form 4884" available on Treasury's website.

Carry this amount to Schedule 1, line 26. Do not complete Section A or Section B.

Which Section of Form 4884 Should I Complete?

Using the information from line 8, complete Section A, Section B, or Section C. To determine which section of the form to complete, answer the following questions. The first two questions will establish information about the *key person*, which will be referenced throughout the remainder of the questionnaire and help determine which section should be completed.

1. What is your current filing status?

Single: If you claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year your spouse died, the ***key person*** is the older of you or your deceased spouse who died prior to 2022, whoever has the earlier year of birth. Otherwise, the ***key person*** is you.

Married filing jointly: The ***key person*** is the older of you or your spouse. If either of you have a deceased spouse who died prior to 2022, you are not eligible to claim the retirement and pension benefits subtraction based on the deceased spouse's year of birth.

Married filing separately: The ***key person*** is you. If you have a deceased spouse, you are not eligible to claim the retirement and pension benefits subtraction based on your deceased spouse's year of birth.

2. What is the key person's year of birth? _____________

3. Does filer or spouse receive qualified retirement benefits that are included in AGI?

Yes: Continue to question 4.

No: You are not eligible for a retirement and pension benefits subtraction. Do not file Form 4884.

4. Was the key person born during the period January 1, 1946 through January 1, 1956?

Yes: Continue to question 5.

No: Continue to question 6.

5. Did the key person reach age 67?

Yes: Do not file Form 4884. If you or your spouse were born during the period January 1, 1946 through January 1, 1956, use Schedule 1, line 24 or 25 (see instructions starting on page 15).

No: If the key person was born during January 1, 1946 through December 31, 1952, complete Section B of Form 4884.
If the key person was born during January 1, 1953 through January 1, 1956, continue to question 7.

6. Was the key person born prior to January 1, 1946?

Yes: Complete Section A of Form 4884.

No: Continue to question 7.

7. Answer the question below that corresponds to your current filing status:

Single: Do you or your deceased spouse receive retirement benefits from SSA exempt employment and were retired as of January 1, 2013?

Married filing jointly: Do you or your spouse receive retirement benefits from SSA exempt employment and were retired as of January 1, 2013?

Married filing separately: Do you receive retirement benefits from SSA exempt employment and were retired as of January 1, 2013?

Yes: Complete Section B of Form 4884.

No: Continue to question 8.

8. Answer the question below that corresponds to your current filing status:

Single: Do you or your deceased spouse receive retirement benefits from SSA exempt employment and have reached age 62?

Married filing jointly: Do you or your spouse receive retirement benefits from SSA exempt employment and have reached age 62?

Married filing separately: Do you receive retirement benefits from SSA exempt employment and have reached age 62?

Yes: Complete Section C of Form 4884.

No: You are not eligible for a retirement and pension benefits subtraction. Do not file Form 4884.

Worksheet 3 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 B 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 8	2.		00
3. Add lines 1 and 2	3.		00
4. Enter private retirement and pension benefits reported on Form 4884, line 8	4.		00
5. Enter $56,961 if single or $113,922 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 23G (see line 11 below)	9.		00
10. Enter the smaller of line 8 or line 9 here and on Form 4884, line 17	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 23G 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: 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 $50,000 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 8 by entering an X in Public for 8A, the payer FEIN in 8C, the distribution code 7 in 8D, the name of the payer in 8E and $50,000 in 8F.	Line 8F, Row 1	$50,000
	They complete row 2 of line 8 by entering an X in Private for 8A, the payer FEIN in 8C, the distribution code 7 in 8D, the name of the payer in 8E and $70,000 in 8F	Line 8F, Row 2	$70,000
Step 3:	Jerry and Beverly refer to the questionnaire on page 20 to decide which Section of Form 4884 to complete. They are filing married filing jointly so the key person is Jerry, the older of the two spouses. For question 2, they enter Jerry's year of birth as 1943. They answer yes to question 3, no to question 4, yes to question 6 and complete Section A of Form 4884.		
Step 4:	They enter $113,922 on line 9 as they are married filing jointly	Line 9	$113,922
Step 5:	They leave line 10 blank as it does not apply to them	Line 10	leave blank
Step 6:	They subtract line 10 from line 9 and enter $113,922 on line 11	Line 11	$113,922
Step 7:	They enter $50,000 on line 12, the total of their public pension benefits	Line 12	$50,000
Step 8:	They subtract line 12 from line 11 and enter $63,922 on line 13.	Line 13	$63,922
Step 9:	They enter $70,000 on line 14, the total of their private pension benefits	Line 14	$70,000
Step 10:	They enter $63,922, the smaller of lines 13 or 14, on line 15	Line 15	$63,922
Step 11:	They add lines 12 and 15, enter $113,922 on line 16 and carry this amount to Schedule 1, line 26.	Line 16. Schedule 1, line 26.	$113,922 $113,922

Scenario 2: Single filer born in Tier 2 receiving surviving spouse benefits from a deceased spouse born prior to January 1, 1946 (Tier 1), has not remarried, claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year the spouse died, and is electing the retirement and pension benefits subtraction.

For tax year 2019, Bob and Mary filed a joint return. Bob was born in 1944 and died October 15, 2019. Bob had a private pension. Mary was born in 1952 and received a public pension. On the return jointly filed with Bob in the year he died, they claimed a subtraction for retirement and pension benefits.

For tax year 2022, Mary continues to receive her public pension of $46,000 and is also receiving surviving spouse benefits from Bob's private pension of $7,000. As Mary has not remarried since Bob's death, she follows the instructions under "Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses" on page 18 to determine if she will claim the standard deduction allowed by her year of birth or the retirement and pension benefits subtraction allowed by her deceased spouse's year of birth.

Step 1:	Mary determines her Tier 2 Michigan Standard Deduction would be $20,000.		
Step 2:	In order to compare her Michigan Standard Deduction amount to the retirement and pension benefits subtraction, Mary also completes Form 4884. After completing lines 1 through 3, Mary enters 1952 on line 4. She enters Bob's full name on line 7a, his Social Security number on line 7b and 1944 on line 7c. Bob did not meet the qualification on box 7d, so Mary skips 7d. Mary checks the box on line 7e.		
Step 3:	Mary completes row 1 of line 8 by entering an X in Public for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of payer in 8E, and $46,000 in 8F	Line 8F, Row 1.	$46,000
	She completes row 2 of line 8 by entering an X in Private for 8A, an X in 8B, the payer FEIN in 8C, the distribution code in 8D, the name of payer in 8E, and $7,000 in 8F	Line 8F, Row 2.	$7,000
Step 4:	Mary refers to the questionnaire on page 20 to determine which Section of Form 4884 to complete. Since Mary's current filing status on her return is single, and she claimed a subtraction for retirement and pension benefits on a return jointly filed with her deceased spouse in the year he died, the key person is Bob, the older of Mary and her deceased spouse. Since Bob is the key person, his year of birth of 1944 is entered on question 2. Mary answers yes to question 3, no to question 4, and yes to question 6, so she completes Form 4884 using Section A.		
Step 5:	She enters $56,961 on line 9 as she is filing single	Line 9.	$56,961
Step 6:	She leaves line 10 blank as it does not apply to her.	Line 10.	leave blank
Step 7:	She subtracts line 10 from line 9 and enters $56,961 on line 11.	Line 11.	$56,961
Step 8:	She enters $46,000, her public pension, on line 12..	Line 12.	$46,000
Step 9:	Mary subtracts line 12 from line 11 and enters $10,961 on line 13	Line 13.	$10,961
Step 10:	Mary enters $7,000, the total private pension benefits, on line 14	Line 14.	$7,000
Step 11:	She enters $7,000, the smaller of lines 13 or 14, on line 15	Line 15.	$7,000
Step 12:	She adds lines 12 and 15, enters $53,000 on line 16	Line 16.	$53,000
Step 13:	Mary makes the election to claim the retirement and pension benefits subtraction ($53,000) allowed by Bob's year of birth instead of her Tier 2 Michigan Standard Deduction ($20,000) allowed by her year of birth because it is the larger deduction	Schedule 1, line 24 Schedule 1, line 26	$0 $53,000

Scenario 3: Single filer born in Tier 2 receiving surviving spouse benefits from a deceased spouse born prior to January 1, 1946 (Tier 1), has not remarried, claimed a subtraction for retirement and pension benefits on a return jointly filed with the decedent in the year the spouse died, and is claiming the Michigan Standard Deduction.

Liam is filing as single, was born in 1947, and is receiving wages of $9,000. Liam's deceased spouse, Charlotte, was born in 1942 and died in 2018. Liam is receiving $12,000 in surviving spouse benefits from Charlotte's private pension. Liam has not remarried and on the return jointly filed with Charlotte in the year she died, they claimed a subtraction for retirement and pension benefits.

Liam follows the instructions under "Retirement Benefits Election for Tier 2 and Tier 3 Surviving Spouses" on page 18 to determine if he will claim the standard deduction allowed by his year of birth or the retirement and pension benefits subtraction allowed by his deceased spouse's year of birth.

Step 1:	Liam determines his Tier 2 Michigan Standard Deduction would be $20,000.		
Step 2:	In order to compare his Michigan Standard Deduction amount to the retirement and pension benefits subtraction, Liam completes Form 4884. After completing lines 1 through 3, he enters 1947 on line 4. He enters Charlotte's full name on line 7a, her Social Security number on line 7b and 1942 on line 7c. Charlotte did not meet the qualification on box 7d, so Liam skips 7d. Liam checks the box on line 7e.		
Step 3:	Liam completes row 1 of line 8 by entering an X in Private for 8A, an X in 8B, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E, and $12,000 in 8F	Line 8F, Row 1.	$12,000
Step 4:	Liam refers to the questionnaire on page 20 to determine which Section of Form 4884 to complete. Since Liam's current filing status on his return is single, and he claimed a subtraction for retirement and pension benefits on a return jointly filed with his deceased spouse in the year she died, the key person is Charlotte, the older of Liam and his deceased spouse. Since Charlotte is the key person, Charlotte's year of birth of 1942 is entered on question 2. Liam answers yes to question 3, no to question 4, and yes to question 6, therefore he completes Form 4884 using Section A.		
Step 5:	Liam enters $56,961 on line 9 as he is filing single	Line 9.	$56,961
Step 6:	He leaves line 10 blank as it does not apply to him	Line 10.	leave blank
Step 7:	He subtracts line 10 from line 9 and enters $56,961 on line 11	Line 11.	$56,961
Step 8:	He leaves line 12 blank.	Line 12.	leave blank
Step 9:	Liam subtracts line 12 from line 11 and enters $56,961 on line 13	Line 13.	$56,961
Step 10:	He enters 12,000, the total private pension benefits, on line 14	Line 14.	$12,000
Step 11:	He enters $12,000, the smaller of lines 13 or 14, on line 15	Line 15.	$12,000
Step 12:	He adds lines 12 and 15, enters $12,000 on line 16.	Line 16.	$12,000
Step 13:	Liam does not make the election to claim the retirement and pension benefits subtraction ($12,000) allowed by Charlotte's year of birth because his Tier 2 Michigan Standard Deduction ($20,000) allowed by his year of birth gives the larger deduction.	Do not file Form 4884 Schedule 1, line 24 Schedule 1, line 26	 $20,000 $0

Scenario 4: Filer and spouse both born in Tier 2 with the older spouse born in 1948 and receiving surviving benefits from a deceased spouse born in 1945 (Tier 1).

William and Betty are Michigan residents and are filing a joint return. William, born in 1948, is receiving public pension benefits of $10,000 and wages from a part-time job. Betty, born in 1951, is receiving private pension benefits of $20,000. William's deceased spouse, Johanna, was born in 1945 and died in 2015. William is receiving $7,500 in surviving spouse pension benefits from Johanna's private pension.

Step 1:	Since William has remarried and has reached the age of 67, William and Betty no longer qualify for a pension deduction. Instead, they qualify for the standard deduction against all income (wages, interest, pension benefits from an older deceased spouse, etc). As the older of William and Betty was born in 1948 (age 74 in 2022), they do not complete Form 4884 and instead complete Schedule 1, lines 24 and 25 for the Tier 2 Michigan Standard Deduction	Do not file Form 4884.	

Scenario 5: Single filer born after January 1, 1956 (Tier 3) with retirement/pension benefits and receiving surviving benefits from a deceased spouse born in 1944 (Tier 1).

Howard was born in 1960 and is receiving a private pension of $40,000. Howard's deceased spouse, Edith, was born in 1944 and died in 2006. On the return jointly filed in 2006, they claimed a subtraction for retirement and pension benefits. Howard is currently receiving $30,000 in surviving spouse pension benefits from Edith's private pension.

Step 1:	After completing lines 1 and 2, Howard enters 1960 on line 4. Howard is receiving pension benefits from a deceased spouse, so he then completes line 7. He enters Edith's full name on line 7a, her Social Security number on line 7b, and 1944 on line 7c. Edith did not meet the qualification on box 7d, so Howard skips 7d. Howard is also not eligible to check the box on line 7e, so he continues to line 8.		
Step 2:	Howard completes row 1 of line 8 by entering an X in Private for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E and $40,000 in 8F............	Line 8F, Row 1	$40,000
	He completes row 2 of line 8 by entering an X in Private for 8A, an X in 8B, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E and $30,000 in 8F............	Line 8F, Row 2.	$30,000
Step 3:	Howard refers to the questionnaire on page 20 to decide which Section of Form 4884 to complete. Howard is filing a single return. He claimed a subtraction for retirement and pension benefits on a return jointly filed with his deceased spouse Edith in the year she died, therefore the key person is Edith, the older of Howard and his deceased spouse. For question 2, Howard enters Edith's year of birth as 1944. He answers yes to question 3, no to question 4, yes to question 6 and completes Section A of Form 4884.		
Step 4:	He enters $56,961 on line 9 as he is filing single.	Line 9....................................	$56,961
Step 5:	Howard leaves line 10 blank	Line 10..................................	leave blank
Step 6:	He enters $56,961 on line 11	Line 11.	$56,961
Step 7:	He leaves line 12 blank because he is not receiving public retirement and pension benefits..	Line 12..................................	leave blank
Step 8:	He enters $56,961 on line 13.	Line 13.	$56,961
Step 9:	Howard enters $70,000, the total private pension benefits, on line 14.	Line 14.	$70,000
Step 10:	He enters $56,961, the smaller of lines 13 or 14, on line 15	Line 15.	$56,961
Step 11:	He adds lines 12 and 15, enters $56,961 on line 16 and carries this amount to Schedule 1, line 26	Line 16. .... Schedule 1, line 26.	$56,961 $56,961

Scenario 6: Joint filers born after January 1, 1956 (Tier 3) with retirement/pension benefits and receiving surviving benefits from a deceased spouse born in 1944 (Tier 1).

Mark and Nancy are filing a joint return. Mark, born in 1957, is receiving a private pension of $25,000. Nancy was born in 1957. Nancy's deceased spouse, Eduardo, was born in 1944 and died in 2008. Nancy is receiving $35,000 in surviving spouse pension benefits from Eduardo's private pension.

Step 1:	In 2008, Nancy and Eduardo filed a joint return claiming a retirement and pension subtraction. But since Nancy has remarried, she is not eligible to claim the retirement and pension benefits subtraction that would have applied based on the year of birth of her deceased spouse. As both Nancy and Mark were born after January 1, 1956 and did not check box 23C or 23G on Schedule 1, they are not entitled to a pension subtraction. Do not complete Form 4884	Do not file Form 4884

Scenario 7: Filer and spouse both born after January 1, 1956 (Tier 3).

Scott and Lisa are filing a joint return. Scott, born in 1957, 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 January 1, 1956 and did not check box 23C or 23G on Schedule 1, they are not entitled to a pension subtraction. Do not complete Form 4884.	Do not file Form 4884.

Scenario 8: Single filer born after January 1, 1956 but before January 2, 1961 (Tier 3) with benefits from SSA exempt employment and who retired after January 1, 2013

Leigh is filing as single, was born in 1957, and is receiving pension of $8,000 from SSA exempt employment and a private pension of $10,000. She retired in 2014.

Step 1:	After completing lines 1 and 2, Leigh enters 1957 on line 4.		
Step 2:	Leigh completes row 1 of line 8 by entering an X in Public for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E and $8,000 in 8F.	Line 8F, Row 1.	$8,000
	Leigh completes row 2 of line 8 by entering an X in Private for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E and $10,000 in 8F....................................	Line 8F, Row 2.	$10,000
Step 3:	Leigh refers to the questionnaire on page 20 to decide which Section of Form 4884 to complete. Her current filing status is single, so she is the key person. She enters her year of birth of 1957 for question 2. She answers yes to question 3, no to question 4, and no to question 6. She answers no to question 7 because she did not retire on or before January 1, 2013. She receives benefits from SSA exempt employment and has reached age 62 so she answers yes to question 8 and completes Section C of Form 4884.		
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 18 and on the Schedule 1, line 26...	Line 18.......................................	$15,000
		Schedule 1, line 23	
		23A.	1957
		23B.	65
	NOTE: It is important for taxpayers with benefits from SSA exempt employment to check the box(es) on line 23 of the Schedule 1.	23C.	X
		Schedule 1, line 26	$15,000

Scenario 9: Single filer born after January 1, 1956 (Tier 3), received retirement benefits from SSA exempt employment and was retired as of January 1, 2013.

Matt is filing as single, was born in 1960 and retired April 30, 2012 and is receiving benefits from SSA exempt employment of $12,000 and a private pension of $30,000.

Step 1:	After completing lines 1 and 2, Matt enters 1960 on line 4.		
Step 2:	Since Matt was born after January 1, 1956, was retired as of January 1, 2013, and received benefits from SSA exempt employment, he checks the box on line 6......................................	Line 6..	X
Step 3:	Matt completes row 1 of line 8 by entering an X in Public for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E and $12,000 in 8F.	Line 8F, Row 1	$12,000
	Matt completes row 2 of line 8 by entering an X in Private for 8A, the payer FEIN in 8C, the distribution code in 8D, the name of the payer in 8E and $30,000 in 8F..................................	Line 8F, Row 2	$30,000
Step 4:	Matt refers to the questionnaire on page 20 to decide which Section of Form 4884 to complete. His current filing status is single, so he is the key person. For question 2, he enters his year of birth of 1960. He answers yes to question 3, no to question 4, and no to question 6. After answering yes to question 7, Matt completes Section B of Form 4884.		
Step 5:	Since Matt is single, he enters $35,000, which is the lesser of his total retirement and pension benefits ($42,000) or the maximum allowable pension deduction ($35,000) on line 17 and on the Schedule 1, line 26...	Line 17.	$35,000
		Schedule 1, line 23	
		23A.	1960
	NOTE: It is important for taxpayers with benefits from SSA exempt employment to check the box(es) on line 23 of the Schedule 1.	23B.	62
		23C.	X
		23D.	X
		Schedule 1, line 26	$35,000

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 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 2022
- You own your Michigan homestead and property taxes were levied in 2022, or you paid rent under a rental contract.

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 32 to correctly report support received.

You may not claim a property tax credit if your total household resources are over $63,000. In addition, you may not claim a property tax credit if your taxable value exceeds $143,000 (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 $54,000. 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 29.

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 website.) **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 2022 total household resources and property taxes levied in 2022. If you file a Michigan income tax return, your credit claim should be included with your MI-1040 return and filed by April 18, 2023 to be considered timely. To avoid penalty and interest, if you owe tax, postmark your return no later than April 18, 2023. The filing deadline to receive a 2022 property tax credit is April 18, 2027.

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
  NOTE: COVID-related government cash grants paid directly to students in higher education institutions are included in total household resources.
- Forgiven Paycheck Protection Program loans, include the amount of the forgiven loan reduced by business expenses related to payroll, rent and utilities that were not deducted in determining AGI.

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, payments from a PELL grant and the 2022 MSHDA COVID Emergency Rental Assistance Program (CERA) to the extent not included in AGI).
  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.
- Compensation for wrongful imprisonment

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 2022, 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. A homestead property tax credit is allowed only if the gross receipts from farming exceed total household resources.

Property Taxes Eligible for Credit

Ad valorem property taxes that were levied on your homestead in 2022, 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 2022 taxes the amount of property taxes billed in 2022 from a corrected or supplemental tax bill. You must **deduct** from your 2022 property taxes any refund of property taxes received in 2021 that was a result of a corrected tax bill from a previous year.

Do not include:

- Delinquent property taxes (e.g., 2021 property taxes paid in 2022)
- 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 23 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 federal return. 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 0.23 = $1,090 taxes attributable to the apartment

$2,150 total taxes - $1,090 = $1,060 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 $1,060, 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 household income, 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 household income 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 household income 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 business entity 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 2022 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, 23 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 23 percent of that land rent. **NOTE:** Do **not** take 23 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 2022

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 26.)

If you bought or sold your home or moved during 2022, 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 2022 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 $143,000. 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 2022 (or 2023 before filing a claim) may be entitled to a credit for 2022. The surviving spouse, other authorized claimant, or personal representative can claim this credit. Use the decedent's name and Social Security number and the personal representative's address. If the taxpayer died after December 31, 2021, 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 7. 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 2022 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 instructions in the next section). 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 name(s) of the deceased person(s) in the Filer's and/or 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 7.

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 33.
- 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 33.
- If the annualized income is more than $54,000 for any claimant, use annualized total household resources to determine the percentage allowable in MI-1040CR Table B on page 33.

To annualize total household resources, which projects 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 2022.

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.

Maximum Credit Limit for Deceased Taxpayers

For most claimants, the maximum credit limit is $1,600. But, if you are filing a credit for a taxpayer who died during 2022, the maximum credit of $1,600 shall be reduced proportionately based on days of occupancy.

To reduce the maximum credit limit of $1,600 proportionately based on days of occupancy:

Step 1: Divide the number of days of occupancy the taxpayer was a Michigan resident in 2022 by 365 days.

Step 2: Multiply $1,600 by the result from Step 1. The result is the maximum credit.

Example:

Jane passed away on June 30, 2022. Following the steps above, Jane determines her prorated maximum credit is $800.

Step 1: 181 days / 365 days = 50%

Step 2: $1,600 x 50% = $800

The prorated maximum credit replaces the maximum credit of $1,600 on the MI-1040CR, lines 38, 39 or 41 as well as Worksheets 4 and 5, where applicable. The lesser amount of the calculation or the prorated maximum credit must be used on these lines.

Married During 2022

If you married during 2022, 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 paid on only one home during a 12 month period. 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 2022

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, 2022. 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 household resources 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 2022 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 was 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, prorated share of taxes levied or rent paid, and prorated share of the taxable value.

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 2022 credit, check the box at the top of the form. See pages 7 and 27.

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, 2022, 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 were age 66 by August 31, 2022, 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 maintained separate homesteads. If you filed your federal return as head of household or qualifying surviving spouse, file your property tax credit as single.

Line 7: Residency. Check the box that describes your Michigan residency for 2022. 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 2022.

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 $143,000, STOP; you are not eligible for the homestead property tax credit. If your taxable value is less than $143,000, enter the 2022 taxable value from your 2022 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 27). **Farmers should note that the $143,000 limit on taxable value does not apply to the taxable value on the portion of their homestead that is attributable to unoccupied farmland classified as agricultural.**

Line 10: Read "Property Taxes Eligible for Credit" on page 27 before you complete this line.

Line 11: Read "Rent Eligible for Credit" on page 28 before you complete this line.

Total Household Resources

Include all taxable and nontaxable income you and your spouse received in 2022. 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 27.)

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 your federal *Schedule K-1.* See line 16 instructions.

Line 16: Enter amounts to the extent included in AGI 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: Enter amounts to the extent included in AGI 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. Only include alimony received if due to a divorce granted prior to 2019. Other taxable income 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 *2022 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 2022.

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 *2022 Client Annual Statement* (DHS-1241) mailed by MDHHS in January 2023 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 2022 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, Schedule 1.* 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 incurred by members of the Armed Forces on active duty and, due to a military order, move **into or within** Michigan because of a permanent change in station. 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 if deductible on your U.S. Form *1040*
- 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 2022 U.S. Form *1040, Schedule 1.*

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 2022 U.S. Premium Tax Credit Form *8962* to calculate the net insurance premium. The annual total insurance premium (line 11(a) of U.S. Form *8962* or the sum of lines 12(a) through 23(a) of U.S. Form *8962*) less the total premium tax credit (line 24 of U.S. Form *8962*) may be claimed.

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

ALL GENERAL CLAIMANTS

Income	*% of Income*
$0 - $63,000	3.2%

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	3.2%

*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.

Property Tax Credit

Line 34: Multiply line 33 by 3.2 percent (0.032) 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 29.

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.

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
$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 - $63,000	60% (0.60)

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 2022, 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 4.

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

Total Household Resources	Percentage
$54,000 or less	100% (1.00)
$54,001 - $55,000	90% (0.90)
$55,001 - $56,000	80% (0.80)
$56,001 - $57,000	70% (0.70)
$57,001 - $58,000	60% (0.60)
$58,001 - $59,000	50% (0.50)
$59,001 - $60,000	40% (0.40)
$60,001 - $61,000	30% (0.30)
$61,001 - $62,000	20% (0.20)
$62,001 - $63,000	10% (0.10)
$63,001 - above	0% (0.00)

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 $54,000. 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 $54,000, use annualized total household resources to determine the percentage allowable in MI-1040CR Table B.

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 5 to determine if you qualify. Visit **www.michigan.gov/iit** for help calculating the Alternate Property Tax Credit for Renters Age 65 or Older.

MI-1040CR Worksheet 5, Line B: Enter rent paid from line 53 and/or line 55. If you moved from one rental homestead to another during the last two years (also see "If You Moved in 2022" on page 29), enter smaller of:

- The final month's rent on your previous rented homestead multiplied by 12 , **or**
- The actual rent paid from line 53 and/or line 55.

PART 4: Renters

See "Rent Eligible for Credit" on page 28.

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 2022 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 2022, see page 30. 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 lines 52, 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 28 and 30, respectively.

MI-1040CR WORKSHEET 4: 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 $1,600) .... __________

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 5. **Otherwise, enter here and on your MI-1040CR, line 42** __________

MI-1040CR WORKSHEET 5: ALTERNATE PROPERTY TAX CREDIT FOR RENTERS AGE 65 AND OLDER

A. Enter the amount from line 42 or, if line 33 exceeds $54,000, line 42 multiplied by line 43. If you received FIP/MDHHS, enter the amount from Worksheet 4, line F.............................. __________

B. Enter rent paid from line 53 and/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 $1,600).................... __________

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 1	Additional Income and Adjustments to Income
Schedule 2	Additional Taxes
Schedule 3	Additional Credits and Payments
Schedule A	Itemized Deductions
Schedule B	Interest and Dividend Income (if over $5,000)
Schedule C	Profit or Loss From Business
Schedules D and 4797	Capital and Ordinary Gains and Losses
Schedule E	Supplemental Income and Loss
Schedule F	Profit or Loss from Farming
Schedule R	Credit for the Elderly or Disabled
Form 1040NR	Nonresident Alien Income Tax Return
Form 2555	Foreign Earned Income
Form 3903	Moving Expenses
Form 4868	Application for Automatic Extension of Time to File U.S. Individual Income Tax Returns
Form 6198	At-Risk Limitations
Form 8829	Expenses for Business Use of Your Home
Form 461	Limitation on Business Losses

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 the instructions available on Treasury's website. 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.

WORKSHEET 6 - 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 source income from Schedule NR, line 14, column B for spouse who is NOT a full-year resident .... 1. ________
2. Total Income from Schedule NR, line 14, column A for 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. **$5,000**
5. Number of spouse's special exemptions from MI-1040, line 9b ______ x $2,900 .... 5. ________
6. Number of spouse's qualified disabled veteran exemption from MI-1040, line 9c _______ x $400 .... 6. ________
7. Number of spouse's Certificates of Stillbirth from MDHHS from MI-1040, line 9d _______ x 5,000 ... 7. ________
8. Add lines 4, 5, 6 and 7........ 8. ________
9. Multiply line 8 by the percentage on line 3........ 9. ________

Computing Amount of Prorated Exemption Amount for Dependents

10. Amount from Schedule NR, line 14 column B .... 10. ________
11. Amount from Schedule NR, line 14 column A .... 11. ________
12. Divide line 10 by line 11 and enter percentage here........ 12. ________ %
13. Multiply line 12 by exemption allowance of $5,000 .... 13. ________
14. Multiply line 13 by the number of dependents claimed........ 14. ________
15. Multiply line 12 by the number of dependents claimed who are qualified disabled veterans (from MI-1040, line 9c) _______ x $400 .... 15. ________
16. Multiply line 12 by the number of dependents claimed with special exemptions from MI-1040, line 9b _______ x $2,900........ 16. ________

Computing Amount of Exemption for Michigan Resident Spouse

17. Resident spouse's personal exemption allowance 17. **$5,000**
18. Number of resident spouse's special exemptions from MI-1040, line 9b ______ x $2,900 .... 18. ________
19. Number of resident spouse's qualified disabled veteran exemption from MI-1040, line 9c _______ x $400........ 19. ________
20. Number of resident spouse's Certificates of Stillbirth from MDHHS from MI-1040, line 9d _______ x $5,000........ 20. ________
21. Add lines 17, 18, 19 and 20 .... 21. ________
22. Add lines 9, 14, 15, 16, and 21 and carry to Schedule NR, line 19........ 22. ________

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, 2022. 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
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
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
41090	East Grand Rapids
38090	East Jackson
15060	East Jordan
33010	East Lansing
34340	Easton Twp.
50020	Eastpointe Community
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
62040	Fremont
61080	Fruitport
29050	Fulton
39050	Galesburg-Augusta
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
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)
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

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.

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.

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.

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Michigan Department of Treasury
Lansing, MI 48922

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

Financial Information for Fiscal Year 2021

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, 2021.

State Revenues and Financing Sources

(Millions of Dollars)

Financing Source	Amount	%
Other Revenue & Taxes	$ 36,321.1	58.4%
Income Tax	13,508.8	21.7%
Sales and Use Taxes	11,642.8	18.7%
Motor Vehicle & Fuel Taxes	2,763.2	4.4%
State Education Tax	2,756.2	4.4%
Business, Corporate and Ins. Taxes	2,290.9	3.7%
Lottery Profits	1,742.1	2.8%
Tobacco & Liquor Taxes	1,235.9	2.0%
Total	$72,260.9	100.0%

State Expenditures and Financing Uses

(Millions of Dollars)

Financing Use	Amount	%
General Government	$ 3,200.3	5.3%
Education	18,754.3	31.1%
Health and Human Services	29,794.5	49.3%
Public Safety & Corrections	3,221.8	5.3%
Conservation, Labor, Commerce & Environmental Reg.	2,739.9	4.6%
Transportation	4,908.2	8.1%
Tax Credits	884.6	1.5%
Intergovernmental-Revenue Sharing	1,451.3	2.4%
Interest on long-term debt	255.2	0.4%
Total	$ 65,210.1	100.0%

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