2013 Michigan MI-1040
Individual Income Tax

Forms and Instructions

WWW.MIFASTFILE.ORG

- E-filing your return is easy, fast, and secure!
- Two-thirds (over 3.7 million) of all Michigan taxpayers choose e-file.
- E-filed returns are usually processed within 14 business days (see page 3). Please 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 Treasury's Web site at **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.

Filing Due Date:
April 15, 2014

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.

Help With Your Taxes

New for 2013

- **Michigan Standard Deduction.** Taxpayers who reach the age of 67 during 2013 may deduct $20,000 for single or married, filing separately, or $40,000 for joint filers against all income. If you qualify for the Michigan Standard Deduction, you are not eligible to deduct pension and retirement benefits on the *Michigan Pension Schedule* (Form 4884).
- **Social Security Act (SSA) Exempt.** Taxpayers receiving retirement benefits from employment with a government entity not covered under the SSA may take an increased deduction for retirement benefits. See page 13 for more information.

Self Service Options

The Michigan Department of Treasury (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 listed below, 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/incometax

Find the following information on this Web site:

- Current year forms and instructions
- Answers to many tax preparation questions
- Most commonly used tax forms
- Free assistance in preparing your return
- Retirement, Pension, Interest, Dividends, Capital Gain Estimator
- Other tax resources.

www.michigan.gov/iit

This secure Web site was designed specifically to protect your personal tax information. Use this Web site to:

- Check the status of your return
- Check estimated payments you made during the year
- Check the status of letters you have sent to Treasury
- Change your address
- Ask a specific question about your account.

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 4:45 p.m., Monday through Friday.

Assistance is available using TTY through the Michigan Relay Service by calling 1-800-649-3777 or 711. Printed material in an alternate format may be obtained by calling (517) 636-4486.

Forms

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

Anytime of the night or day, go to

www.michigan.gov/taxes

and look for these icons to help find

answers to your questions!

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*, U.S. Form *1040A*, or U.S. Form *1040EZ*.

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

The income tax rate for 2013 is 4.25 percent.

For tax year 2013, the personal exemption allowance is $3,950 and the special exemption allowance for deaf, blind, hemiplegic, paraplegic, quadriplegic, or totally and permanently disabled is $2,500. See page 9 for more information.

Retirement/pension benefits included in AGI from a pension or an Individual Retirement Account (IRA) may be deductible. See Form 4884 instructions beginning on page 14 for further details regarding retirement/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 2013, the deduction is limited to a maximum of $10,767 for single filers and $21,534 for joint filers. See *Michigan Schedule 1* (Schedule 1) instructions beginning on page 11 for further details regarding dividend/interest/capital gains deductions.

Small Business Investment Tax Credit (Venture Investment Credit)

The Small Business Investment Tax Credit (Venture Investment Credit) provides Qualified Investors a 25 percent tax credit over a two year period on Qualified Investments in Qualified Businesses. To qualify, investments had to be made after December 31, 2010 and before January 1, 2012. Taxpayers eligible for this credit received a certificate from the Michigan Strategic Fund Board, Small Business Investment Tax Credit Program. The certificate must be attached to the taxpayer's return.

Filing Extension Granted for Military Personnel Serving in a Combat Zone

United States military personnel serving in a combat zone on April 15, 2014, 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 22 of the Revenue Act, to request informal conferences.

Choose e-file Instead of Paper Returns. Get Your Refund Fast!

E-filing eliminates many of the errors that lengthen processing times. E-file returns are usually processed within 14 days. Tax preparers who complete 11 or more 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 credit and homestead exemption refunds received in 2013 may be taxable on your 2013 U.S. Form *1040*. If you claimed an itemized deduction for property taxes on your 2012 U.S. Form *1040* and then received a refund in 2013 from the State or your local unit of government for a portion of those taxes, you must include that refund as income on your 2013 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 2012 federal income tax return and received a Michigan tax refund in 2013, you will be mailed a 2013 Michigan 1099-G in early 2014 that shows the amount of your 2012 refund that was issued in 2013. The refund amount will include any amounts credited forward to 2013 estimated tax, prior year refunds issued in 2013, 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 IS NOT A BILL.** 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 the Friend of the Court, an IRS levy, money due a State agency, a court-ordered garnishment, or other court orders. Taxpayers who are married, filing jointly, may receive an *Income Allocation to 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

File a joint Michigan return if you filed a joint federal return. If you and your spouse filed separate federal returns, you may file separate or joint Michigan returns. You may file a joint return only with your spouse.

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 15, 2014, to avoid penalty and interest. Payment must be included with your return. Make your check payable to "State of Michigan" and write your Social Security number(s) and "2013 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 15, 2014, otherwise penalty and interest may apply. See page 6. If you are due a refund, you must file a return within four years of the due date to obtain the refund. 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. The interest rate through June 30, 2014, is 4.25 percent. For interest rates after June 30, 2014, visit **www.michigan.gov/taxes** or call (517) 636-4486.

Renaissance Zones

Certain Renaissance Zones, along with the tax benefits, will continue to phase out. See instructions for Schedule 1, line 15 on page 12.

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** (UPPER CASE). Capital letters are easier to recognize.
- **Print numbers like this:** 0123456789 Do **not** put a slash through the zero (Ø) or seven (7).
- **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.

When You Have Finished

If the tax preparer is someone other than the taxpayer, he or she must enter the business name and address of the firm he or she represents and Preparer Tax Identification Number (PTIN), Federal Employer Identification Number (FEIN), or Social Security Number. Check the box to indicate if Treasury may discuss your return with your tax preparer.

Assemble your returns and attachments and staple in the upper-left corner. 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)
- Federal Schedules (see Table 3, page 59)
- *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).

If you are also filing a *Home Heating Credit Claim* (MI-1040CR-7), do **not** staple it to your return; fold it and leave it loose in the envelope.

Important Reminder: If you do not include all the required attachments with your return, your refund may be reduced, denied, or delayed. Send original forms. Do not send photocopies.

Do not staple multiple prior year returns together.

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 your Social Security number** and "**2013 income tax**" on the front of your check. To ensure accurate processing of your return, send one check for each return type. Do not staple your check to your return.

Do not mail your 2013 return in the same envelope with a return for years prior to 2013; mail your 2013 return in a separate envelope.

Important Reminders

- **Missing pages.** The MI-1040, MI-1040CR, MI-1040CR-2, MI-1040CR-7, MI-1040X-12 and MI-1040X are multiple-page forms. All pages must be completed and submitted for Treasury to process the form timely.
- **Using correct tax year forms.** Appropriate tax year forms must be filed (e.g., do not use a 2012 form to file your 2013 return).
- **Schedules received alone.** If the following forms are filed, all pages must be submitted with a completed MI-1040:
  - *Additions and Subtractions* (Schedule 1)
  - *Nonresident and Part-Year Resident* (Schedule NR)
  - *Withholding Tax Schedule* (Schedule W) – **attach a copy if reporting Michigan withholding**
  - *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)
  - *Historic Preservation Credit* (3581)
  - *Pension Schedule* (4884)
  - *Pension Continuation Schedule* (4973).
- **Missing, incomplete, or applied for Social Security number.** 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 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. **Do not file an extension if you will be claiming a refund.**

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.

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 30 the amount of tax you paid with your extension request. Attach a copy of your federal or state extension to your return.

2014 Estimated Payments

Usually, you must make estimated income tax payments if you expect to owe more than $500 when you file your 2014 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 15, 2014; June 16, 2014; September 15, 2014; and January 15, 2015. If you are a fiscal year filer, the due dates are the same as your federal estimated payment due dates.

If you filed estimates for 2013, Treasury will send you personalized forms for 2014, unless you used a tax preparer. Do not use forms intended for another taxpayer. If you do not receive personalized forms, 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 Web site.

Exceptions. If you expect to owe more than $500, you may not have to make estimated payments if you expect your 2014 withholding to be at least:

- 90 percent of your total 2014 tax, **or**
- 100 percent of your total 2013 tax.

Total 2013 tax is the amount on your 2013 MI-1040, line 21, less the amount on lines 25, 26, 27b and 28.

NOTE: 2014 estimates for taxpayers with 2013 AGI of $150,000 or more for joint or single filers ($75,000 or more for married, filing separately) must equal 90 percent of the current year's liability or 110 percent of the previous year's liability.

Farmers, fishermen or seafarers may have to pay estimates, 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 2014 quarterly installment (MI-1040ES) until as late as January 15, 2015, and pay the entire amount of your 2014 estimated tax due, **or**
- File your 2014 MI-1040 return and pay the entire amount of tax due on or before March 1, 2015.

You are considered a farmer or fisherman if you file U.S. *Schedule F* or *Schedule C*. 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 estimates. 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 file estimate payments or 10 percent (with a minimum of $10) for failing to pay enough with your estimates or paying estimates 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" on page 7) 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 on page 10.

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 dividend and interest 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 25).

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" below)
- 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 income tax estimate 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 2013 (or 2014 before filing a 2013 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 2013 MI-1040.

Use the decedent's Social Security number and **your** address. If the taxpayer died after December 31, 2012, enter the date of death in the "Deceased Taxpayer" box on page 2 on the 2013 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, 2012, enter the date of death in the "Deceased Taxpayer" box on page 2 of the MI-1040. See "Deceased Taxpayer Chart of Examples" on page 59, example A.

If filing as a **personal representative** or **claimant** and you are claiming a refund for a **single** deceased taxpayer, you must attach 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. See "Deceased Taxpayer Chart of Examples" on page 59, example B or C.

If filing as a **personal representative** or **claimant** of a deceased taxpayer(s) for a **jointly** filed return, you must attach a U.S. Form *1310* or *Michigan Claim for a Refund Due a Deceased Taxpayer* (MI-1310). Enter the names of the deceased persons in the Filer's and Spouse's Name lines and the representative's or claimant's name, title, and address in the Home Address line. See "Deceased Taxpayer Chart of Examples" on page 59, example D or E.

For information about filing a credit claim, see "Deceased Claimant's Credit" on page 25.

Amended Returns

If you need to make a correction to your 2012 or 2013 return, file a *Michigan Amended Individual Income Tax Return* (MI-1040X-12). If you need to make a correction to your 2011 or prior year return, file a *Michigan Amended Individual Income Tax Return* (MI-1040X). 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 MI-1040X-12 or MI-1040X within 120 days of the change. Include payment of any tax and interest due.

To amend only a homestead property tax or home heating credit, file a revised claim form and print "Amended" on the top of page 1. Do not file an MI-1040X-12 or MI-1040X.

Net Operating Losses (NOL)

If you have a federal NOL deduction, you must remove the federal deduction to the extent included in federal AGI. Residents accomplish this through an addition on Schedule 1, line 7. Nonresidents accomplish this by allocating the entire NOL deduction to Column C on Michigan Schedule NR, no matter where earned.

A Michigan NOL deduction in a carryforward year may be claimed on the Schedule 1, line 21.

Part 1 of *Application for Michigan Net Operating Loss Refund* (Form MI-1045) is used to calculate the Michigan NOL for the loss year and a copy must be attached to returns to which the loss is carried forward. A separate worksheet showing how the loss has been used in years previous to and succeeding the loss year should always be submitted to verify the claimed carryforward. If carrying the loss back, Part 2 of Form MI-1045 must be filed.

Repayments of Income Reported in a Prior Year

If you had to repay money in 2013 that you claimed as income in a previous year (e.g., unemployment benefits), you may be entitled to a credit on your 2013 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 2013 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 29. Write "Claim of Right/Repayment" next to line 29.

Attach a schedule showing the computation of the credit, proof of the repayment, and pages 1 and 2 of your U.S. Form *1040* and *Schedule A*, if applicable.

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 more accurately 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).

How to Report Use Tax

Use Worksheet 1 below 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. If Treasury later determines that you owe use tax, you may be subject to penalty and interest.

Line 2: In all cases, if a single purchase is $1,000 or more, you must pay 6 percent use tax on those purchases.

Example: Jacob ordered a computer from a catalog retailer in New York for $1,437.50. Jacob 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. Jacob's AGI is $46,500. Jacob would complete Worksheet 1 as follows:

Line 1: Jacob selects $36 from
the table based on his AGI.......... $36

Line 2: Jacob enters
$1,437.50 x 6 percent............. $86.25

Line 3: Total use tax due $122.25

Jacob would enter $122 (no cents) on his 2013 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.**

TABLE 1 - USE TAX

AGI*	Tax
$0 - $10,000	$4
$10,001 - $20,000	$12
$20,001 - $30,000	$20
$30,001 - $40,000	$28
$40,001 - $50,000	$36
$50,001 - $75,000	$50
$75,001 - $100,000	$70
Above $100,000	Multiply AGI by 0.08% (0.0008)

* AGI from MI-1040, line 10.

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 2013 MI-1040, line 23. If the amount on Line 3 is 0, enter "0" on your 2013 MI-1040, line 23.

Line-by-Line Instructions for *Individual Income Tax Return* (MI-1040)

Lines not listed are explained on the form.

Line 1: Only married filers may file joint returns. Include name and address.

Lines 2 and 3: Print your Social Security number(s).

Line 5: State Campaign Fund. These funds are disbursed only 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 pay estimates, but 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 6).

Line 7: Filing Status. Check the box to identify your filing status. If you file a joint federal return, you must file a joint Michigan return and you generally cannot be claimed as a dependent on another person's tax 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), print your spouse's full name in the space provided and be sure to print his or her Social Security number on line 3. If you filed your federal return as head of household or qualifying widow(er), 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.

Same-Sex Couples Filing a Joint Federal Return. Same-sex couples who file a joint federal income tax return must continue to file separate income tax returns for Michigan with each individual using the single filing status. Michigan has defined marriage in the Michigan Constitution as a union of one man and one woman.

Each individual who has income attributable to Michigan and who has filed a joint return with the IRS as a same-sex couple should separately report adjusted gross income (AGI) for Michigan income tax as a single filer. Each individual should recalculate their federal adjusted gross income as if they had filed a single federal return, and be aware that filing as single may affect the filer's eligibility for Michigan tax credits as well. Additional information can be found on Treasury's Web site.

Line 8: Residency. Check the box that describes your Michigan residency for 2013. If you and your spouse had a different residency status during the year, check a box for each of you. Both part-year residents and nonresidents 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 you claimed on your U.S. Form *1040* or *1040A*. These exemptions are for you, your spouse (if filing jointly), and your dependents. Multiply the number of exemptions by your exemption allowance of $3,950 and enter that amount in the box.

Michigan Special Exemptions. Complete the lines that apply to you, your spouse, or dependents as of December 31, 2013. If your dependent files a separate return, you and your dependent may not both claim the special exemption.

Line 9b: Deaf, Blind, or Certain Disabilities. You qualify for this exemption if you are 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 are age 66 or older, you may **not** claim an exemption as totally and permanently disabled.

You may claim only one exemption per person in this category.

Line 9c: Qualified Disabled Veterans. A taxpayer may claim an exemption of $300 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: If someone else can claim you as a dependent, check the box, enter 0 on line 9a and enter $1,500 on line 9d. 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 federal return. This is the amount from your U.S. Form *1040,* U.S. Form *1040A,* or U.S. Form *1040EZ.* You must attach copies of federal schedules that apply to you (see Table 3, page 59). For Michigan adjustments to AGI, see Schedule 1, page 37. Instructions for completing Schedule 1 begin on page 11.

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 7)
- 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, an estimator can be found at **www.michigan.gov/incometax**.

Attach a copy of the return filed with the other government unit(s) to your MI-1040.

Do **not** include taxes paid on income you subtracted on lines 10 through 26 of Schedule 1 (e.g., rental or business income from another state, part-year resident wages, etc.). If you claim credit for Canadian provincial tax, you must file a *Michigan Resident Credit for Tax Imposed by a Canadian Province* (Form 777). Attach 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*. Your credit is limited to the portion of your Canadian provincial tax not used as a credit on your U.S. Form *1040*.

Line 18a: Enter the total income tax paid to other government units. If you paid tax to more than one unit, attach a schedule showing the tax paid to each government unit. **Also attach 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 non-Michigan income subject to tax by 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. See the example below.

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 $3,950 exemption from $53,000 income subject to tax, Hunter's taxable income is $49,050 (MI-1040, line 16). This results in a tax of $2,085 ($49,050 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 non-Michigan income to total income subject to tax ($10,000/$53,000) = 19%

Step 2: Multiply Michigan tax of $2,085 by 19% = $396

Step 3: On MI-1040, line 18a, enter $700, the tax imposed by the other state. On MI-1040, line 18b, enter $396 (the credit is the lesser of $700 or $396).

Line 19: Michigan Historic Preservation Tax Credit. Taxpayers eligible for this credit will have received 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 required forms see the instructions on the back of Form 3581.

Line 19a: Enter the amount from your 2013 Form 3581, line 9.

Line 19b: Enter the amount from your 2013 Form 3581, line 14.

Line 19: Small Business Investment Tax (Venture Investment) Credit. See page 3 for additional information regarding this credit.

Line 19a: Enter the contribution amount or investment amount from the required certificate.

Line 19b: Enter the income tax credit amount from the required certificate.

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). Attach 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.

Line 23: Use Tax. Enter use tax due from Worksheet 1, line 3, on page 8.

Line 25: Property tax credit information begins on page 23.

Line 26: Farmland preservation credit applies to farmers only. See MI-1040CR-5 instructions for additional 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. To claim the Michigan credit, enter your federal EITC amount on line 27a and six percent of line 27a on line 27b.

Line 28: Michigan Historic Preservation Tax Credit. Enter the amount from your *2013 Historic Preservation Tax Credit* (Form 3581), line 16a or 16b, whichever applies. Attach a completed Form 3581 and U.S. Form *3581*, if applicable.

Line 29: Enter the total **Michigan** tax withheld (from your Schedule W). If applicable, include any credit for repayments under the "Claim of Right." See "Repayments of Income Reported in a Prior Year" on page 8.

Line 30: Enter the total estimated tax paid with your 2013 MI-1040ES, the amount paid with a Form 4, and the amount of your 2012 credit forward (2012 MI-1040, line 34) to this year's tax. Do not include prior year's refund amount.

Line 32: You Owe. If line 31 is less than line 24, enter the difference. This is the tax you owe with your return.

You will owe penalty and interest for late payment of tax if you pay after the due date. 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 32. Generally, if you owe more than $500, you are required to make estimated payments. See **special note** on the following page and information about estimated payments. 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.

Special note for people required to file estimates. You 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 attach an MI-2210. Enter the penalty and interest amounts on the lines provided.

Line 35: Refund. This includes any tax you overpaid and any credits due you. 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

First 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 income tax refund Direct Deposit is forwarded or transferred to a bank account in a foreign country your Direct Deposit will be returned to Treasury. If this occurs, your refund will be converted to a check (warrant) 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 tax preparer is someone other than the taxpayer, he or she must include the name and address of the firm he or she represents and preparer tax identification or federal employer identification number. Check the box to indicate if Treasury may discuss your return with your preparer.

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. Attach all your credit claims and required Michigan and federal schedules (see Table 3 on page 59).

If you owe tax. Make your check payable to "**State of Michigan.**" **Print your Social Security number** and "**2013 income tax**" on the front of your check. If paying on behalf of another taxpayer, write the taxpayer's name and Social Security number on the check. Enclose your payment but do **not** staple it to the return. Checks stapled to the back of the return may not be seen and may result in improper processing.

The **filing deadline to receive a refund** for tax year 2013 is April 17, 2018.

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

Part-year and nonresidents, complete Schedule NR (see page 49) before proceeding.

Additions to Income

Line 1: Enter gross interest, dividends, and income from obligations or securities of states and their political subdivisions other than Michigan. Add this income even if it comes to you through a partnership, S corporation, estate, or trust. 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: 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 city income tax paid by partnerships or S corporations, or your share of the taxes paid by an estate or trust.

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(2). 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 attach a *Michigan Schedule of Apportionment* (MI-1040H).

Line 5: Enter the net loss from the federal column of your MI-1040D, line 13, or MI-4797, line 18b(2) as a positive number.

Line 6: Enter the gross expenses of producing oil and gas (subject to Michigan severance tax) to the extent deducted in AGI. You must also subtract the related gross income on line 19.

Line 7: Enter the amount of NOL deduction (NOL carryforward) used to reduce AGI.

Line 8: Enter the total of the following (attach a schedule if necessary):

- Enter the gross expenses from nonferrous metallic minerals extraction (subject to Michigan severance tax) to the extent deducted in AGI. You must also subtract the related gross income on line 22.
- 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 MI 529 Advisor Plan (MAP), if the withdrawal was not a qualified withdrawal as provided in the MESP Act. 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 2013 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.

Subtractions From Income

Note: Part-year and nonresidents, 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, etc.), 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, attach a copy of your U.S. *Schedule B* or U.S. *Schedule 1* listing the amounts received 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 and Michigan National Guard retirement benefits here. Also report any taxable railroad retirement benefits. Other qualifying public or private retirement benefits must be reported on the *Michigan Pension Schedule* (Form 4884) and Schedule 1, line 25.

Line 12: Enter the gains from the federal column of your MI-1040D, line 12, and MI-4797, line 18b(2). See instructions for Schedule 1, line 3 on page 11.

Line 13: Income Attributable to Another State. Nonresidents and part-year residents, complete Schedule NR. See instructions on page 50. Attach federal schedules.

Business income that is taxed by Michigan and another state must be apportioned. You must complete and attach 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 MI-1040D.

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:

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

Line 14: Enter compensation received for active duty in the U.S. Armed Forces included in AGI. Enter only the taxable portion of Social Security and Military pay included on your U.S. Form *1040*, or your U.S. Form *1040A*. Do not include your total Social Security benefits.

Note: Compensation from the U.S. Public Health Service, contracted employee pay, civilian pay, and DITY 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 2013, you may subtract the portion of income earned while a resident of the Zone. If you are a part-year resident of a Zone, you must complete and attach a Schedule NR to your MI-1040. (See "Special Note" on the back of Schedule NR, 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, call the Michigan Economic Development Corporation at (517) 373-9808.

Line 16: You may subtract Michigan state and city income tax refunds and homestead property tax credit refunds that were included in AGI.

Note to farmers: You may 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.

Line 17: Michigan Education Savings Program (MESP). You may deduct, to the extent not deducted in calculating AGI, the total of all contributions less qualified withdrawals and rollovers (compute the contributions, withdrawals and rollovers separately for each account) made during 2013 by the taxpayer in the tax year to accounts established through the MESP, including the Michigan 529 Advisor Plan (MAP). The deduction may not exceed $5,000 for a single return or $10,000 for a joint return per tax year. There are numerous education savings accounts available from other states and investment companies, but Michigan only allows a tax deduction for contributions to accounts established through MESP and MAP.

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

- If you purchased a MET contract during 2013, you may deduct the total contract price (including the processing fee).
- If you made a charitable contribution to the MET Charitable Tuition Program during 2013, 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 or monthly purchase contract, you may deduct the amount paid on that contract during 2013 (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 from producing oil and gas (subject to Michigan severance tax) to the extent included in AGI. You must also add back the related expenses on line 6.

Line 20: A "Resident Tribal Member" 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 "Adjusted Gross Income" identified on line 10 of the MI-1040. Such exempt income may include income derived from wages, interest, and pension income. For a more detailed list, go to **www.michigan.gov/taxes** and select "Income Tax" and then "Native American." A list of tribes' names will be available; click to access the tax agreement and proceed to Section IV. 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.

Line 21: Net Operating Loss (NOL) Deduction. You may only deduct the Michigan NOL. Your Michigan NOL must be reduced by the Michigan apportionment of the domestic production activities deduction that was used to arrive at your 2013 AGI. You must attach Form MI-1045, pages 1 and 2 of your federal return and all supporting schedules.

Line 22: Miscellaneous subtractions only include:

- The gross income from extraction of nonferrous metallic minerals (subject to Michigan severance tax) to the extent included in AGI. You must also add back the related expenses on line 8. You must attach copies of your federal schedules to substantiate your subtraction.
- Any portion of a qualified withdrawal from an MESP account, including the MAP, 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 the AGI **do not** qualify for this subtraction. Attach a copy of your federal return.
- 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(2).
- Amount used to determine the credit for elderly or totally and permanently disabled from U.S. Form *1040 Schedule R.* Attach a copy.
- Holocaust victim payments.

You may not subtract:

- Pension and retirement benefits cannot be subtracted on line 22. See Form 4884
- Itemized deductions from U.S. *Schedule A*
- Sick pay, 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.

Lines 23C and 23F: Benefits From Employment 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 pension and retirement 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.

Recipients born between January 1, 1946 and December 31, 1952 who receive pension or retirement benefits from employment with a governmental agency that was not covered by the federal SSA are entitled to a greater retirement/pension deduction or Michigan Standard Deduction. If you or your spouse are SSA exempt this increases your maximum allowable deduction by $15,000.

Answer the questions below to determine if you should check boxes 23C and/or 23F.

Line 23C:

1. Was the older of the filer or spouse born between January 1, 1946 and December 31, 1952?

Yes: Continue to question 3.
No: Continue to question 2.

2. Did the filer receive retirement/pension benefits from a deceased spouse born between January 1, 1946 and December 31, 1952?

Yes: Continue to question 3.
No: Stop. You are not eligible to check box 23C.

3. Did the filer receive SSA Exempt retirement/pension benefits?

Yes: Check box 23C.
No: Continue to question 4.

4. Did the filer receive SSA Exempt surviving spouse benefits?

Yes: Check box 23C.
No: Stop. You are not eligible to check box 23C.

Line 23F:

1. Was the older of the filer or spouse born between January 1, 1946 and December 31, 1952?

Yes: Continue to question 3.
No: Continue to question 2.

2. Did the spouse receive retirement/pension benefits from a deceased spouse born between January 1, 1946 and December 31, 1952?

Yes: Continue to question 3.
No: Stop. You are not eligible to check box 23F.

3. Did the spouse receive SSA Exempt retirement/pension benefits?

Yes: Check box 23F.
No: Continue to question 4.

4. Did the spouse receive SSA Exempt surviving spouse benefits?

Yes: Check box 23F.
No: Stop. You are not eligible to check box 23F.

Line 24: Michigan Standard Deduction. Filers born in 1946, or where the older spouse was born in 1946 if filing a joint return, are eligible for a deduction against all income and will no longer deduct pension and retirement 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. The standard deduction is reduced by any amounts reported on line 11 and any military pay included on line 14.

If you checked either box 23C or 23F your standard deduction is increased by $15,000. If you checked both boxes 23C and 23F your standard deduction is increased by $30,000.

In most cases, filers who complete line 24 should not complete lines 25 or 26. However, if a filer is the unremarried surviving spouse of a decedent born prior to 1946 who also died after reaching age 65, the filer should check the box below line 26 and may then claim the Michigan standard deduction on line 24 and a deduction for investment income on line 26 (if applicable).

Line 25: Qualifying retirement and pension benefits included in your AGI may be subtracted from income. Pension and retirement benefits are taxed differently depending on the age of the recipient. See "Which Benefits are Taxable" on page 15. You must attach Form 4884. If you were born in 1946, see line 24.

Line 26: Senior citizens born prior to 1946 may subtract interest, dividends, and capital gains included in AGI. This subtraction is limited to a maximum of $10,767 on a single return or $21,534 on a joint return. However, the maximum must be reduced by the retirement pension subtraction claimed on line 25. For assistance, see "Tax Information for Seniors and Retirees" at **michigan.gov/incometax.**

General Information - *Pension Schedule* (Form 4884)

What are Pension and Retirement Benefits (Form 4884)

Under Michigan law, qualifying pension and retirement 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 pension and retirement 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
- 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).

Qualifying public 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.

For public and private pension or retirement benefits, you may not subtract:

- 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

Pension and retirement benefits are taxed differently depending on the age of the recipient. Married couples filing a joint return should complete the *Michigan Pension Schedule* (Form 4884) based on the year of birth of the older spouse. Military and Michigan National Guard pensions, Social Security benefits and railroad retirement benefits are exempt from tax and should be reported on the Schedule 1, line 11 or line 14.

Who May Claim a Pension Subtraction

- **Recipients born before 1946** may subtract all qualifying pension and retirement benefits received from public sources, and may subtract qualifying private pension and retirement benefits up to $48,302 if single or married filing separate, or $96,605 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 on the previous page, the private pension limits are also reduced by the following:

- Military retirement from the U.S. Armed Forces (Schedule 1, line 11)
- Retirement from the Michigan National Guard (Schedule 1, line 11)
- Railroad retirement (Schedule 1, line 11).

- **Recipients born in 1946**, do not complete Form 4884. See Schedule 1, line 24.
- **Recipients born during the period 1947 through 1952** will be able to deduct up to $20,000 in qualifying pension and retirement benefits if single or married filing separate or up to $40,000 if married filing a joint return. Generally, all pension or retirement benefits (public and private) are treated the same unless the recipient also has significant benefits from service in the U.S. Armed Forces or Michigan National Guard, or receives taxable railroad retirement benefits. Recipients who deduct military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard, or taxable railroad retirement benefits on Schedule 1, line 11 may have lower deduction limits if these deductions total more than $28,302 on a single return or $56,605 on a joint return. See the instructions for line 8, 16 or 27 of Form 4884, whichever applies, for more information.
- **Recipients born after 1952,** all pension and retirement benefits are taxable and you are not entitled to a pension subtraction.

For help calculating the pension and retirement subtraction, see "Which Part of Form 4884 Should I Complete?," page 16.

Retirement Benefits from a Deceased Spouse

Calculate the amount of deductible retirement benefits received as a survivor of a deceased spouse based on the birth year of the deceased spouse and the filing status of the surviving spouse. Retirement benefits received as a survivor generally have a distribution code of 4 on the federal Form 1099-R. The 1099-R reports

Filing Status	Birth Year	Retirement Benefits Tier	Retirement Benefits Deduction Limits
Single/Separate	Before 1946	Tier 1	All public plus private benefits up to $48,302 combined
Single/Separate	**1946 through 1952	Tier 2	$20,000
Single/Separate	After 1952	Tier 3	No deduction
***Joint**	Before 1946	Tier 1	All public plus private benefits up to $96,605 combined
***Joint**	**1946 through 1952	Tier 2	$40,000
***Joint**	After 1952	Tier 3	No deduction

*** On a joint return, determine the eligibility for deducting retirement benefits using the age of the older spouse.**

**** Taxpayers born in 1946: Do not deduct retirement benefits but you are eligible for the Michigan Standard Deduction. See Schedule 1, line 24 instructions.**

retirement benefits to the Internal Revenue Service and it is sent by the pension administrator paying the benefits. **Example 1:** A single filer who receives retirement benefits as the surviving spouse of a decedent born in 1947 (tier 2) would be able to subtract up to $20,000 in qualified retirement benefits received from the deceased spouse.

Example 2: A married filer who receives retirement benefits as the surviving spouse of a decedent born in 1942 (Tier 1) would be able to subtract all public retirement benefits received from the deceased spouse and private retirement benefits received up to $96,605, reduced by any public benefits received from the deceased spouse. Generally, any retirement benefits deducted as a survivor reduce the amount of other retirement benefits that may be deducted.

Example 3: If the filer in Example 1 was born in 1948 (Tier 2), any retirement benefits received from the deceased spouse that are deductible will reduce the filer's maximum deduction for retirement benefits of $20,000.

NOTE: Filers born after 1952 (Tier 3) receiving survivor benefits from a deceased spouse born in Tier 1 complete Part B of Form 4884. Filers born after 1952 (Tier 3) receiving survivor benefits from a deceased spouse born in Tier 2 complete Part C of Form 4884.

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

For help calculating the pension and retirement subtraction, see "Pension and Retirement Benefits – 2013" at **www.michigan.gov/incometax.**

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: Enter deceased spouse name, Social Security number and year of birth. If deceased spouse was born after December 31, 1952, STOP; you may not deduct retirement benefits from the deceased spouse. If you are filing your final joint tax return because your spouse died during the tax year, do not complete line 6 or check box 7B.

Note: When completing Form 4884, surviving spouse means the deceased spouse died prior to the current tax year (e.g. when filing a 2013 return the spouse died in 2007). Deceased spouse benefits do not include benefits from a spouse who died in 2013.

Line 7: If you have more than ten qualifying entries, continue those entries on the *2013 Michigan Pension Continuation Schedule* (Form 4973). DO NOT include benefits from anyone born after 1952, with the exception of benefits to a spouse on a joint return.

Line 7B: For each qualifying pension and retirement benefit attributable to a deceased spouse put an "X" in column 7B. See instructions for line 6 above for more information on deceased spouse benefits.

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

Line 7F: Include the taxable amount of retirement or pension reported in federal AGI. If you are a part-year resident only use the portion from the Michigan Schedule NR, line 10 column B.

Line 8: If you or your spouse reported any retirement and pension benefits from service in the U.S. Armed Forces, the Michigan National Guard or any taxable railroad retirement benefits reported on Schedule 1, line 11, these amounts should be subtracted from the allowable private pension deduction limits. For purposes of this line, single limits apply to taxpayers who are married filing separately.

Which Part of Form 4884 Should I Complete?

Using the information from line 7, complete Part A, Part B or Part C. To determine which part of the form to complete, answer the following questions.

1. Were pension or retirement benefits received by a filer or spouse (if married, filing jointly) born prior to January 1, 1953, or were surviving spouse benefits received for a deceased spouse who was born prior to January 1, 1953 and died prior to January 1, 2013?

Yes: Continue to question 2.
No: You are not eligible for a pension or retirement benefits subtraction. Do not file Form 4884.

2. Was the older of filer or spouse (if married, filing jointly) born between January 1, 1946 and December 31, 1946?

Yes: Do not file Form 4884. Use Schedule 1, Line 24 (see instructions, page 14).
No: Continue to question 3.

3. Was older of filer or spouse (if married, filing jointly) born prior to January 1, 1946?

Yes: Complete Part A of Form 4884.
No: Continue to question 4.

4. Is filer or spouse (if married, filing jointly) receiving benefits from a deceased spouse who was born prior to January 1, 1946 and died prior to January 1, 2013?

Yes: Complete Part B of Form 4884.
No: Complete Part C of Form 4884.

Amounts deducted on Schedule 1, line 11, are not deducted again on Form 4884, and are only used to reduce the allowable deduction for private retirement and pension benefits. For example, if a joint filer born in 1945 received $30,000 in retirement benefits from service in the U.S. Armed Forces the allowable private deduction limit reported on line 8 would be $96,605 - $30,000 = $66,605.

Line 12: If you checked either SSA Exempt box 23C or 23F from Schedule 1, your maximum is increased by $15,000. If you checked both boxes 23C and 23F your maximum is increased by $30,000.

Line 15: Carry this amount to Schedule 1, line 25, do not complete Part B or Part C.

Line 16: If you or your spouse received and reported any retirement and pension benefits from service in the U.S. Armed Forces or Michigan National Guard on Schedule 1, line 11 or any taxable railroad retirement benefits reported on Schedule 1, line 11, these amounts should be subtracted from the allowable private pension deduction limit here. If you have deductions on Schedule 1, line 11, also subtract any **public** pension benefits reported on Form 4884, line 7 and received by you and your spouse from the allowable private pension limit; **do not subtract benefits received from a deceased spouse.**

Amounts deducted on Schedule 1, line 11, are not deducted again on Form 4884 and are only used to reduce the allowable deduction for private retirement and pension benefits.

Line 22: Do not include benefits received from a deceased spouse (who died prior to 2013).

Line 23: If you checked either SSA Exempt box 23C or 23F from Schedule 1, your maximum is increased by $15,000. If you checked both boxes 23C and 23F your maximum is increased by $30,000.

Line 26: Carry this amount to Schedule 1, line 25. Do not complete Part A or Part C.

Line 27: If you checked either SSA Exempt box 23C or 23F from Schedule 1, your maximum is increased by $15,000. If you checked both boxes 23C and 23F your maximum is increased by $30,000.

Taxpayers who were born after 1946 who are receiving benefits from a deceased spouse who was born during 1946 should also use Part C to calculate the deduction for retirement and pension benefits. Benefits received due to individuals born after 1952 are not deductible.

If you deducted military retirement benefits on Schedule 1, line 11, or taxable railroad retirement benefits on Schedule 1, line 11, your deduction for retirement or pension benefits received from a private source may be reduced.

To determine your allowable subtraction, use Worksheet 2 below if you have taxable railroad retirement benefits or qualifying pension and retirement benefits from service in the U.S. Armed Forces or Michigan National Guard and you are completing Part C of Form 4884.

Carry this amount to Schedule 1, line 25, do not complete Part A or Part B.

Worksheet 2 for Filers with Taxable Railroad Retirement Benefits or Qualifying Pension and Retirement Benefits from Service in the U.S. Armed Forces or Michigan National Guard and Completing Part C 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 7.	2.		00
3.	Add lines 1 and 2.	3.		00
4.	Enter private retirement and pension benefits reported on Form 4884, line 7.	4.		00
5.	Enter $48,302 if single or $96,605 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 23F (see line 11 below).	9.		00
10.	Enter the smaller of line 8 or line 9 here and on Form 4884, line 27.	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 23F 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

Scenario 1: Single filer born between 1947 and 1952 (Tier 2) with retirement/pension benefits.

Henry is filing as single. He was born in 1950 and is receiving a private pension of $25,000 with a distribution code of 7.

Step 1:	After completing lines 1 and 2, Henry enters 1950 on line 4.		
Step 2:	He completes row 1 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of the payer in 7E, and $25,000 in 7F.	Line 7F, Row 1	$25,000
Step 3:	Henry refers to the questionnaire on page 16 to decide whether Part A, B or C of Form 4884 is to be completed. • Henry answers yes to question 1 as he was born prior to January 1, 1953. • He answers no to question 2 because he was not born in 1946. • He answers no to question 3 because he was not born prior to January 1, 1946. • He answers no to question 4 because he is not receiving benefits from a deceased spouse. Based on his answers he completes Part C of Form 4884.		
Step 4:	Since he is single and his total pension benefits are over the maximum allowed, Henry enters the maximum of $20,000 on line 27 and on the Schedule 1, line 25.	Line 27. Schedule 1, Line 25	$20,000 $20,000

Scenario 2: 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 $40,000 with a distribution code of 7. Beverly was born in 1946 and is receiving a private pension of $60,000 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 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of the payer in 7E and $40,000 in 7F.	Line 7F, Row 1	$40,000
	They complete row 2 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of the payer in 7E and $60,000 in 7F	Line 7F, Row 2	$60,000
Step 3:	Jerry and Beverly refer to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. They answer yes to question 1, no to question 2, yes to question 3 and complete Part A of Form 4884.		
Step 4:	They enter $96,605 on line 8 as they are married filing jointly.	Line 8.	$96,605
Step 5:	They enter $40,000 on line 9, the total of their public pension benefits.	Line 9.	$40,000
Step 6:	They subtract line 9 from line 8 and enter $56,605 on line 10.	Line 10.	$56,605
Step 7:	They enter $60,000 on line 11, the total of their private pension benefits.	Line 11	$60,000
Step 8:	They leave line 12 blank as it does not apply to them	Line 12	Leave blank
Step 9:	They enter $60,000 on line 13, the total of lines 11 and 12.	Line 13.	$60,000
Step 10:	They enter $56,605, the smaller of lines 10 or 13.	Line 14.	$56,605
Step 11:	They add lines 9 and 14, enter $96,605 on line 15 and carry this amount to Schedule 1, line 25.	Line 15. Schedule 1, Line 25	$96,605 $96,605

Scenario 3: Married, filing separately with filer born between 1947 and 1952 (Tier 2) and separated spouse born prior to January 1, 1946 (Tier 1).

James and Phyllis are married filing separately. James was born in 1951 and is receiving a public pension of $50,000. Phyllis was born in 1941 and is receiving a public pension of $45,000.

Step 1:	As James is married filing separately, he completes lines 1 and 2, leaves the spouse's name line blank, and includes the spouse's Social Security number on line 3.		
Step 2:	James enters 1951 on line 4 and skips line 5.		
Step 3:	He completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of the payer in 7E, and $50,000 in 7F.	Line 7F, Row 1	$50,000
Step 4:	James refers to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. He answers yes to question 1, no to question 2, no to question 3 because the separated spouse's year of birth is not relevant, no to question 4 and completes Part C of Form 4884.		
Step 5:	Since he is married, filing separately and his total pension benefits are over the maximum allowed, James enters the maximum of $20,000 on line 27 and on the Schedule 1, line 25.	Line 27. Schedule 1, Line 25	$20,000 $20,000

Scenario 4: Joint filers, with the older spouse born prior to January 1, 1946 (Tier 1) who died during the tax year with private pension benefits.

Bob and Mary are filing a joint return. Bob, born in 1944, has a private pension of $30,000. Bob died on October 15, 2013. Bob received a 1099-R for $25,000 with a distribution code of 7 and Mary received a 1099-R for $5,000 with a distribution code of 4 for the remainder of Bob's pension. Mary, born in 1952, is receiving a public pension of $70,000 with a distribution code of 7.

Step 1:	After completing lines 1 through 3, Mary enters 1944 on line 4 and 1952 on line 5. Mary does not complete line 6 or check 7B because Bob died during the current tax year.		
Step 2:	Mary completes row 1 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of payer in 7E, and $25,000 in 7F.	Line 7F, Row 1.	$25,000
	She completes row 2 of line 7 by entering an X in Private for 7A, the payer FEIN in 7C, the distribution code 4 in 7D, the name of payer in 7E, and $5,000 in 7F	Line 7F, Row 2.	$5,000
	She completes row 3 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code 7 in 7D, the name of payer in 7E, and $70,000 in 7F	Line 7F, Row 3.	$70,000
Step 3:	Mary refers to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. She answers yes to question 1, no to question 2, yes to question 3 and completes Part A of Form 4884.		
Step 4:	She enters $96,605 on line 8 as she is filing jointly	Line 8	$96,605
Step 5:	She enters $70,000, her public pension, on line 9.	Line 9.	$70,000
Step 6:	She subtracts line 9 from line 8 and enters $26,605 on line 10.	Line 10.	$26,605
Step 7:	She enters $30,000, the total private pension benefits, on line 11.	Line 11.	$30,000
Step 8:	Mary leaves line 12 blank as Bob is not considered a deceased spouse for purposes of this return; they are filing jointly.	Line 12.	leave blank
Step 9:	Mary enters $30,000 on line 13, the total of lines 11 and 12.	Line 13.	$30,000
Step 10:	She enters $26,605, the smaller of lines 10 or 13.	Line 14.	$26,605
Step 11:	She adds lines 9 and 14, enters $96,605 on line 15 and carries this amount to Schedule 1, line 25.	Line 15. Schedule 1, Line 25.	$96,605 $96,605

Scenario 5: Single filer born between 1947 and 1952 (Tier 2) receiving surviving benefits from a deceased spouse born in 1939 (Tier 1).

Alice, born in 1947, is a surviving spouse filing a single return. Her deceased husband Miguel was born in 1939 and died in 2010. Alice has public pension benefits of $37,500 and is also receiving surviving spouse benefits from Miguel's public pension of $69,000.

Step 1:	After completing lines 1 and 2, Alice enters 1947 on line 4. Alice is receiving pension benefits from a deceased spouse so she then completes line 6. She enters Miguel's full name on line 6a, his Social Security number on line 6b, and 1939 on line 6c.		
Step 2:	She completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of payer in 7E, and $37,500 in 7F.	Line 7F, Row 1.	$37,500
	She completes row 2 of line 7 by entering an X in Public for 7A, entering an X in 7B, the payer FEIN in 7C, the distribution code of 4 in 7D, the name of payer in 7E, and $69,000 in 7F.	Line 7F, Row 2	$69,000
Step 3:	Alice refers to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. She answers yes to question 1, no to question 2, no to question 3, yes to question 4 and completes Part B of Form 4884.		
Step 4:	She enters $48,302 on line 16 because she is filing single.	Line 16.	$48,302
Step 5:	She enters $69,000, public benefits received from her deceased spouse, Miguel, on line 17.	Line 17.	$69,000
Step 6:	Since line 17 is more than line 16, she enters zero on line 18	Line 18.	$0
Step 7:	She leaves line 19 blank because she is not receiving private benefits from her deceased spouse.	Line 19.	leave blank
Step 8:	She enters the smaller of lines 18 or 19, she enters zero on line 20 .	Line 20.	$0
Step 9:	Alice adds lines 17 and 20 and enters $69,000 on line 21.	Line 21.	$69,000
Step 10:	She enters $37,500 on line 22, the total of her benefits	Line 22.	$37,500
Step 11:	Alice enters $20,000 on line 23 as she is filing single	Line 23.	$20,000
Step 12:	Since line 21 is more than line 23 she enters zero on line 24	Line 24.	$0
Step 13:	She enters the smaller of lines 22 or 24, zero, on line 25.	Line 25.	$0
Step 14:	Alice adds lines 21 and 25 and enters $69,000 on line 26 and Schedule 1, line 25	Line 26. .... Schedule 1, Line 25	$69,000 $69,000

Scenario 6: Joint filers born after 1952 (Tier 3) with retirement/pension benefits and receiving surviving benefits from a deceased spouse born in 1944 (Tier 1).

Howard and Georgia are filing a joint return. Howard, born in 1953, is receiving a private pension of $40,000. Georgia was born in 1955. Howard's deceased spouse, Edith, was born in 1944 and died in 2006. Howard is receiving $30,000 in surviving spouse pension benefits from Edith's private pension.

Step 1:	After completing lines 1 through 3, Howard and Georgia enter 1953 on line 4 and 1955 on line 5. Howard is receiving pension benefits from a deceased spouse so he then completes line 6. He enters Edith's full name on line 6a, her Social Security number on line 6b, and 1944 on line 6c.		
Step 2:	As Howard and Georgia were both born in Tier 3 their pension benefits are not deductible and should not be listed on line 7 of Form 4884. They complete row 1 of line 7 by entering an X in Private for 7A, an X in 7B, the payer FEIN in 7C, the distribution code in 7D, the name of payer in 7E, and $30,000 in 7F.........	Line 7F.................................	$30,000
Step 3:	They refer to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. They answer yes to question 1, no to question 2, no to question 3, yes to question 4 and complete Part B of Form 4884.		
Step 4:	They enter $96,605 on line 16 as they are filing joint............	Line 16.................................	$96,605
Step 5:	They leave line 17 blank because they are not receiving public benefits from Edith.	Line 17.	leave blank
Step 6:	They subtract line 17 from line 16 and enter $96,605 on line 18.	Line 18..................................	$96,605
Step 7:	They enter $30,000, public benefits received from Howard's deceased spouse, Edith, on line 19...	Line 19..................................	$30,000
Step 8:	They enter the smaller of lines 18 or 19, $30,000, on line 20.	Line 20..................................	$30,000
Step 9:	Howard and Georgia add lines 17 and 20 and enter $30,000 on line 21.	Line 21..................................	$30,000
Step 10:	Since Howard and Georgia are born in Tier 3 and do not have deductible benefits they would leave line 22 blank.	Line 22..................................	leave blank
Step 11:	They enter $40,000 on line 23 as they are filing joint............	Line 23..................................	$40,000
Step 12:	Since line 21 is less than line 23 they enter $10,000 on line 24..	Line 24..................................	$10,000
Step 13:	They enter the smaller of lines 22 or 24, zero, on line 25.	Line 25..................................	$0
Step 14:	They add lines 21 and 25 and enter $30,000 on line 26 and Schedule 1, line 25.	Line 26.................................. Schedule 1, Line 25	$30,000 $30,000

Scenario 7: Joint filers born after 1952 (Tier 3) with retirement/pension benefits and receiving surviving benefits from a deceased spouse born in 1949 (Tier 2).

Mark and Nancy are filing a joint return. Mark, born in 1953, is receiving a private pension of $25,000. Nancy was born in 1953. Nancy's deceased spouse, Eduardo, was born in 1949 and died in 2008. Nancy is receiving $35,000 in surviving spouse pension benefits from Eduardo's private pension.

Step 1:	After completing lines 1 through 3, Mark and Nancy enter 1953 on line 4 and 1953 on line 5. Nancy is receiving pension benefits from a deceased spouse so she then completes line 6. She enters Eduardo's full name on line 6a, his Social Security number on line 6b, and 1949 on line 6c.		
Step 2:	As Mark and Nancy were both born in Tier 3 Mark's pension is not deductible and should not be listed on line 7 of Form 4884. They complete row 1 of line 7 by entering an X in Private for 7A, an X in 7B, the payer FEIN in 7C, the distribution code in 7D, the name of payer in 7E, and $35,000 in 7F.	Line 7, Row 1.............................	$35,000
Step 3:	They refer to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. They answer yes to question 1, no to question 2, no to question 3, no to question 4 and complete Part C of Form 4884.		
Step 4:	They are married, filing jointly and enter the total of their benefits from line 7 of $35,000, since it is less than the maximum of $40,000, on line 27 and on the Michigan Schedule 1, line 25.	Line 27....................................... Schedule 1, Line 25..................	$35,000 $35,000

Scenario 8: Single filer born between 1947 and 1952 (Tier 2) with SSA exempt benefits.

Monique is filing as single. She was born in 1950 and is receiving a pension of $25,000 as a retired firefighter.

Step 1:	After completing lines 1 and 2, Monique enters 1950 on line 4.		
Step 2:	She completes row 1 of line 7 by entering an X in Public for 7A, the payer FEIN in 7C, the distribution code in 7D, the name of the payer in 7E, and the $25,000 in 7F.	Line 7, Row 1..............................	$25,000
Step 3:	She refers to the questionnaire on page 16 to determine whether Part A, B or C of Form 4884 is to be completed. She answers yes to question 1, no to question 2, no to question 3, no to question 4 and completes Part C of Form 4884.		
Step 4:	Since she is single and receiving benefits from employment that was SSA exempt her maximum allowable pension deduction is increased from $20,000 to $35,000. She would enter $25,000, the lesser of her total retirement and pension benefits or the maximum allowable pension deduction, on line 27 and on the Schedule 1, line 25. **NOTE:** It is important for taxpayers with benefits that were SSA exempt to check the box(es) on line 23 of the Schedule 1.	Line 27....................................... Schedule 1, Line 23 23A. .... 23B. .... 23C. .... Schedule 1, Line 25...................	$25,000 1950 63 X $25,000

Scenario 9: Filer and spouse both born in Tier 2 with the older spouse born in 1946.

William and Betty are Michigan residents and are filing a joint return. William, born in 1951, is receiving public pension benefits of $10,000 and wages from a part-time job. Betty, born in 1946, is receiving private pension benefits of $20,000.

Step 1:	As the older of William and Betty was born in 1946 (age 67 in 2013), they do not complete Form 4884 and instead complete Schedule 1, lines 23 and 24 for the Michigan Standard Deduction. This standard deduction applies against all income (pension, wages, interest, etc.).	Do not file Form 4884.

Scenario 10: Filer and spouse both born after December 31, 1952.

Scott and Lisa are filing a joint return. Scott, born in 1954, is receiving public 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 December 31, 1952, they are not entitled to a pension subtraction and do not complete Form 4884..	Do not file Form 4884.

General Information - *Homestead Property Tax Credit* (MI-1040CR)

The request for your Social Security number is authorized under USC Section 42. Social Security numbers are used by Treasury to conduct matches against benefit income provided by the Social Security Administration and other sources to verify the accuracy of the home heating credit and property tax credit claims filed and to deter fraudulent filings.

Who May Claim a Property Tax Credit

You may claim a property tax credit if all of the following apply:

- Your homestead is located in Michigan
- You were a Michigan resident at least six months of 2013
- You pay property taxes or rent on your Michigan homestead
- You were contracted to pay rent or own the home you live in.

You can have only one **homestead** at a time, and you must be the occupant as well as the owner or renter. Your homestead can be a rented apartment or a mobile home on a lot in a mobile home park. A vacation home or income property is **not** considered your homestead.

Your homestead is in your state of **domicile**. Domicile is the place where you have your permanent home. It is the place to which you plan to return whenever you go away. College students and others whose permanent homes are not in Michigan are **not** Michigan residents. Domicile continues until you establish a new permanent home.

Property tax credit claims may **not** be submitted on behalf of minor children.

You may not claim a property tax credit if your total household resources are over $50,000. In addition, you may not claim a property tax credit if your taxable value exceeds $135,000 (excluding vacant farmland classified as agricultural). The computed credit is reduced by 10 percent for every $1,000 (or part of $1,000) that total household resources exceed $41,000. If filing a part-year return, you must annualize total household resources to determine if the income limitation applies. See "Annualizing Total Household Resources" on page 26.

Which Form to File

Most filers should use the MI-1040CR in this booklet. If you are blind and own your homestead, are in the active military, are an eligible veteran, or an eligible veteran's surviving spouse, complete forms MI-1040CR and MI-1040CR-2 (available on Treasury's Web site.) **Use the form that gives you a larger credit.** If you are blind and rent your homestead, you cannot use MI-1040CR-2. Claim your credit on MI-1040CR and check box 5b if you are age 65 or younger; otherwise, check box 5a.

When to File

If you are not required to file an MI-1040, you may file your credit claim as soon as you know your 2013 total household resources and property taxes levied in 2013. If you file a Michigan income tax return, your credit claim should be attached to your MI-1040 return and filed by April 15, 2014 to be considered timely. To avoid penalty and interest, if you owe tax, postmark no later than April 15, 2014. The filing deadline to receive a 2013 property tax credit is April 17, 2018.

Amending Your Credit Claim

File a new claim form and write "Amended" across the top of the form. You must do this within four years of the date set for filing your original income tax return.

Delaying Payment of Your Property Taxes

Senior citizens, disabled people, veterans, surviving spouses of veterans, and farmers may be able to delay paying property taxes. Contact your local or county treasurer for more information.

Total Household Resources

Total household resources are the total income (taxable and nontaxable) of both spouses or of a single person maintaining a household. They are AGI, excluding net business and farm losses, net rent and royalty losses, and any carryover of a net operating loss, plus all income exempt or excluded from AGI. **Total household resources includes the following items not listed on the form:**

- Capital gains on sales of your residence regardless of them being exempt from federal Income Tax
- Scholarship, stipend, grant, or GI bill benefits and payments made directly to an educational institution
- Compensation for damages to character or for personal injury or sickness
- An inheritance (except an inheritance from your spouse)
- Proceeds of a life insurance policy paid on the death of the insured (except benefits from a policy on your spouse)
- Death benefits paid by or on behalf of an employer
- Minister's housing allowance
- Forgiveness of debt, even if excluded from AGI (e.g., mortgage foreclosure)
- Reimbursement from dependent care and/or medical care spending accounts
- Payments made on your behalf, except government payments, made directly to third parties such as an educational institution or subsidized housing project.

Total household resources do NOT include:

- Net operating loss deductions taken on your federal return
- Payments received by participants in the foster grandparent or senior companion program
- Energy assistance grants
- Government payments to a third party (e.g., a doctor).

  NOTE: If payment is made from money withheld from your benefit, the payment is part of total household resources. (For example, the DHS may pay your rent directly to the landlord.)

- Money received from a government unit to repair or improve your homestead
- Surplus food or food assistance program benefits
- State and city income tax refunds and homestead property tax credits
- Chore service payments (these payments are income to the provider of the service)
- The first $300 from gambling, bingo, lottery, awards, or prizes
- The first $300 in gifts of cash or merchandise received, or expenses paid on your behalf (rent, taxes, utilities, food, medical care, etc.) by parents, relatives, or friends
- Amounts deducted from Social Security or Railroad Retirement benefits for Medicare premiums
- Life, health, and accident insurance premiums paid by your employer
- Loan proceeds
- Inheritance from a spouse
- Life insurance benefits from a spouse
- Payments from a long-term care policy made to a nursing home or other care facility
- Most payments from The Step Forward Michigan program.

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

Special Provisions for Farmers

If you received a farmland preservation tax credit in 2013, you must include it in total household resources. You may subtract the business portion of your homestead property tax credit if you included it in taxable farm income.

Property Taxes That Can Be Claimed for Credit

Ad valorem property taxes that were levied on your homestead in 2013, including collection fees up to 1 percent of the taxes, can be claimed no matter when you pay them. You may add to your 2013 taxes the amount of property taxes billed in 2013 from a corrected or supplemental tax bill. You must **deduct** from your 2013 property taxes any refund of property taxes received in 2013 that was a result of a corrected tax bill from a previous year.

Do not include:

- Delinquent property taxes (e.g., 2012 property taxes paid in 2013)
- Penalty and interest on late payments of property tax
- Delinquent water or sewer bills
- Property taxes on cottages or second homes
- Association dues on your property
- Most special assessments for drains, sewers, and roads do not meet specific tests and may not be included. You may include special assessments only if they are levied using a uniform millage rate, are based on taxable value, and are either levied in the entire taxing jurisdiction or they are used to provide police, fire, or advanced life support services and are levied township-wide, except for all or a portion of a village.

NOTE: School operating taxes are generally only levied on the non-homestead portion of the property and may not be included in taxes levied when computing the property tax credit on any portion of the home not used as your homestead.

Home used for business. If you use part of your home for business, you may claim the property taxes on the living area of your homestead, but **not** the property taxes on the portion used for business. Attach a copy of U.S. Form *8829* to your Michigan return.

Owner-occupied duplexes. When both units are equal, you are limited to 50 percent of the tax on both units, after subtracting the school operating taxes from the total taxes billed.

Owner-occupied income property. Apartment building and duplex owners who live in one of the units or single family homeowners who rent a room(s) to a tenant(s) must complete two calculations to figure the tax they can claim and base their credit on the **lower** amount. First, subtract 20 percent of the rent collected from the tax claimed for credit. Second, reduce the tax claimed for credit by the amount of tax claimed as rental expense on your U.S. Form *1040.* Include a copy of the U.S. *Schedule E* with your Michigan return.

Example: Your home has an upstairs apartment that is rented to a tenant for $395 a month. Total property taxes on your home are $2,150. Of this amount, $858 is claimed as rental expense. The calculations are as follows:

Step 1:

$395 x 12 = $4,740 annual rent

$4,740 x .20 = $948 taxes attributable to the apartment

$2,150 total taxes - $948 = $1,202 taxes attributable to owner's homestead

Step 2:

$2,150 total taxes - $858 taxes claimed as a business deduction = $1,292 taxes attributable to homestead

Step 3:

The owner's taxes that can be claimed for credit are $1,202, the smaller of the two computations.

Farmers. Include farmland taxes in your property tax credit claim if any of the following conditions apply:

- If your gross receipts from farming are greater than your total household resources, you may claim all of your taxes on unoccupied farmland classified as agricultural. Do **not** include taxes on farmland that is not adjacent or contiguous to your home and that you rent or lease to another person.
- If gross receipts from farming are less than your total household resources and you have lived in your home **more** than ten years, you may claim the taxes on your home and the farmland adjacent and contiguous to your home.

- If gross receipts from farming are less than your total household resources and you have lived in your home **less** than ten years, you may claim the taxes on your home and five acres of farmland adjacent and contiguous to your home.

You may not claim rent paid for vacant farmland when computing your property tax credit claim. Farmland owned by a Limited Liability Company (LLC) may not be claimed for a homestead property tax credit by one of the individual members.

Include any farmland preservation tax credit in your total household resources. Enter the amount of credit you received in 2013 on line 20 or include it in net farm income on line 16.

Homestead property tax credits are not included in total household resources. If you included this amount in your taxable farm income, subtract it from total household resources.

Rent That Can Be Claimed for Credit

You must be under a lease or rental contract to claim rent for credit. In most cases, 20 percent of rent paid is considered property tax that can be claimed for credit. The following are exceptions:

- If you rent or lease housing that is subject to a **service charge or fees paid** instead of property taxes, you may claim a credit based upon 10 percent of the gross rent paid. Use the amount the landlord gives you and enter rent paid on line 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 20 percent of that land rent. **NOTE:** Do **not** take 20 percent of your total monthly payment.
- When you pay **room and board in one fee,** you must determine your portion of the tax that can be claimed for credit based on square footage.

Example: You pay $750 a month for room and board. You occupy 600 square feet of a 62,000 square foot apartment building. The landlord pays $54,000 in taxes per year. If you pay **room and board in separate billings,** you must base your property tax credit on rent.

Step 1: 600/62,000 = 0.0097

Step 2: $54,000 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 2013

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 23.)

If you bought or sold your home or moved during 2013, 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 2013 on each Michigan homestead, then prorate taxes based on days of occupancy. Do **not** include taxes on out-of-state property. Do not include property taxes for property with a taxable value greater than $135,000. Excluded from this restriction is unoccupied farmland classified as agricultural by your assessor.

Part-Year Residents

If you lived in Michigan at least six months during the year, you may be entitled to a partial credit. If you are a part-year resident, you must include all income received as a Michigan resident in total household resources (line 33). Complete MI-1040CR, Part 3, 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 2013 (or 2014 before filing a claim) may be entitled to a credit for 2013. The surviving spouse, other authorized claimant, or personal representative can claim this credit. Use the decedent's Social Security number and the personal representative's address. If the taxpayer died after December 31, 2012, 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 attach U.S. Form *1310* or *Michigan Claim for Refund Due a Deceased Taxpayer* (MI-1310). Enter the decedent's name in the Filer's Name line and the representative's or claimant's name, title and address in the Home Address line. See the "Deceased Taxpayer Chart of Examples" on page 59. A **claimant** must prorate to the date of death as noted in the following paragraph.

The **personal representative or claimant** claiming a credit for a single deceased person or on a jointly filed credit if both filers became deceased during the 2013 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 the instructions on page 26.) Attach a copy of the tax bills or lease agreements. If filing as a **personal representative or claimant** of deceased taxpayers for a **jointly** filed return, you must attach a U.S. Form *1310* or

MI-1310. Enter the names of the deceased persons in the Filer's and Spouse's Name lines and the representative's or claimant's name, title, and address in the Home Address line. See "Deceased Taxpayer Chart of Examples" on page 59.

Annualizing Total Household Resources

If you are filing a part-year credit (for a deceased taxpayer or a part-year resident), you must annualize the total household resources to determine if the credit reduction applies. (Exception: the surviving spouse filing a joint claim does not have to annualize the deceased spouse's income.)

- If you have checked a box on line 5 and your annualized total household resources are less than $6,000 use your annualized total household resources to determine your percentage of taxes not refundable from MI-1040CR Table 2, page 29.
- A senior, age 65 or older, filing a part-year credit must calculate annualized total household resources before using MI-1040CR Table A, page 29.
- If the annualized income is more than $41,000 for any claimant, use annualized total household resources to determine the percentage allowable in MI-1040CR Table B, page 30.

To annualize total household resources (project 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 2013.

Step 2: Multiply the answer from step 1 by the taxpayer's total household resources (MI-1040CR, line 33). The result is the annualized total household resources.

Married During 2013

If you married during 2013, 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 for 12 months on only one home. The total household resources must be the combined income of both you and your spouse for the entire year.

Worksheet for Married, Filing Separately and Divorced or Separated Claimants (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, attach a copy of the claim showing each spouse's share of the credit to each income tax return. Enter only your portion of the credit on your MI-1040CR, line 44.

Separated or Divorced in 2013

Figure your credit based on the taxes you paid together before your separation plus the taxes you paid individually after your separation. Complete and attach Form 5049 and attach a schedule showing your computation. For more information or to help you calculate a prorated share of taxes, see *Michigan Homestead Property Tax Credits for Separated or Divorced Taxpayers* (Form 2105).

Example: Karl and Cathy separated on October 2, 2013. 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 income 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 A.

Cathy uses lines 47 through 50, column B, 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 Nursing Homes and Other Adult Care Homes

If you are a resident of a nursing home, adult foster care home, or home for the aged, that facility is considered your homestead. If the facility pays local property taxes (many do not), you may claim your portion of those taxes for credit. You may **not** claim rent. Ask the facility manager what your share is or, to determine it yourself, divide the amount of property tax levied on the facility in 2013 by the number of residents for which the facility is licensed. This is your share. If both you and your spouse live in the facility, add your shares together. If you lived in the facility only part of the year, multiply this amount by the portion of the year you lived at the facility.

Exception: Credit is not allowed if your care facility charges are paid directly to the facility by a government agency.

If you maintain a homestead and your spouse lives in an adult care home, you may file a joint credit claim. Combine the tax for your homestead and your spouse's share of the facility's property tax to compute your claim.

If you are single and maintain a homestead (that is **not** rented) while living in an adult care home, you may claim either your homestead or your share of the facility's property tax, but not both. Use the one that gives you the larger credit.

Single Adults Sharing a Home

When two or more single adults share a home, each may file a credit claim if each has contracted to pay rent or owns a share of the home. Each adult should file an individual claim based on his or her total household resources and prorated share of taxes or rent paid.

Line-by-Line Instructions for *Homestead Property Tax Credit* (MI-1040CR)

Lines not listed are explained on the form.

Lines 1, 2, and 3: Enter your name(s), address, and Social Security number(s). If you are married, filing separate claims, enter both Social Security numbers, but do **not** enter your spouse's name.

Line 5: Check the box that applies to you or your spouse as of December 31, 2013, if any. If both boxes apply, only check box 5b, unless you are claiming the Senior Alternate Credit, then you should check box 5a.

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 (as defined under Social Security Guidelines 42 USC 416). If you are age **66 or older** you may **not** claim an exemption as totally and permanently disabled. Blind means your better eye permanently has 20/200 vision or less with corrective lenses, or your peripheral field of vision is 20 degrees or less.

Line 6: Filing Status. Check the box to identify your filing status. If you file a joint federal return, you must file a joint property tax credit. Married couples who file married filing separate must include the total household resources of both spouses unless you filed separate federal returns and maintained separate homesteads. If you filed your federal return as head of household or qualifying widow(er), file your property tax credit as single.

Same-Sex Couples Filing a Joint Federal Return. Same-sex couples who file a joint federal income tax return must continue to file income tax returns for Michigan with each individual using the single filing status. Michigan has defined marriage in the Michigan Constitution as a union of one man and one woman. Each individual who has income attributable to Michigan and who has filed a joint return with the IRS as a same-sex couple should separately report adjusted gross income (AGI) for Michigan income tax as a single filer. Each individual should recalculate their federal adjusted gross income as if they had filed a single federal return, and be aware that filing as single may affect the filer's eligibility for Michigan tax credits as well. Additional information can be found on Treasury's Web site.

Line 7: Residency. Check the box that describes your Michigan residency for 2013. 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 2013.

Property Tax

Line 8: Homestead Status. Check this box if the taxable value of your homestead includes unoccupied farmland classified as agricultural by your assessor.

Line 9: If the taxable value of your homestead is greater than $135,000, STOP; you are not eligible for the homestead property tax credit. If your taxable value is less than $135,000, enter the 2013 taxable value from your 2013 property tax statement or assessment notice. If you do not know your taxable value, contact your local assessor. Farmers should include the taxable value of all land that qualifies for this credit (see instructions for farmers on page 24). **Farmers should note that the $135,000 limit on taxable value does not apply to the taxable value of their homestead attributable to unoccupied farmland classified as agricultural.**

Line 10: Read "Property Taxes That Can Be Claimed for Credit" on page 24 before you complete this line.

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

Total Household Resources

Include all taxable and nontaxable income you and your spouse received in 2013. If your family lived in Michigan and one spouse earned wages outside Michigan, include the income earned both in and out-of-state in your total household resources. (See "Total Household Resources," page 23.)

Line 14: Enter all compensation received as an employee. Include strike pay, supplemental unemployment benefits **(SUB pay)**, sick pay, or long-term disability benefits, including income protection insurance, and any other amounts reported to you on Form W-2.

Line 15: Do not include business dividend and interest income reported as a distributive share on Form K-1. See line 16 instructions.

Line 16: Add the amounts from:

- U.S. *Schedule C* (Profit or Loss from Business).
- Part II (Ordinary Gains and Losses) of the U.S. Form *4797.*
- Part II (Income or Loss from Partnerships and S Corporations) and Part III (Income or Loss from Estates and Trusts) of the U.S. *Schedule E.*
- U.S. *Schedule F* (Profit or Loss from Farming).
- Include income items reported as a distributive share.

If the total is negative enter "0." Include amounts from sources outside Michigan. Attach the above federal schedules to your claim.

Line 17: Add the amounts from:

- Part I (Income or Loss from Rental Real Estate and Royalties) of the U.S. *Schedule E.*
- Part IV (Income or Loss from Real Estate Mortgage Investment Conduits (REMIC)) of the U.S. *Schedule E* (rents, royalties).
- Part V (Summary) (Net farm rental income or (loss)) of the U.S. *Schedule E.*

If the total is negative enter "0." Include amounts from sources outside Michigan. Attach the above federal schedules to your claim.

Line 18: Enter all annuity, retirement pension, and individual retirement account (IRA) benefits. This should be the taxable amount shown on your U.S. Form *1099-R*. If no taxable amount is shown on your U.S. Form *1099-R*, use the amount required to be included in AGI. Enter "0" if all of your distribution is from your contributions made with income previously included in AGI. Include reimbursement payments such as an increase in a pension to pay for Medicare charges. Also include the total amount of any lump sum distribution including amounts reported on your U.S. Form *4972*. Do **not** include recoveries of after-tax contributions or amounts rolled over into another plan (amounts rolled over into a Roth IRA must be included to the extent included in AGI). You must include any part of a distribution from a Roth IRA that exceeds your total contributions to the Roth IRA regardless of whether this amount is included in AGI. Assume that all contributions to the Roth IRA are withdrawn first. **NOTE:** Losses from Roth IRAs cannot be deducted.

Line 19: Enter net capital gains and losses. This is the total of short-term and long-term gains, less short-term and long-term losses from your U.S. *Schedule D* (losses cannot exceed $3,000 if single or married filing jointly, or $1,500 if married filing separately). Include gains realized on the sale of your residence whether or not these gains are exempt from federal income tax.

Line 20: Enter alimony received and other taxable income. Describe other taxable income. This includes: awards, prizes, lottery, bingo, and other gambling winnings over $300; farmland preservation tax credits if not included in net farm income on line 16; and forgiveness of debt to the extent included in federal AGI (e.g., mortgage foreclosure).

Line 21: Enter your Social Security, Supplemental Security Income (SSI), and/or Railroad Retirement benefits. Include death benefits and **amounts received for minor children or other dependent adults** who live with you. Report the amount actually received 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 *2013 Custodial Party End of Year Statement* (FEN-851) showing child support payments paid to the Friend of the Court, enter the child support portion here and attach a copy of the statement. See line 27 instructions.

Line 23: Enter all unemployment compensation received during 2013.

Line 24: Enter the value over $300 in gifts of cash or merchandise received, or expenses paid on your behalf (rent, taxes, utilities, food, medical care, etc.) by parents, relatives, or friends. Do not include government payments made directly to third parties such as an educational institution or subsidized housing project.

Line 25: Enter other nontaxable income. This includes:

- Scholarship, stipend, grant, or GI bill benefits and payments made directly to an educational institution
- Compensation for damages to character or for personal injury or sickness
- Adoption subsidies
- An inheritance (except an inheritance from your spouse)
- Proceeds of a life insurance policy paid on the death of the insured (except benefits from a policy on your spouse)
- Death benefits paid by or on behalf of an employer
- Minister's housing allowance
- Forgiveness of debt to the extent not included in federal AGI (e.g., mortgage foreclosure)
- Reimbursement from dependent care and/or medical care spending accounts
- If you are married, filing separately, include your spouse's income unless you maintained separate homesteads during the year. Complete and attach 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 DHS and all other public assistance payments. Your *2013 Client Annual Statement* (DHS-1241) mailed by DHS in

January 2014 will show your total DHS payments. Your statement(s) may include the following: Family Independence Program (FIP) assistance, State Disability Assistance (SDA), Refugee Assistance, Repatriate Assistance, and vendor payments for shelter, heat, and utilities.

NOTE: If you received a 2013 FEN-851 (attach a copy), subtract the amount of child support payments entered on line 22 from the total DHS payments and enter the difference here.

Line 30: Enter total adjustments from your U.S. Form *1040* or U.S. Form *1040A*. Describe adjustments to income. These adjustments reduce total household resources and include some of the following:

- Payments to IRAs, SEP, SIMPLE, or qualified plans
- Student loan interest deduction
- Moving expenses **into** or **within** Michigan can be included in "Other Adjustments" to reduce total household resources. Moving expenses when moving **out** of Michigan cannot be included in "Other Adjustments" to reduce total household resources
- Deduction for self-employment tax
- Self-employed health insurance deduction
- Penalty on early withdrawal of savings
- Alimony paid
- Jury duty pay you gave to your employer
- Archer Medical Savings Account (MSA) deduction
- Any other adjustments to gross income included on your 2013 U.S. Form *1040*
- Health Savings Account (HSA) deduction.

Line 31: Enter health insurance premiums, Health Maintenance Organization (HMO) premiums, or other insurance premiums you paid for yourself and your family. Include the following premiums:

- Medical insurance
- Dental insurance
- Vision insurance
- Prescription drug plan
- Automobile insurance (medical care portion only).

Do **not** include any insurance premiums deducted on lines 21 or 30, amounts paid for income protection insurance (long-term disability), long-term care insurance, or amounts paid by an employer with pre-tax payroll contributions.

Property Tax Credit

Line 34: Multiply line 33 by 3.5 percent (0.035) or the percentage from MI-1040CR Table 2. **This is the amount that will not be refunded.** The personal representative claiming a credit for a deceased taxpayer with total household resources of $6,000 or less must annualize the decedent's income and use the annualized figure to determine the nonrefundable percentage from Table 2. Then use the **actual** total household resources to compute the credit. See "Annualizing Total Household Resources" on page 26.

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

ALL GENERAL CLAIMANTS

Income	*% of Income*
$0 - $50,000	3.5%

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	3.5%

*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.

PART 1: Allowable Computation Based on Claimant Status

Complete only Section A, B, or C, whichever applies to you. Senior claimants who checked box 5a complete Section A. Disabled claimants who checked box 5b complete Section B. All other claimants complete Section C.

Line 37: Enter the percentage from MI-1040CR Table A that applies to your total household resources from line 33. A senior, age 65 or older, filing a part-year credit must calculate annualized total household resources to determine the reduction percentage using MI-1040CR Table A.

MI-1040CR TABLE A:
SENIOR CREDIT REDUCTION

Total Household Resources	Percentage
$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 - $50,000	60% (0.60)

Line 42: If you are a senior claimant enter the amount from line 38. If you are a disabled claimant enter the amount from line 39. All others enter the amount from line 41. If you received FIP assistance or other DHS benefits in 2013, prorate your credit to reflect the ratio of income from other sources to total household resources. To prorate your credit use the information from your form to complete MI-1040CR Worksheet 3 on page 30.

Line 43: The computed credit is reduced by 10 percent for every $1,000 (or part of $1,000) that your total household resources exceed $41,000. Enter the percentage from MI-1040CR Table B that applies to your total household resources from line 33.

NOTE: If you are filing a part-year credit and the annualized income is more than $41,000, use annualized total household resources to determine the percentage allowable in MI-1040CR Table B.

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

Total Household Resources	Percentage
$41,000 or less	100% (1.00)
$41,001 - $42,000	90% (0.90)
$42,001 - $43,000	80% (0.80)
$43,001 - $44,000	70% (0.70)
$44,001 - $45,000	60% (0.60)
$45,001 - $46,000	50% (0.50)
$46,001 - $47,000	40% (0.40)
$47,001 - $48,000	30% (0.30)
$48,001 - $49,000	20% (0.20)
$49,001 - $50,000	10% (0.10)
$50,001 - above	0%(0.00)

Alternate Property Tax Credit for Renters Age 65 or Older

If you are a senior renter age 65 or older you may qualify for the Alternate Property Tax Credit. Complete MI-1040CR Worksheet 4 to determine if you qualify.

MI-1040CR Worksheet 4, Line B: Enter rent paid from line 53 or, if you live in service fee housing, enter amount from line 55. If you moved from one rental homestead to another during the last two years (also see "If You Moved in 2013" on page 25), enter smaller of:

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

PART 4: Renters

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

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 2013 and for each time rental amounts changed. If you need more space, attach an additional sheet. Do **not** include more than 12 months' rent. If you married during 2013, see page 26. Do **not** include amounts paid directly to the landowner on your behalf by a government agency, unless payment is made with money withheld from your benefit. If you pay lot rent on your mobile home, subtract the $3 per month property tax from the total rental amount and enter this amount on line 10. Claim the remaining balance of rent on line 53 and on line 11.

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, check box 54b and enter the amount of rent you paid on line 55 and 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, check the appropriate box and calculate your prorated share of taxes. See **"Rent That Can Be Claimed for Credit"** and **"Residents of Nursing Homes and Other Adult Care Homes"** on pages 25 and 27.

MI-1040CR WORKSHEET 3: FIP/DHS BENEFITS

A. Enter amount from line 27 (FIP and other DHS benefits) .. ________

B. Enter amount from line 33 (Total Household Resources)... ________

C. Subtract line A from line B (if amount is a negative value, enter "0")........ ________

D. Divide line C by line B and enter percentage here .... ________

E. If you checked box 5a, enter the amount from line 38. If you checked box 5b, enter the amount from line 39. All others, enter the amount from line 41 here (maximum $1,200) .... ________

F. Multiply line E by line D. If you are age 65 or older and you rent your home, enter amount here and on line A of Worksheet 4. **Otherwise, enter here and on your MI-1040CR, line 42**........ ________

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

A. Enter amount from line 42 or line 44 if line 33 exceeds $41,000, or if you received FIP/DHS benefits, enter the amount from Worksheet 3, line F........ ________

B. Enter rent paid from line 53 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 $1,200)........ ________

TABLE 3 - FEDERAL SCHEDULES

If you file any of the following schedules or forms with your federal return you must attach a copy to your Michigan income tax return:

Schedule B or 1040A Schedule 1	Interest and Dividend Income (if over $5,000)
Schedule C or C-EZ	Profit or Loss From Business
Schedules D and 4797	Capital and Ordinary Gains and Losses
Schedule E	Supplemental Income and Loss
Schedule F	Farm Income and Expenses
Schedule R or 1040A Schedule 3	Credit for the Elderly or Disabled
Form 1040NR	Nonresident Alien Income Tax Return
Form 2555	Foreign Earned Income
Form 3903 or 3903-F	Moving Expenses
Form 4868	Application for Automatic Extension of Time to File U.S. Individual Income Tax Returns
Form 6198	Computation of Deductible Loss From Activity Described in IRC Section 465(c)
Form 8829	Expenses for Business Use of Your Home

The above schedules and forms must report the location of the business activity or the location of any real property involved. Schedules showing rental of personal property must report where the property is being used. Attach any Schedule K-1s which support your attached Schedules D and E. If you do not attach these schedules, processing of your return may be delayed or your credit/subtraction may be denied.

Deceased Taxpayer Chart of Examples (see instructions, pages 7 and 25.)

A. Joint Filers with Surviving Spouse

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

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 (No., Street, P.O. Box or Rural Route)		
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 (No., Street, P.O. Box or Rural Route)		
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 (No., Street, P.O. Box or Rural Route)		
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 (No., Street, P.O. Box or Rural Route)		
Sam W. Jones CLAIMANT 123 Main St.		

WORKSHEET 5 - 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 Taxable Income of spouse who is NOT a full-year resident .... 1. ____________
2. Total Taxable Income of 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. **$3,950**
5. Number of spouse's special exemptions from MI-1040, line 9b ______ x $2,500 .... 5. ____________
6. Spouse's qualified disabled veteran exemption ______ x $300 from MI-1040, line 9c .... 6. ____________
7. Add lines 4, 5, and 6 .... 7. ____________
8. Multiply line 7 by the percentage on line 3 .... 8. ____________

Computing Amount of Prorated Exemption Amount for Dependents

9. Michigan AGI for both spouses from Schedule NR, line 14B .... 9. ____________
10. Total AGI from Schedule NR, line 14A .... 10. ____________
11. Divide line 9 by line 10 and enter percentage here .... 11. ____________ %
12. Multiply line 11 by exemption allowance of $3,950 .... 12. ____________
13. Multiply line 12 by the number of dependents claimed .... 13. ____________
14. Multiply line 11 by the number of dependents claimed who are qualified disabled veterans (from MI-1040, line 9c) _______ x $300 .... 14. ____________
15. Multiply line 11 by the number of dependents claimed with special exemptions from MI-1040, line 9b _______ x $2,500 .... 15. ____________

Computing Amount of Exemption for Resident Spouse

16. Michigan resident spouse's personal exemption allowance 16. **$3,950**
17. Number of Michigan resident spouse's special exemptions from MI-1040, line 9b ______ x $2,500 .... 17. ____________
18. Michigan resident spouse's qualified disabled veteran _______ x $300 from MI-1040, line 9c .... 18. ____________
19. Add lines 16, 17, and 18 .... 19. ____________
20. Add lines 8, 13, 14, 15, and 19 and carry to Schedule NR, line 19 .... 20. ____________

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, 2013. 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
06010	Arenac Eastern
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
32250	Bloomfield Twp.
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
73080	Buena Vista
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
46070	Deerfield
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
50020	East Detroit
41090	East Grand Rapids
38090	East Jackson
15060	East Jordan
33010	East Lansing
34340	Easton Twp.
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
53030	Free Soil
73200	Freeland
62040	Fremont
61080	Fruitport
29050	Fulton
39050	Galesburg-Augusta
11160	Galien Twp.
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
34040	Palo
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
32130	Port Hope
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)
32630	Sigel Twp. 6 (Kipper)
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

Financial Information for Fiscal Year 2012

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, 2012.

State Revenues and Financing Sources

(Millions of Dollars)

Financing Source	Amount	%
Sales and Use Taxes	$8,383.5	30.1%
Income Tax	6,921.0	24.9%
Other Revenue & Taxes	5,296.1	19.0%
Motor Vehicle & Fuel Taxes	1,879.7	6.8%
State Education Tax	1,789.7	6.4%
Business, Corporate and Ins. Taxes	1,612.2	5.8%
Tobacco & Liquor Taxes	1,138.4	4.1%
Lottery Profits	786.9	2.8%
Total	$27,807.5	100.0%

State Expenditures and Financing Uses

(Millions of Dollars)

Financing Use	Amount	%
Education	$12,559.8	45.2%
Health Services	4,585.3	16.5%
Public Safety & Corrections	2,399.5	8.6%
General Government	1,858.9	6.7%
Transportation	1,844.6	6.6%
Other	1,308.9	4.7%
Economic Dev. & Environmental Reg.	1,137.3	4.1%
Human Services	1,080.8	3.9%
Revenue Sharing to Local Governments	1,032.2	3.7%
Total	$27,807.5	100.0%

Due to rounding, amounts in millions of dollars may not sum to totals.

Unclaimed Property

The Michigan Department of Treasury is holding millions of dollars in abandoned and unclaimed property belonging to Michigan residents. Go to **www.michigan.gov/unclaimedproperty** to search for unclaimed property.

Treasury Offices

Treasury office staff do not prepare tax returns.

DETROIT
Cadillac Place, Suite L-380
3060 W. Grand Blvd.

DIMONDALE *
7285 Parsons Drive
(*NOT a mailing address)

ESCANABA
State Office Building, 1st Floor
305 Ludington Street
(open 8 - 12 only)

FLINT
State Office Building, 7th Floor
125 E. Union Street

GRAND RAPIDS
State Office Building, 2nd Floor
350 Ottawa Avenue, NW - Unit 17

STERLING HEIGHTS
41300 Dequindre Road, Suite 200

TRAVERSE CITY
701 S. Elmwood Avenue, 4th Floor
(open 8 - 12 only)