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MI 4012 Introduction

NOTE: THIS DOCUMENT IS A GENERAL GUIDE FOR TAXSLAYER SOFTWARE AS OF THE DATE ON THE COVER. THE SOFTWARE IS DYNAMIC AND CONTINUOUS CHANGES ARE EXPECTED. USE THE INFORMATION HERE WITH THIS IN MIND.

This User Guide provides summaries of tax law, software behavior, and related instructions. It is designed to assist TaxSlayer (TS) users in preparing an accurate MI 1040 return. Refer to this Guide after you have completed the US 1040 and all its related Forms and Schedules. Links to updated information for this guide, the Michigan 1040 Instruction book and other Michigan tax material can be found at the District 15 Website: http://d15taxprep.weebly.com/michigan.html

Note: The MI 1040 should be filed for all clients. Consult your LC for any exceptions.

In some cases, notably Filing Status and Exemptions, information correctly entered on the Federal return may appear differently or require changes on the Michigan tax return. See those sections of the MI 1040 below.

TaxSlayer Screens for Michigan

In this User Guide, locations for data entry in TaxSlayer will usually start with the Michigan Return (MR) page (See Figure 1 below).

Directions to any Michigan form will usually start with one of the nine buttons on this page and be written in this format: MR>Additions to Income>Next Page>etc:

![Michigan Return Screen](image)

**Figure 1: Michigan Return Screen**

**Important: Federal $0 AGI Not Permitted**

A Federal return must be filed with a Michigan return, and the US 1040 must have more than $0 AGI or it will be rejected. If the Federal return has $0 AGI, add $1 as follows:

**Federal Section>Income>Less Common Income>Other Income Not Reported Elsewhere**

Enter $1 in the “Amount” field. For “Description,” type the words, “IN ORDER TO EFIE” This will carry to US 1040 Schedule 1, line 8 and to the AGI.
**MI 1040 Page 1**

**Header section: Name/Spouse/Address/SSN**
Auto-populated by TaxSlayer.

**Header section: School district code**
- This information may have been entered in the Federal>Basic Information>Personal Information (A Few More Questions) but can still be reviewed or changed under MR>Basic Information: Select the district name from the drop-down list and TS will provide the code on the finished return. The school district name can be determined from the tax bill or from last year's printed return.
  
  **Note:** the district name may not be the same as the Taxpayer’s city.
- If the name of the district is not known, try calling the local treasurer or using the following link: [http://www.greatschools.org/school-district-boundaries-map/](http://www.greatschools.org/school-district-boundaries-map/)
  Enter the address (street, city, state) and the name of the district is provided
- For clients who moved during the tax year, use the school district name for the client’s address on December 31.

**Line 5: State campaign fund**
- This information may have been entered in Federal>Basic Information>Personal Information (A Few More Questions) but can still be reviewed/changed under MR>Basic Information: Click Yes if the Taxpayer or Spouse wish to donate $3.00.
  
  Explain that this designation will not increase the tax liability or reduce the refund.
  
  **Note:** If the Taxpayer/Spouse do not wish to donate, it is not necessary to click No.

**Line 6: Farmers, fishermen or seafarers**
- MR>Basic Information: At least two-thirds of gross income must come from farming, fishing, or seafaring for this checkbox to be selected. This may be out of scope for your site; consult with your LC.

**Line 7: Filing Status**
- Auto-populated by TaxSlayer. (Note: Federal Head of Household and Qualifying Widower filing status are classified as Single for the MI return.)
- Taxpayers filing Married Filing Separately on the US 1040 have the option of filing jointly in Michigan. This requires special handling – consult your LC.

**Line 8: Residency Status**
- Auto-populated from TaxSlayer

**Line 9: Exemptions**
- **9a Exemptions.** Generally auto-populated from the TS Federal section for Taxpayers, Spouse and Dependents.
• **9b Special Exemptions.** A Special Exemption may be claimed for the Taxpayer, the Spouse and each Dependent who has one of the following conditions: Deaf, Blind, Hemiplegic, Paraplegic, Quadriplegic or Totally and Permanently Disabled. See Appendix A for disability definitions and additional information on this subject. **IMPORTANT:** 1) Only **one** special exemption can be claimed per person. 2) A person cannot claim Totally and Permanently Disabled if age 66 or older.

• Enter Special Exemptions information via MR>Basic Information. For the Taxpayer and Spouse enter YES for any disability other than blind because “Blind” should have already been entered in the Federal Basic Information section and TS will auto-populate this on MI 1040, Line 9b (see Figure 2 below).

• For any Dependents qualifying for a special exemption, enter the NUMBER of persons (see Figure 2) who has one of the listed conditions, including blind or totally and permanently disabled since these disabilities do not carry forward to Michigan from the Federal Basic Information section for dependents (see Figure 2 below).

• **9c Qualified disabled veterans.** If the Taxpayer, Spouse or any Dependent is also a qualified disabled veteran, enter the total number for additional exemption (See Figure 2). See Appendix A for additional information on this subject.

• **9d Stillbirth Exemption.** See 2019 MI 1040 Instructions, p. 10.

• **9e Claimed as a Dependent.** Auto-populated from the TS Federal Basic Information>Personal Information section, checkbox under Taxpayer name.

• **9f (total).** Auto-calculated by TS. Adds lines 9a-9d, and computes total exemptions.

---

![Figure 2: Special Exemptions](image-url)
Special Notes (MR>Basic Information -- bottom of page)

- Use this field (limited to 56 characters/spaces) to explain any special State circumstances. Enter the form name and line number first. Consult with your LC for uses of this field.
  Note: This message will not appear on the printed MI 1040 pdf.

**Line 10: Adjusted gross income from your Federal return**

- Auto-populated from US 1040 Line 8b, adjusted gross income.

**Line 11: Additions**

- Flows from MI Schedule 1, Line 9.
- **Important:**
  See the section in this Guide titled Michigan Schedule 1 – Additions and Subtractions and complete as needed for any additions.

**Line 12: Total income**

- Auto-calculated to add Lines 9 and 10.

**Line 13: Subtractions**

- Flows from MI Schedule 1, Line 28.
- **Important:**
  See the section in this Guide titled Michigan Schedule 1 – Additions and Subtractions and complete as needed for any subtractions.

**Line 14: Income Subject to Tax**

- Auto-calculated to subtract Line 13 from Line 12.

**Line 15: Exemptions allowance**

- Auto-populated from Line 9e above.

**Line 16 and Line 17: Taxable Income and Tax**

- Auto-calculated. Enters zero if Line 15 is greater than Line 14.

**Line 18: Income Tax Imposed by government units outside Michigan**

- Income tax imposed by another state or Canada. This may be out of scope for your site; consult with your LC.

**Line 19: Michigan Historic Preservation Tax Credit**

- This is out of scope for MI Tax-Aide. Consult with your LC how to proceed.

**Line 20: Income Tax**

- Auto-calculated to subtract lines 18 and 19b from Line 17.
Line 21: Amount of Tax
- Auto-populated from Line 20.

Line 22: Voluntary Contributions from MI Form 4642
- Rare occurrence. Form 4642 allows Taxpayer to make a donation to any of the nonprofits listed on the form (e.g. United Way Fund, American Red Cross Michigan Fund). The donation will be added to Taxpayer’s taxes due (increasing the amount due or reducing refund) and be paid to the group. To complete the 4642, go to MR>Voluntary Contributions, select “yes,” and enter the amount for each target charity.

Line 23: Use Tax
- **Important**: Interview the Taxpayer for this purchase information.
- Taxpayers who make purchases from out-of-state sellers by catalog, phone, or the Internet owe a 6% tax for Michigan if the sales tax was not collected by the seller.
- If the Taxpayer is reporting a use tax, go to MR>Use Tax to enter it as follows.
- If the Taxpayer has incomplete or inaccurate purchase information, select Yes in the drop-down box for “Calculate Use Tax Using Tables?” This will calculate a use tax from the AGI. If using this option, do not enter any amount in the “Total Itemized Purchases Under $1000” box.
- If the Taxpayer does have accurate total purchase information for itemized purchases under $1000, enter the total there and select No in the drop-down box “Calculate Use Tax Using Tables?”
- In either case, if the Taxpayer has made any individual purchases over $1000, they must be entered on the “Total Single Purchases Over $1000” box.
- Refer to the MI Instruction book for useful background and tables on this topic.

Line 24: Total Tax Liability
- Auto-calculated to add lines 21, 22, and 23.

Line 25: Property Tax Credit
- Auto-populated from MI 1040CR or MI 1040CR-2, Michigan Homestead Property Tax Credit.
- **Important**: You must complete the MI CR form – see the MI 1040CR Michigan Homestead Property Tax Credit section in this Guide for assistance in filling out the form.

Line 26: Farmland Preservation Credit
- Rare, applies to farmers only. See Michigan Taxpayers Assistance manual under “Tax Credits (Refundable)” This may be out of scope for your site; consult with your LC. If using, go to MR>Credits>Farmland Preservation Tax Credit MI-1040CR5.

Line 27: Michigan Earned Income Tax Credit (EITC)
- Auto-calculated to produce a MI credit that is a percentage of the EITC claimed on US 1040, Line 18a. The resulting MI credit is reported on 27(b).
Line 28: Michigan Historic Preservation Tax Credit
- Rare, involves certified rehabilitation expenses for historic resources. This may be out of
  scope for your site; consult with your LC.

Line 29: Michigan Tax Withheld from Schedule W
- Flows from state withholdings data from Federal income documents such as W-2, W-2G,
  1099-R, 1099-MISC and 1099-G.
  Confirm that the correct amounts have auto-populated from those forms.

Line 30: Estimated tax, extension payments, and prior year credit forward
- Important: Review the prior year tax return and interview Taxpayer to determine if
  estimated payments (MI-1040ES) or a refund credit forward was included.
- Counselor must enter these when applicable, including estimated prepayments made using
  MI-1040ES, and any carry-forward portions of prior year refunds. Enter these in the
  Federal section under Payments and Estimates> State Estimated Payments. Enter
  payment amount(s) and select the state name.
- See Michigan 1040 Instructions book for details. Do not confuse estimated prepayments of
  future taxes with delinquent tax payments from prior years (such as under a payment plan).

Line 31: AMENDED RETURNS ONLY
- Consult your LC and MI 1040 instructions if amending a return that’s already been filed.

Line 32: Total Refundable payments and credits
- Auto calculated to add lines 25-31c

Line 33: Tax Due
- If Taxpayer owes taxes, Line 33 is auto-calculated.
- In the e-File State Returns section, there are return type options in the drop-down box,
  depending on the type of return and how the Taxpayer wishes to pay. The most common
  type would be E-file: Mail Payment, meaning the return will be e-filed and the Taxpayer
  will mail the check. A voucher will be printed with the return.
- Important: If the Tax due on Line 33 is more than $500, the Taxpayer may owe interest
  and a penalty. Calculating the interest or penalty is out of scope for Tax-Aide and Form MI
  2210 to compute this should not be used. If Line 33 does include an amount in the Interest
  or Penalty fields, consult with your LC or ERO how to remove it.
- If the tax due on Line 33 is more than $500, inform the Taxpayer that they may get a letter
  from the Michigan Department of Treasury about an interest and penalty. If the same
  results are expected next year, advise the Taxpayer to increase withholding or make
  estimated tax payments to avoid the underpayment penalty.

NOTE: MAKING ESTIMATED PAYMENTS FOR NEXT YEAR.
If the Taxpayer wishes to make estimated payments for next year (in addition to or instead of
amounts credited from a refund), this information should be entered at MR>Miscellaneous
Forms>Estimated Payments Vouchers, FormMI-1040ES. Select “Yes” and enter the
payments, usually in quarterly amounts. The voucher forms with due dates for payments will be
printed with the return.
Line 34: Overpayment
• Refund amount is auto-calculated by TS when Line 32 is greater than Line 24.

Line 35: Credit Forward
• If there is a refund, advise the Taxpayer that, if next year’s taxes owed are expected to exceed $500, they should consider crediting their refund to next year’s taxes or paying estimated taxes (See NOTE for Line 33.). If Taxpayer wishes to apply some or all of their refund to next year’s taxes, enter that amount under MR>Payments. This will report the amount on MI 1040 line 35 and subtract it from the refund amount.

Line 36: Refund
• Auto-calculated.

Direct Deposit Information for the State Refund
• In the e-File section select the “State Return(s)” tab. In the Return Type drop-down box, the Taxpayer can usually choose from 3 options (See Figure 3 below): E-file: Paper Check, Paper Return with Direct Deposit or E-file: Direct Deposit.
• If the Taxpayer chooses E-file: Direct Deposit, continue to the “Taxpayer Bank Account Information” tab, then enter the deposit account information as prompted, if not already entered for the Federal return.
• If there is more than one bank account entered on the return, the state refund ALWAYS will be made to the FIRST bank listed.

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Figure 3: Return Type options for State refunds
MI Schedule 1 – Additions and Subtractions
This form is used for two purposes: 1) to add back certain Federal exemptions that are not exempt in Michigan and 2) to subtract certain Federal income items that are deductible for Michigan. Much of this information is automatically carried forward to the MI Schedule 1 from the Federal return. When needed, additional information must be added directly to the MI return via the links through MR>Additions to Income (see Figure 4) and MR>Subtractions from Income (see Figure 5), as explained below.

MI Schedule 1 Pg. 1: Additions to Income

Figure 4 TaxSlayer Input Screen for Additions to Income
Line 1: Gross interest and dividends from states other than Michigan
- Usually auto-populated from information entered in the Federal section under Interest or Dividend Income>Interest Income>Taxable State Interest box. (Confirm correct entry there. May require inspection of brokerage statement to determine the amount taxable in Michigan.) Information also can be entered directly here, if needed, via MR>Additions to Income>Other states interest, dividends and income obligations or securities.

Line 2: Deduction for taxes on income including self-employment
- Generally, do NOT enter this information. This is carried forward to the final MI return by TS from US 1040 Schedule 1, Line 14: Deductible part of self-employment tax. (If using for some reason, enter via MR>Additions to Income>Deduction for taxes on, or measured by, income including self-employment tax taken on your Federal return.)

Line 3: Gains from Michigan column of MI-1040D and MI-4797
- MI-1040D Adjustment of Capital Gains and Losses is only required in rare situations where MI gains/losses differ from Federal gains/losses. Refer to the MI Instruction Book for details. This may be out of scope for your site; consult with your LC. If used, enter via MR>Income Subject to Tax.
- MI-4797 Michigan Adjustment of Sale of Business Property is Out of Scope.

Line 4: Losses attributable to other states
- Out of Scope for MI Tax-Aide; do not enter on TS.

Line 5: Net loss from Federal column of MI-1040D and MI-4797
- See Line 3 above.

Line 6: Oil and gas expenses deducted to arrive at AGI
- This may be out of scope for your site; consult with your LC. (Can be entered directly if needed via MR>Additions to Income>Oil and Gas Expenses Deducted…)

Line 7: Federal Net Operating Loss (NOL)
- Out of Scope for Tax-Aide. Consult with your LC. (Can be entered directly if needed via MR>Additions to Income>Federal Net Operation Loss Deduction…)

Line 8: Other additions
- This relates mainly to any unqualified withdrawals from a Michigan Education Savings Program (MESP) or any refund received from a Michigan Education Trust (MET) contract (this occurs at the termination of the contract). See MI Instruction Book for details. MESP and MET receipts are rare, and would normally be included in US 1040 Sched. 1, Line 8 and carry to Michigan AGI so they should not be separately entered here. For any other additions, enter total amount and description under MR>Additions to Income>Additions to Federal AGI.

Line 9: Total additions
- Auto-calculated. This number transfers to MI-1040 Line 11
## MI Schedule 1 Pg. 2: Subtractions from Income

**Important:** All entries on the Lines below must be entered as *positive* numbers.

### Subtractions From Income

We have automatically carried over certain subtractions from income to your Michigan return; however, Michigan does not tax certain items of income that are taxed by the Federal Government. Enter the amounts to be subtracted, as allowable, to the extent they are included in your Federal Adjusted Gross Income.

Enter your total contributions, less qualified withdrawals, to the Michigan Education Savings Program, Mi 529 Advisor Plan, and MI Achieving a Better Life Experience Program

<table>
<thead>
<tr>
<th>$</th>
<th>Sched 1 Line 17</th>
</tr>
</thead>
</table>

Enter your qualifying deduction for Michigan Education Trust (MET)

<table>
<thead>
<tr>
<th>$</th>
<th>Sched 1 Line 18</th>
</tr>
</thead>
</table>

Oil, Gas and Nonferrous Metallic Minerals (MI Searcd) income included in AGI

<table>
<thead>
<tr>
<th>$</th>
<th>Sched 1 Line 19</th>
</tr>
</thead>
</table>

Military pay included on MI-1040, line 10 (Taxable Social Security benefits were pulled from federal)

<table>
<thead>
<tr>
<th>$</th>
<th>Sched 1 Line 14</th>
</tr>
</thead>
</table>

Resident tribal member income exempted under a State/Tribal tax agreement

<table>
<thead>
<tr>
<th>$</th>
<th>Sched 1 Line 20</th>
</tr>
</thead>
</table>

**Michigan Net Operating Loss Deduction**

| Sched 1 Line 27 |

Amount included in MI-1040, line 10, from military retirement benefits U.S. Armed Forces or Michigan National Guard. Benefits entered in 1099RRB will automatically carryforward

| Sched 1 Line 11 |

Enter your Michigan State Income Tax Refund reported as income on the federal return

| Sched 1 Line 16 |

### Other Miscellaneous Subtractions

| Sched 1 Line 21 |

Income while a resident of a Renaissance Zone

| Sched 1 Line 15 |

Income Attributable to Another State

| Sched 1 Line 13 |

Deductions for Taxpayers Born before 1953

| Sched 1 Lines 22, 24 |

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*Figure 5: TaxSlayer Input Screen for MI Schedule 1 Pg. 2 - Subtractions from Income*
Line 10: Income from U.S. government bonds and other U.S. obligations
- Auto-populated from information entered in the Federal section under Interest or Dividend Income>Interest Income >Amount of Interest on U.S. Savings Bonds and Treasury Obligations that you want subtracted from the state return.
  (Confirm correct entry there. May require inspection of brokerage statement to determine the amount not taxable in Michigan.)

Line 11: Military retirement benefits or taxable railroad retirement benefits
- This line covers two types of benefits with different treatments as follow. (The subtractions are available to recipients of any age.)
  - 1) Military or MI National Guard Pensions–You MUST enter this information. Enter the taxable 1099-R amount included in MI 1040 line 10 in TS under: MR >Subtractions from Income> Amount included in MI-1040, line 10, from military retirement benefits due to service in the U.S. Armed Forces or Michigan National Guard... This will produce an entry on MI Schedule 1, line 11. (Taxable RR Tier 1 benefits also should be reported on line 11 rather than on line 14. If taxable RR Tier 1 benefits are incorrectly reported on line 14, they can be moved to line 11 using the second field on this screen.)
  - 2) Railroad Retirement - This will automatically carry forward from the RRB-1099-R entered in the Federal section to MI Schedule 1, line 11. (In the Federal section, this is entered under Income>IRA-Pension Distributions>RBB-1099-R.)

Line 12: Gains from Federal column of MI-1040D and MI-4797
- See Line 3 above.

Line 13: Income attributable to another state
- This may be out of scope for your site; consult with your LC. If needed, enter via MR>Subtractions from Income>Income Attributable to Another State.

Line 14: Taxable social security or military pay (not retirement)
- Taxable social security is auto-populated from US 1040 Line 5b, DO NOT enter here.
- Note: Military pay may be Out of Scope for your site. Consult with LC whether to process this return. If used, enter the taxable amount of military pay via:
  MR>Subtractions from Income> Military Pay Included on MI-1040 line 10...

Line 15: Income earned while a resident of a renaissance zone
- This may be out of scope for your site; consult with your LC.

Line 16: Michigan state and local income tax refunds received...
- At this time, this information MUST be manually entered here if applicable. Enter the same amount showing on US 1040 Schedule 1, Line 1 (US taxable MI income tax refund) via MR>Subtractions from Income>Michigan State Income Tax Refund. If the amount is later changed on US 1040, make the change here as well.
- Note: Subtraction of MI property tax refunds should be made on line 22 below.

Line 17: Michigan Education Savings Program (MESP) and MI 529 Advisor Plan (MAP)
- Enter the total of all contributions less any qualified withdrawals made to a MESP or MAP via MR>Subtractions from Income>Michigan Education Savings Program. See MI 1040 Instruction Book for additional information.
**Line 18: Michigan Education Trust (MET)**
- Enter any purchases of or contributions to a MET during the tax year via MR>Subtractions from Income>Michigan Education Trust (MET). See MI 1040 Instruction Book for additional details.

**Line 19: Oil and gas gross income included in AGI**
- This may be out of scope for your site; consult with your LC.

**Line 20: Resident tribal member income exempted under a State / Tribal tax agreement**
- This may be out of scope for your site; consult with your LC.

**Line 21: Miscellaneous Subtractions**
- These items are either auto-populated or very rare. Consult with the MI Instruction Book or your LC if you or the Taxpayer think there is a qualified subtraction here. If used, enter “Amount” and “Description” via MR>Subtractions from Income>Other Miscellaneous Subtractions.
  - **IMPORTANT:** If a US taxable MI property tax refund was included in the US 1040 Schedule 1, Line 8, it must be subtracted here.
  - Enter the amount of the MI property tax refund in the box labeled: “Enter other qualifying subtractions to Federal Adjusted Gross Income”
  - In the box labeled “Enter the description of the Other Subtractions entered above”, enter the following explanation: US TAXABLE MI HPTC
  - Note: This box is limited to 20 characters.

**Line 22: SSA Exemt**
- **Note:** SSA exempt employment refers to government workers who did not pay Social Security taxes and are not eligible for Social Security benefits based on that employment. A pension recipient who qualifies under both of the following conditions is entitled to a greater pension subtraction or increased Michigan Standard Deduction amount:
  1) Receives or whose spouse receives pension benefits from employment with a government agency that was not covered by Federal SSA.
  2) Born between Jan 1, 1946 and Jan 1, 1958, or born after December 31, 1952 and retired as of Jan 1, 2013. Refer to the checklist on p. 15 of MI 1040 Instructions to determine SSA Exempt eligibility.
- **Important:** The SSA Exempt subtraction is calculated ONLY when the applicable SSA boxes are checked on TS (see Figures 7 and 8 below). If the Taxpayer qualifies for Michigan Standard Deduction (born 1946-1952), simply select “Check if SSA Exempt” (Fig 7) and also if applicable, “Retired as of Jan 1, 2013 (Fig 8); do not complete 4884. Otherwise, if born after 1952, the MI 4884 MUST be entered after the checkboxes are checked. See the separate SSA section below in MI 4884 Pension Schedule.

**Line 23: Michigan Standard Deduction**
- Auto populated from Federal Personal Information section when the older of Taxpayer or Spouse was born in 1946 through 1952.
- Taxpayer will receive a deduction against any taxable income and will no longer deduct pension benefits separately – do not complete MI 4884 in this case.
  - The standard deduction is $20,000 for single or $40,000 for MFJ, reduced by any amounts reported on line 11 and any military pay included on line 14.
**Line 24: Retirement benefits**
- Flows from MI Form 4884 (allowable subtraction for pensions, IRAs, and other retirement benefits). The information MUST be entered in the Retirement and Pension Benefits page – see the section titled MI 4884 Pension Schedule in this Guide.
- **Note:** If the client(s) qualify for the Michigan Standard Deduction (see Line 24 above). Form 4884 is not used.

**Line 25: Dividend / interest / capital gains deduction for taxpayers born before 1946**
- This deduction is auto-populated for Taxpayers born prior to 1946. The amount is capped at approximately $11,771 for single and $23,542 for MFJ. These caps are reduced by any amounts on line 11 or 25.
- **Important Note:** If the Taxpayer is not born prior to 1946 but is an “un-remarried surviving spouse” claiming a dividend/interest/capital gains deduction for someone born before 1946 who was at least age 65 at the time of death”, then select Yes to this question in the drop-down menu box at **MR> Subtractions from Income>Deductions for Taxpayers Born Before 1953>Dividend/interest/capital gains deduction for taxpayers 67 years or older** (see Figure 6 below). Do NOT enter any amount in the “Additional…spouse” box, since the amount from the Federal return will auto-populate to the state once Yes is selected (see Figure 6). (The field can be used if, for some reason, you want to add to the Federal amount).
- **NOTE:** TS Vita Blog has reported the following (3/10/2017): “Added an e-file block for the tax scenario when claiming MI standard deduction and Senior dividend/interest deduction as the unremarried surviving spouse due to the specific situation not being supported electronically by the state.” TS suggests paper filing in this case.

**Ignore “67 years or older”. Unremarried spouse can be any age**

**If Taxpayer is an unremarried surviving spouse, select Yes in drop-down menu**

**If Yes is selected in box above, do not enter any Int/Div/CapGains. This field will auto-populate from the Federal 1040**

**Figure 6: Interest/Dividend/Cap Gains Deduction for Taxpayers 67 years or Older**

**Line 26: Subtotal**
- Auto-calculated (sum of Lines 10 through 25).

**Line 27: Michigan NOL Deduction**
- Out of scope for MI Tax-Aide. Do not enter in TS.

**Line 28: Total Subtraction**
- Auto calculated (sum of Lines 26 and 27) This number flows to MI 1040 Line 13.
MI 4884 Pension Schedule – Page 1
Form MI 4884 is used to calculate a subtraction from MI income of qualifying pension and retirement benefits (1099-R’s) that are included in the Federal AGI. The output of MI 4884 transfers to MI Schedule 1, Line 25.
The pension subtraction involves two factors: 1) The pension distribution MUST meet certain requirements to be characterized as a qualified distribution. 2) The qualified distribution may be subject to a dollar limitation on the amount of the subtraction, and may be further limited based on the date of birth of the retiree on a single return or the date of birth of the older spouse on a joint return. For important background information, refer to the 2019 information at MI Treasury Retirement & Pension Information at http://www.michigan.gov/taxes/0,4676,7-238-43513-397990--,00.html

Important: Before starting the MI 4884 form, review the US 1099-R forms in the Federal return.

Producing the 4884 in TS
In TS, the MI 4884 form is produced via MR>Subtractions from Income>Deductions for Taxpayers Born before 1953>Retirement Benefits that are Exempt from Michigan Income Tax>Retirement and Pension Benefits (see Figure 10 below). Review the following paragraphs before using this screen.

1) Use the “Retirement and Pension Benefits” page only when all these conditions are true:
   • The Federal return contains a 1099-R and the Taxpayer qualifies for the Retirement benefits subtraction on MI Schedule 1, Line 24 (or if SSA Exempt pension, Line 22).
   • The birth years for Taxpayer/Older Spouse are: 1) prior to 1946, or 2) after 1952 but only if qualifying SSA Exempt or Deceased Spouse Pensions. DO NOT use 4884 if born 1946-1952.

2) Examples of when NOT to use the “Retirement and Pension Benefits” page and the MI4884 include 1099-Rs for the following:
   • Taxpayer born after 1952 with no deceased spouse or SSA Exempt pension.
   • Taxpayer qualifies for the Michigan Standard Deduction (born 1946-52) on Schedule 1, Line 24 (see that section of this Guide).
   • Pension qualifies for subtraction on Schedule 1, Line 11(see that section of this Guide). These subtractions include Military and MI National Guard Benefits, and the Taxable Railroad Retirement Benefits (generally subtractable regardless of year of birth).
   • The type of pension does not qualify for any subtraction. See separate section, “Pension types that don’t qualify”, below.

Special MI 4884 Situations: SSA Exempt Pensions & Deceased Spouse Benefits
Two conditions pertaining to the Taxpayer/Spouse retirement benefits require specific handling in TaxSlayer: pensions that are SSA exempt and retirement benefits from a deceased spouse.
Note: Complete these steps prior to entering the 1099-R data into the Retirement and Pension Benefits page if they apply. If they do not apply, continue to “Entering Qualified Pensions Data”

1) SSA Exempt Pensions: See discussion under Michigan Schedule 1, Line 22 above. If an SSA exempt pension recipient is born after 1952, the 1099-R MUST be entered on the Michigan return and the appropriate SSA exempt menu boxes must be selected. These SSA exempt menu boxes appear on two separate pages, Deductions for Taxpayers Born Before 1953 and Retirement Benefits that are Exempt from Michigan Income Tax. See Figures 7 & 8 below.
Figure 7: Deductions for Taxpayers Born Before 1953: Select Yes in the box for “Check if SSA Exempt” for Taxpayer and/or Spouse, if true. (See Line 22 on p.14 above.)

Figure 8: Retirement Benefits that are Exempt: Select Yes in the box for “If you were born after 1952 and retired as of January 1, 2013, did you receive retirement benefits from SSA exempt employment?” if all these conditions are true. IMPORTANT: In order for this SSA exempt deduction to register in Schedule 1, at least one of the boxes in Figure 7 must have a Yes.

If the Taxpayer/Older Spouse is born 1946-1952 do nothing further. The subtraction will be reflected on line 23 (Michigan Standard Deduction). Otherwise(i.e. born after 1952), proceed to complete the Retirement and Pension Benefits page. The resulting subtraction will be reported on Schedule 1, lines 22 and 24. When completed, check that the subtraction appears on the correct section of 4884 according to the checklist “Which Section of 4884?” on p. 19 of MI 1040 Instructions.

SSA EXEMPT DATA ENTRY (see also Figure 8)

Select Yes in drop-down menus if either Taxpayer or Spouse get SSA exempt pensions
At least one of these boxes must have a Yes in order to get the SSA exempt deduction for “born after 1952, retired as of 1/1/2013”. (See Figure 8.)

2) Deceased Spouse Benefits: Is the taxpayer or spouse receiving qualifying survivor benefits for a deceased former spouse (usually indicated by code 4 in 1099-R, Box 7) who was born any time before 1953 and died prior to the tax year? This is particularly important when the decedent’s birth date qualifies the pension for a more favorable pension deduction Tier, such as from Tier 3 (no deduction) into Tier 2 or Tier 1 (deductions apply) for the deceased spouse pensions(s), not the Taxpayer’s own pension(s). If the deceased spouse died during the tax year, the filing status is generally MFJ and this section does not apply.

Taxpayer Birth Date: If qualifying deceased former spouse benefits are received by either the Taxpayer or Spouse, complete the deceased spouse information at MR>Subtractions from Income>Deductions for Taxpayers Born before 1953>Retirement Benefits that are Exempt from MI Income Tax (see Figure 8 below). Then complete the Retirement and Pension Benefits page to produce MI 4884. Do this even if the Taxpayer or Spouse was born after 1952 (e.g., 1960). However, if the Taxpayer or Spouse qualifies for the Michigan Standard Deduction, do NOT complete the section no matter the birth date of the deceased spouse. In any case, do not enter the Taxpayer's own pensions on Retirement and Pension Benefits unless they qualify on their own merits.
DECEASED SPOUSE AND SSA EXEMPT DATA ENTRY

Figure 8: Deceased Spouse and SSA Exempt data entry screen for MI 4884

Entering Qualified Pension data with Retirement and Pension Benefits page
Create the MI 4884 for qualified pensions by opening the Retirement and Pension Benefits page via MR>Subtractions from Income>Deduction for Taxpayers Born Before 1953>Retirement Benefits That Are Exempt From Michigan Income Tax>Retirement And Pensions Benefits (see Figure 9 below). From this page, multiple 1099-R’s that are eligible for subtraction can be entered on the MI 4884.

Figure 9: Launch page for selecting pension benefits eligible for subtraction in MI 4884

Click the blue Add Credit button to open the 1099-R selection page (see Figure 10 below). Follow the instructions to select from the list of Federal 1099-R’s only those that qualify for Form 4884. For each selected 1099-R, also answer the question boxes: “Private or Public?” and “deceased spouse?”
Note: The 1099-R summary list shows the gross amount of the pension, but only the taxable amount of the pension actually (and correctly) carries to the 4884.

Pension Types that don’t Qualify for any Subtraction

Pension/retirement benefits that do not qualify for pension subtraction include the following:

- Benefits received from anybody that is not a spouse.
- 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, benefits from 401(k), 457, or 403(b) plans attributable to employee contributions alone.
- 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.
- For additional information, see the Michigan Taxpayer Assistance Manual.
MI FORM 4884 Line-by-Line

Line 1 through Line 5: Names, SS#, Filer’s Age
• Auto-populated from TS Federal section.

Line 6: Check Box: “Check if born after 1952…retired as of 1/1/2013 … and SSA exempt”
• See p. 18, Figure 8 drop-down menu box with these conditions.

Line 7: Deceased spouse name, SS#, year of birth
• See “2) Deceased Spouse Benefits” above on p. 17 and Figure 8 on p. 18 for details.

Line 8: Retirement or Pension Benefits, Columns A - F
• Column A: The Public or Private selection must be made on the Retirement and Pension Benefits page for each pension/retirement benefit. The definition of a “public” pension for Michigan includes distributions from the following sources:
  ✓ The State of Michigan
  ✓ Michigan local governmental units (e.g., Michigan counties, cities, and school districts)
  ✓ Federal civil service.
  ✓ IRAs whose entire principal was rolled over from one of the above government sources.
  All other pension/retirement benefits should be checked as a “Private” benefit.
• Column B: The checkbox for “Dec sp” (deceased Spouse) will auto-populate if Line 7 above is used.
• Note: The Michigan Instruction book uses the term “Tier” to categorize the age of the Taxpayer or Spouse. Tier 1 is for those born prior to 1946. Tier 2 is for those born during 1946 through 1952. Tier 3 is for those born after 1952.
  The Public/Private pension distinction is particularly important in Tier 1 situations, since all Public pensions are deductible in that case.
  The “deceased spouse” information is particularly important when the deceased Spouse’s birth year moves the Taxpayer from Tier 3 (no deduction) into Tier 2 or Tier 1 (deductions apply) for the deceased spouse pension(s).
  Columns C, D, E and F will be auto-populated from “Retirement and Pension Benefits.”

MI 4884 Pension Schedule – Page 2
Note: TS will auto-calculate one of these Sections A, B, C, or D. The following information is provided for your background.
Section A, B, C or D is auto-calculated depending on the ages of the Taxpayer and Spouse and whether any pension/retirement benefits were received from a deceased Spouse. The calculated subtraction amount will flow to Schedule 1, Line 24.
Section A: Line 9 through Line 16
• This section is auto-calculated ONLY if the Taxpayer or Spouse was born prior to January 1, 1946.
• Line 9 shows the maximum allowable benefits subtraction.
  TS will automatically reduce this number if there were any military, Michigan National Guard, or railroad retirement benefits already subtracted on Schedule 1, Line 11. The amount of these benefits will be auto-populated in the space below Line 9.
• If this section is completed, review the entries to insure accuracy.

Section B: Line 17 through Line 27
• This section is auto-calculated ONLY if all of the following apply: there was a deceased Spouse pension, the deceased Spouse was born prior to January 1, 1946 and the Taxpayer and current Spouse were born after 1952.
• Line 17 shows the maximum allowable benefits subtraction.
  TS will automatically reduce this number if there were any Public benefits listed on MI 4884 pg. 1, Line 8 TS will further reduce this number if there were any military, Michigan National Guard, or railroad retirement benefits already subtracted on Schedule 1, Line 11. The amount of these Schedule 1, Line 11 benefits will be auto-populated in the space below Line 17.
• If this section is completed, review the entries to insure accuracy.

Section C: Line 28
• This section, Line 28, is auto-calculated for two different situations:
  1) there was a deceased spouse pension, the deceased spouse was born between January 1, 1946 and December 31, 1952, and the Taxpayer and current Spouse were born after 1952
  OR
  2) the older Taxpayer/Spouse was born any time after 1952, has an SSA Exempt Pension, and retired as of January 1, 2013.
• If this section is filled in, review the entry to ensure accuracy.

Section D: Line 29
• This section, Line 29, is auto-calculated ONLY if the older of Taxpayer or Spouse was born after 1952, has reached age 62, has an SSA Exempt Pension, and not retired as of January 1, 2013.
• If this section is filled in, review the entry to ensure accuracy.

Important: After entering 1099-R information, confirm that the subtraction appears on the correct Section A, B, C or D above by using the checklist on p. 19 of MI 1040 titled “Which Section of Form 4884 Should I Use?”
MI1040CR Michigan Homestead Property Tax Credit (HPTC)

Forms MI 1040CR and MI 1040CR-2 are for a refundable tax credit up to $1500 for property taxes levied against a Michigan homeowner or renter.

- Use MI 1040CR for most claimants, including Seniors and Taxpayers/Spouses with certain disabilities (Deaf, Disabled, Paraplegic, etc.).
- Use MI 1040CR-2 for claimants who are blind and own (not rent) their homestead or are in the active military, are an eligible veteran, or that veteran’s surviving Spouse. See the Michigan Tax Instruction book for information on MI CR-2.
- Claimants eligible for the CR-2 credit (blind, active military, veterans/spouses) should prepare both the MI 1040CR and the MI 1040CR-2. File the credit claim that results in a larger credit.

Who qualifies for the Homestead Property Tax Credit?

You can save yourself a lot of time if you know the requirements for this credit:

- Homeowner’s or renter’s Total Household Resources cannot be greater than $60,000 (Line 33)
- Homeowner’s homestead taxable value cannot exceed $135,000.
- Renter must be under a lease or rental contract
- Renter cannot live in tax-exempt housing (typically operated by government or nonprofit organizations paying no property taxes) including university and college owned housing.
- Homeowner or renter’s property taxes must exceed 3.2% of Total Household Resources
- Taxpayer must pay either property taxes or rent (e.g. cannot live with a relative)
- Homeowner or renter was a Michigan resident for 6 months or more.
- In the case of single adults each sharing a home and each qualifying for a credit, see MI 1040 instructions, p. 29.

IN TAXSLAYER: To begin the MI 1040CR in TS, navigate to MR>Credits>Homestead Property Tax and Home Heating Credit>Homestead Property Tax Credit Claim (MI-1040CR). Then click Yes in the drop-down box for the question, “Are you eligible for the Homestead Property Tax Credit?” (see Figure 11 below).

Complete the other questions on this page. As applicable, proceed to one or more of the following major sections on TS: (See Figure 11 below)

Part 1: Homeowner
Part 2: Renter
Part 3: Occupant of a Housing Facility.
Figure 11: First Data Entry for the Homestead Property Tax Credit

### MI 1040CR Line-By-Line

#### MI 1040CR Header section
- Taxpayer header information is auto-populated from TS Federal section.
- School district code is auto-populated from MI 1040, page 1.

#### Line 5: check boxes
- **Line 5a check box: “Age 65 or older”** This box is auto-populated if either the Taxpayer or living Spouse is over age 64 as calculated from the TS Federal section.
- **Line 5a check box: “Unremarried spouse . . .”** You MUST designate if the Taxpayer is under age 65 with a deceased spouse who was 65 or older at the time of death. The death could have occurred during the tax year or any previous year. Answer YES to the question “Are you an unremarried spouse of person who was 65 or older at the time of death?” under MR>Credits>Homestead Property Tax and Home Heating Credit>Homestead Property Tax Credit Claim. (See Figure 11 above.)
- **Line 5b check box: “Blind”** Auto-populated from the TS Federal Basic Information>Personal Information section if “Blind” is checked for either the Taxpayer or Spouse.
- **Line 5b check box: “Deaf, hemiplegic, etc.”** For conditions other than “Blind,” this check box is auto-populated from MR>Basic Information section when the “Do you qualify for
a special exemption…” question is answered “Yes” for Taxpayer or Spouse (but not for dependents.)

**Line 6: Filing Status**
- Line 6a, 6b or 6c is auto-populated from the MI 1040 line 7.

**Important:** If the filing status is Married Filing Separately (MFS), Form MI 5049 MUST be completed when filing a Homestead Property Tax or Home Heating Credit. In TS, when the Federal status is MFS, the link to the MI 5049 can be found at the bottom of the page at MR> Credits > Homestead Property Tax and Home Heating Credit

Click the **Begin** button next to the words “Married Filing Separately and Divorced or Separated Claimants Schedule (Form 5049)” (see Figure 12 below.)
This opens a new page titled Married Filing Separately and Divorced or Separated Claimants Form 5049. (See Figure 13 on next page.)

![Image](https://example.com/figure12.png)

**Figure 12: Bottom of MR> Credits > Homestead Property Tax and Home Heating Credit page**

To Complete MI Form 5049 (see Figure 13 below):
1) Click “Yes” in the drop-down menu next to “Do you want to complete Form 5049….”
2) If the couple did NOT live together during the year, skip to the final field, “Reasons for Not Including Spouse’s Income.” Enter “DID NOT LIVE TOGETHER ALL YEAR.” (Then you are finished.)
3) If the couple DID live together at any time during the year, consult the MI 5049 instructions at [https://www.michigan.gov/documents/taxes/5049_444690_7.pdf](https://www.michigan.gov/documents/taxes/5049_444690_7.pdf) together with instructions in Taxpayer Assistance Manual and MI 1040. Make sure that all prorations (income, property tax) are entered correctly on the 5049 and MI CR.

**Note:** The spouse’s income cannot be just “estimated” by the Taxpayer. If the spouse income cannot be obtained by the taxpayer, we cannot prepare the credit.

**Note:** If the Taxpayer divorced or legally separated during the year (and thus is filing Single), a similar proration of THR and taxes should be calculated.
Line 7: Residency Status
- Boxes 7a: Resident, is auto-populated based on the Federal Basic Information > Personal Information section when applicable.

Line 8: “... taxable value ... includes unoccupied farmland”
- (Unusual.) Answer “YES” to this separate question listed under MR > Credits > Homestead Property Tax and Home Heating Credit > Homestead Property Tax Credit Claim if the homestead taxable value includes unoccupied farmland classified as agricultural by an assessor. Removes the cap on Taxable Value, Line 9.
- This may be out of scope for your site; consult with your LC.

Line 9: Homeowners: Enter taxable value of your homestead
- To get to the taxable value entry in TS, first click Homeowner in the 2nd drop-down menu on the Homestead Property Tax Credit Claim page (see Figure 11.) Then click the Begin button for Part 1: Complete if you are a Homeowner. This opens a page by the same name (see Figure 17 below). Enter the Taxable Value (not state equalized value) amount where indicated. Cannot be greater than $135,000

Note: If there is no property tax bill or data for the taxable value, try calling the local treasurer’s office or searching the city’s web site for property tax assessment records.
Line 10: Property taxes levied
- While still on the same TS page as above (see Figure 17), enter the TOTAL of Summer Taxes and Winter Taxes levied for the year, whether or not they are paid. EXCLUDE any special assessments (e.g. rubbish) not based on taxable value, delinquent taxes, water bills or penalties.
- Line 10 may instead be auto-populated from any of, or the total of, lines 51, 56 or 57 below if applicable. If those sections are used, confirm that all of the amounts flow to line 10 on the CR form.

Line 11: Rent
- Auto-populated from Line 53 or 55 (see below).

Line 12: Multiply Line 11 by 23%
- Auto-calculated to produce the amount of rent used to calculate the credit.

Line 13: Total
- Auto-calculated to produce the total amount of property taxes to be considered in calculating the credit. Carried forward for the calculation performed in Line 35.
MI 1040CR Total Household Resources Lines 14-33:

This section reports all taxable and nontaxable income items used in the calculation of the Homestead Property Tax Credit and the Home Heating Credit. This part of the MI CR must be completed if the Taxpayer is applying for either credit. “Household” is defined as a single person or married couple (only). Counselors must use “due diligence” on a case by case basis to determine who else is living in the household and the sources of income or assistance from those persons or any other source. For the current definition of THR from the MI Treasury, use this link: [http://www.michigan.gov/documents/taxes/RAB_2015-18_Income_Tax-Household_ResourcesDefined_502159_7.pdf](http://www.michigan.gov/documents/taxes/RAB_2015-18_Income_Tax-Household_ResourcesDefined_502159_7.pdf)

In TAXSLAYER, much of this information is automatically carried forward to the final MI THR from the Federal return. When needed, additional information must be added directly in the bottom of the MR > Credits >Homestead Property Tax and Home Heating Credit page. (See Figure 14 below).

![Figure 14: Total Household Resources entries for certain nontaxable income](image_url)
Following are the CR lines with instructions when to use the TS fields above to populate them in the CR return.

**Line 14 to Line 19: Wages, interest, business, pension, capital gains, etc.**
- Auto-populated from the US 1040.
  - **Note:** Line 18: This includes only the 1099-R “taxable amounts” from US 1040 Line 4b and Line 4d.
  - Line 19: THR must include the gain (sale price minus cost basis) on a sale of a home whether or not it is exempt on the Federal return. Use the field on line 25 below to add this gain when not reported on the Federal return.

**Line 20: Alimony and other taxable income (TS “Other taxable income not reported on Form 1040”)**
- Auto-populated on the final MI return from US 1040 Schedule 1, Line 2a (Alimony) and US 1040 Schedule 1, Line 8 (other income). Do NOT enter this information again in the TS field--use only if there is additional taxable income to add (not likely).
  - **Note:** The first $300 of gambling winnings reported on W-2G and included on US 1040 Schedule 1, Line 8 is automatically subtracted by TS.
  - **Important:** 1) If a Federal taxable MI property tax refund is included in US 1040 Schedule 1, Line 8, it should be removed from THR. Enter that amount as a NEGATIVE number in this field (i.e., -1200). In the “Description” field (which cannot be left blank) enter SUBTRACTION. 2) If there are gambling winnings on US 1040 Schedule 1, Line 8 not reported on a W-2G, subtract by entering a NEGATIVE number as necessary to produce a total $300 gambling subtraction on the return, and enter SUBTRACTION in the “Description” field.

**Line 21: Social security, SSI, and/or RR retirement (TS “Enter any additional Social Security Benefits that you did NOT report on your Federal tax return”)**
- The social security data is auto-populated from US 1040 Line 5a and will usually show any subtraction for Medicare from the Social Security payment.
  - **Note:** Any Supplemental Security Income (SSI) must be added here since it is not reported on US 1040. SSI is usually a standard amount applicable to all qualifying Taxpayers (who often may not have their statement letter). In 2019, the amount was $771 monthly/ $9,252 annually for Single and $1,157 monthly/ $13,884 annually for Married. For additional information, use this link: [https://www.ssa.gov/oact/cola/SSIamts.html](https://www.ssa.gov/oact/cola/SSIamts.html). If the Taxpayer documents show a different amount for 2019, use the amount from the documents. Most SSI clients also receive state FIP/MDHHS payments which must be added to the SSI payments here on Line 21. These payments generally are a few hundred dollars per year.
  - **Note:** For other types of social security payments to be entered here (e.g. death benefits, minor children, etc.), see MI 1040 instructions for this line.

**Line 22: Child support and foster parent payments (TS “Enter the amount of Child Support you received during [Tax Year]”)**
- Must be entered if applicable (not taxable on the Federal return).
Line 23: Unemployment compensation
- Auto-populated from US 1040 Schedule 1, Line 7.

Line 24: Gifts or expenses paid on your behalf (TS “Enter the amount of gifts or expenses paid on your behalf”)
- Report the value over $300 of gifts of cash or goods received (excluding food bank goods), and any payments made on Taxpayer’s behalf (e.g. for rent, utilities, etc.) by relatives, friends, or others.
- Taxpayer’s CR claim may be rejected if reported rent is disproportionate to THR so it is important to include gifts and assistance here.

Line 25: Other nontaxable income (TS “Enter any other nontaxable income” and “Enter description”…)
- Enter any inheritances or life insurance benefits (except from a Spouse), scholarships received by the Taxpayer or Spouse, death benefits, etc. where indicated and complete the separate “Description” field. See the Michigan 1040 Instructions book for more examples. Note that spouse income from MI Form 5049 should appear here. Confirm that the total amount carries to the printed return.

Line 26: Workers/veterans’ disability comp/pension benefits (TS “Enter any Workers' compensation, veterans' disability….”)
- Includes: 1) worker’s compensation (generally not taxable on US and MI returns) and 2) VA service-connected disability payments (compensation or pensions).

Line 27: FIP and other MDHHS benefits (TS “Enter the amount of FIP and other MDHHS benefits”)
- Note: Incidental FIP/MDHHS payments to SSI recipients should be included with amounts reported in Line 21 above rather than entered separately on Line 27
- Note: Do not include Food Assistance Program (FAP) benefits.

Line 28: Subtotal
- Auto calculated by adding Lines 14-27

MI 1040CR - Page 2
Line 29: Subtotal from Line 28
- Auto-calculated, carry forward

Line 30: Other adjustments--
- Auto-populated from US 1040 Schedule 1, Line 22 which reports total Federal Adjustments.

Line 31: Medical insurance/HMO premiums paid (TS “Enter the Medical insurance or HMO premiums you paid…”)
Enter the TOTAL of any health insurance premiums including medical, dental, vision, and prescription insurance paid for, even if already entered on US Schedule A. Show your math on the Intake Sheet.
Note: Do not enter Medicare premiums that are subtracted on Line 21 above or any self-employed health insurance premiums on Line 30 above. These are already subtracted.

Note: Health insurance premiums may be increased or decreased based on the ACA reconciliation calculated on the Taxpayer’s Federal return. See current MI 1040 instructions for this line.

Note: Include After-Tax premiums reported on W2’s, pensions, etc. However, exercise care to be sure that employer-paid premiums and Pre-Tax premiums are not included.

Note: Use $130 “Medical Insurance portion of Automobile Insurance” for each insured motor vehicle the Taxpayer has registered. The Michigan Department of Treasury has accepted this amount. Do not claim any other amount stated as "medical" in the auto insurance policy. These amounts usually include non-medical items. If the client objects, consult with your LC.

In TS, go to MR > Credits > Homestead Property Tax and Home Heating Credit. At the bottom of the page, enter the sum of these medical insurance premiums described in the previous bullet points (see Figure 15 below).

Figure 15: Enter Medical insurance premiums to be subtracted from Total Household resources

Line 32 to Line 35
- Auto-calculated by TS. If Line 33, Total Household Resources (THR) are greater than $60,000 or if the property taxes are not greater than 3.2% of the THR (Line 34), then there is no credit.
- Note: If the THR is below $6001 and Box 5a or 5b was checked on MI CR page 1, then a lower percentage than 3.2% is used to calculate Line 34. See Table 2 in Figure 16 below. The amount on Line 35 is the basis for further calculation of the credit below.

Part 1: Allowable Computation Based on Claimant Status
- This section calculates a ‘preliminary’ property tax credit based on the client’s age and any disabilities. The final property tax credit is calculated in Part 2 below.

A. Senior Claimants: Line 36 to Line 38
- These Lines are auto-calculated if box 5a was checked on the MI CR page 1. If box 5b also was checked, line 39 is used instead.
- Line 37 calculates a percentage reduction in the Senior credit based on THR. See Table A in Figure 16 below.
B. Disabled Claimants: Line 39
- This Line is auto-calculated if box 5b, or both 5a and 5b, were checked on MI CR page 1. This Line calculates 100% of the allowable credit (maximum of $1500) to carry to Line 42.

C. All other claimants: Line 40 to Line 41
- These Lines are auto-calculated if neither Box 5a nor Box 5b was checked on the MI CR page 1. Line 41 reduces the credit to 60% of Line 35.

Part 2: Property Tax Credit Calculation
- This section completes the property tax credit calculation.

Line 42
- Auto-populated from Lines 38, 39, or 41 above, or from Worksheet 3 (FIP/DHS) below.

Line 43: Percent from Table B
- If the THR is over $51,000, the Property Tax Credit Phase Out begins and a percent reduction in the credit is calculated from Table B in Figure 16 below.

Line 44: Property Tax Credit
- Auto-calculated from lines 42 and 43 above or from Worksheet 4 below if it calculates a more favorable credit.
- Line 44 displays the final homestead property tax credit amount.

Figure 16: Tables 2, A and B used to calculate the Property Tax Credit

Worksheet 3 – FIP / MDHHS Benefits
- This section (Lines a-f) is auto-calculated if any Family Independence Program (FIP) payments or other Michigan Department of Health and Human Services (MDHHS) assistance was reported on Line 27.

Worksheet 4 -- Alternate Property Tax Credit for Renters Age 65 and Older
• This section is auto-calculated only if the Taxpayer or Spouse is 65 or older and rents. If the rent is significantly larger than 40% of the THR, then this alternate credit may be more favorable, and it will be reported on Line 44 above (maximum $1,500).

MI 1040CR – Page 3
Part 3: Home Owners Who Moved in [Tax Year]
• Answer the initial questions on the TS page, MR>Credits>Homestead Property Tax and Home Heating Credit>Homestead Property Tax Credit Claim (see Figure 11, p. 23) to get to the Part 1: Complete if You Are a Homeowner page (see Figure 17 below).

Part 1: Complete If You Are A Homeowner

Enter the 2019 Taxable Value of your Homestead from your 2019 property tax statement or assessment notice.

$ 

Enter the Property Taxes Levied on your Homestead ($0 NOT enter an amount here if you bought or sold your home in 2019 or paid service fees or were a nursing home occupant and complete the following information)

$ 

If you sold your home during 2019 complete the following information

Enter the number of days you occupied the Home Sold

0

Enter the Property Taxes Levied on the Home Sold

$ Use full year amount.

Enter the street address of homestead you sold in 2019

Enter the ZIP code of homestead you sold in 2019

12345

Enter the city of homestead you sold in 2019

Enter the state of homestead you sold in 2019

--Select--

Enter the taxable value of homestead you sold in 2019

$ 

Figure 17: Entry boxes for Homeowner Taxable Value, Property Taxes and Home Sold

The following fields apply when homeowners moved during the year. See CR Lines 45-51 below
Line 45: Address and Taxable Value where you lived December 31 [Tax Year] IF DIFFERENT from CR line 1

- Enter requested information where indicated in Part 1: Complete if You Are a Homeowner, bottom of page: “If the Home Bought listed above is not the home you lived in on December 31, …”

Line 46: Address of Homestead Sold

- Enter address and taxable value of homestead sold or moved from during the tax year under Part 1: Complete if You Are a Homeowner, “If you sold your home…”

Line 47 to Line 51: Homeowners who moved during [Tax Year]

- Enter the requested information under the TS sections “If you sold your home…” (Moved from) and “If you bought your home…” (Moved into) as applicable. Use the number of days occupied (not days owned) and property taxes levied (not paid). TS calculates the taxes eligible for credit (Line 51) and populates Line 10.
  - Important: Enter the qualifying property taxes levied for the entire year (summer and winter), even though the Taxpayer only lived there for a portion of the year. It may be helpful to review the closing statement in a property sale to help determine the property taxes levied.
  - Note: If the Taxpayer moved from a homestead to a rental or vice versa, only fill out the appropriate part of Lines 47-51: Moved into (bought) or Moved from (sold). Enter the rental information in Part 2: Complete if You Are a Renter.

Part 4: Renters

Taxpayer who rents must be under lease or rental contract to claim a property tax credit. Qualifying rental information is entered under TS Homestead Property Tax Credit Claim > Part 2: Complete if You Are a Renter.

Important: If the housing is exempt from property taxes, Taxpayer is not eligible for a credit. Consult your LC about possible Michigan lists of tax-exempt and service fee housing on the MI Treasury or District 15 web site (Michigan page).

Important: Some rental housing (e.g. Service Fee housing) may not be reported here, but under Alternate Housing Facilities, See Part 5 below.

Line 52: Address, rent, and related details

- In TS, navigate to the Part 2: Complete if You Are a Renter page (see Figure 11). There is room to report five rental homesteads. Click the Begin button for the Renter Information (1) page. Provide the information as requested (see Figure 18 below).
  - If the rent amount changed during the year but the homestead did not, use the “Monthly Rent” and “New Monthly Rent” boxes (see Figure 18 below) to enter the first and second rents, rather than entering the new rent in a separate homestead section (which must be completed in its entirety).
  - If the Taxpayer lived in more than one rental homestead during the year, complete a new Renter Information (x) page for each one.
    - Address of homestead: Enter as the software requires.
    - Landowner’s name and address: Complete each field or a reject may result. The address is often the same as the renter’s.
    - Number of months rented: The total for all sections cannot be more than 12.
    - Monthly rent: Exclude any rent subsidy and any non-rent items like security deposits, late fees, meals, etc.
 ✓ **Mobile Home**: Answer the two TS questions included at end of homestead section, if applicable (both conditions often apply for residents of mobile home parks).

**Total Rent Paid**: Auto-calculated by TS.

---

**Renter Information (1)**

Is the address of the homestead different from the mailing address on your tax return? If so, answer YES and enter the address of your homestead for this credit below.

- Select

Street Address of Homestead

ZIP Code of Homestead

City of Homestead

State of Homestead

- Select

Landowner's Name

Landowner's Street Address

Landowner's ZIP Code

12345

Landowner's City

Landowner's State

- Select

Monthly Rent

$ 

Number of Months Rented for amount above

0

Did you pay lot rent on your mobile home?

No

If you paid lot rent on your mobile home, was it included in your rent?

No

If your rent amount changed during the year for the homestead listed above, enter the new rent amount and the number of months it was in affect.

New Monthly Rent

$ 

Number of Months Rented at new amount

0

---

Complete all Landowner Information fields

If rent changed during the year, enter 1st rent and number of months. Enter 2nd rent below.

If rent changed during the year, enter 2nd rent and number of months.

---

Figure 18: Renter Information page for first rental unit (1)
Line 53: Total rent paid for the year

- Auto-calculated by summing all rents paid in this column
- **Note**: Compare the total rent in Line 53 to the THR in Line 33. If the rent seems disproportionate to or exceeds the THR, discuss with Taxpayer since this may cause the credit to be denied via a letter from the Michigan Treasury. Perform due diligence to determine if other sources of income (e.g. gifts) need to be added to the THR.

Part 5: Alternate Housing Facilities

- This section must be completed as instructed if the listed special housing situations apply. Navigate to the TS page, Part 3: Complete if you are an Occupant of a Housing Facility (see Figure 11 on p. 23). The Housing Facility page opens (see Figure 19 below).

---

**Figure 19: Occupant of a Housing Facility input page**

- [Diagram of the Occupant of a Housing Facility input page]
  - Must complete even if same as CR Line 1
  - See Line 54 below
  - Do not use Subsidized Housing
    - See Line 54 below
**Line 54: Type of housing: Service Fee, Subsidized**
- If the Taxpayer lived in service fee housing, select “Service Fee Housing” in Part 3 and enter the total annual rent paid and other information as instructed. (Housing is subject to payment of fees instead of property taxes.)
  
  **Note:** Consult your LC about a possible Michigan list of tax-exempt and service fee housing.
- If the claimant’s rent is subsidized, do not use the “Subsidized Housing” drop-down menu or any other section of the TS Part 3 input screen. Instead, if the claimant is eligible for the property tax credit, enter the address and the rent actually paid (EXCLUDING any subsidies) in **Part 2: Complete if You Are a Renter** (see line 52 above), and do not use Part 3. Subsidized housing in Michigan is not clearly defined. It can be attributed to facilities that range from those that pay property taxes to those that do not. Whether housing is subsidized or not has no bearing on the calculation of the Homestead Property Tax Credit and therefore Box 54a should not be used.
  
  Consult with your LC if the Taxpayer has an issue with this.

**Line 55: Total rent paid**
- Flows from line 54 input screen.

**Line 56: Calculation of service fee tax**
- If Box 54b (Service Fee Housing) was selected, TS auto-calculates 10% of the annual rent and transfers this amount to Line 10 above (as a “property tax”).

**Line 57: Special Housing: Co-Op Housing, Home for the Aged, Nursing Home, etc.**
- **See Figure 20 below.**
- Confirm if the facility pays local property taxes (many do not) before processing a CR.
- **Important:** Special Housing claimants (EXCEPT those in Co-Op Housing) now should use the RENT amount (when itemized separately from other charges), rather than using prorated property taxes as was done in the past. This may qualify claimants for additional refund including the senior rent credit. When specific rent is known, do NOT use any part of the TS Part 3 input screen, instead use TS Part 2 (see line 52 above) to enter rental information as for general rental housing. For details on this recent Treasury change, see [http://www.michigan.gov/documents/treasury/IPD-3_Homestead_Property_Tax_Credit_Calculation_for_Claimants_Living_in_Special_Housing_526904_7.pdf](http://www.michigan.gov/documents/treasury/IPD-3_Homestead_Property_Tax_Credit_Calculation_for_Claimants_Living_in_Special_Housing_526904_7.pdf)
- If the Taxpayer cannot determine the rent amount separate from other charges (such as meals and services), then use the TS Part 3 screen to report prorated share of property taxes on line 57 as follows. Taxpayer must obtain their portion of the property taxes from the facility management. Taxpayer’s share can be calculated by dividing the facility’s levied property taxes by the number of residents for which the facility is licensed.

  **If Using Prorated Property Taxes:**
  - Check the appropriate box for the type of special housing (Home for the aged, etc.).
  - Enter the individual’s share of the facility’s levied property taxes as instructed.
  - If both the Taxpayer and Spouse lived in these kinds of facilities, add their shares together.
  - For more information and examples, consult the MI 1040 Instructions book.
Figure 20: Co-Op Housing, Home for the Aged, Nursing Home input

**Line 58: Name and Address --**
- Enter the name and complete address for the facility as instructed in the top portion of the TS Part 3 screen.
MI CR-7 Michigan Home Heating Credit

**Background for this Credit**
This Federally-funded credit is intended to help low-income Taxpayers pay for their direct or indirect heating costs. This credit is relatively small, often under $50, but can be a meaningful benefit for qualifying Taxpayers. In addition to the credit itself, the CR-7 return provides a summary of the Taxpayer’s finances that can be important for use with social service and other agencies to help determine eligibility for assistance programs. The CR-7 MUST be filed by September 30 of the year following the tax year (no prior year allowed).

**Who Qualifies for the Home Heating Credit?**
To qualify for CR-7, the Taxpayer:
- MUST own a home or pay rent under a lease agreement for a homestead in Michigan (whether or not they are billed directly for heat). While renters in tax-exempt housing may not qualify for the Homestead Property Tax Credit, they DO qualify for CR-7 if they meet the other CR-7 criteria.
- MUST have Total Household Resources (THR) within the limits allowed (see Tables A and B in Figure 22 on page 42). Many Taxpayers are not eligible for the CR-7 because of the THR limit, even if they have significant heating bills.
- MUST NOT live in a college or university-operated housing such as a dorm, or be a student claimed as a Dependent by someone else.
- MUST NOT live in a licensed care facility for the entire year (see Line 12 below).

**Note:** Taxpayers meeting the above criteria are distinguished as being either BILLED directly for heat by a fuel provider (such as DTE Energy or Consumers Energy), or NOT BILLED directly for heat (e.g., their heat is included in their rent, or heat service is in someone else’s name). This distinction affects the processing and amount of the credit.

IN TAXSLAYER: To begin the CR-7 in TS, go to MR>Credits>Homestead Property Tax and Home Heating Credit>Home Heating Credit (MI-1040CR-7) and answer Yes to the question, “Are you eligible for the Home Heating Credit?” (see Figure 21a below).

![Home Heating Credit MI-1040CR-7](image)

**Figure 21a:** Home Heating Credit data entry page (top)
Standard vs Alternate Credits
Either of two types of heat credits is available:

1) **Standard Credit:** The Standard Credit amount is computed based only on THR and exemptions— it does not consider Taxpayer’s heating costs. This credit MUST be used for Taxpayers who are not billed for heat (e.g. some renters), or who are billed only part of the year, or do not have a heat supplier at time of filing, or deceased during the year. This credit MAY also be used by Taxpayers who are billed for heat all year if it is more advantageous for them than the Alternate Credit (this depends on the amount of their heating bill).
2) **Alternate Credit**: The Alternate Credit amount is calculated based on the Taxpayer’s THR and actual heating costs billed, and can be used only by Taxpayers who are directly billed for heat. (If these bills are for fewer than 12 months, Taxpayer cannot use them and must use the Standard Credit.) Once the annual heating cost total is entered, TS will calculate both the available Alternate Credit and Standard Credit for the Taxpayer and select the more favorable credit.

**Payment of CR-7 Credits**
For Taxpayers billed for heat, the heat credit payment voucher is generally sent to the fuel provider to be applied to the ongoing heat bills rather than refunded to the Taxpayer. Taxpayers not billed for heat are paid the credit directly via a check. A CR-7 credit is separate from the MI 1040 return; it cannot offset taxes due on the MI-1040 or be included in a MI refund.

**MI CR-7 Line-By-Line Instructions**
Refer to Figure 21 as needed for data entry fields, and remember to answer YES to the first question, “Are You Eligible for Home Heating Credit?”

**MI CR-7 Pg 1 Header Section: Filer(s) Name/ Address/ SS Number/ County code**
- Taxpayer information auto-populated from the Federal section.
- County Code. Select the county name from the drop-down box and TS will report the code on the final return.
- Citizenship Status. Check as applicable for Taxpayer and Spouse.
- Heat Provider Type and Provider Name. Select the heat type (e.g. Fuel Oil) and provider name from the drop-down boxes when applicable (see CR-7 Instructions).

**Line 8: Filing Status**
- Auto-populated from MI-1040, Line 7 (status may not be the same as the Federal).
  **Note:** If the MI filing status is MFS, MI Form 5049 must be completed. See discussion under Property Tax Credit, line 6.

**Line 9: Residency Status**
- The 9a, 9b, 9c checkboxes are auto-populated from MI-1040, Line 8
- If Part year resident, the Michigan residency dates are auto-populated from the MI Sch NR.

**Line 10: Are your heating costs included in your rent or is your heat service in someone else’s name? YES/NO**
- Select YES for those not billed directly. If Yes is selected, Taxpayer will receive the Standard Credit.
- Select NO if the Taxpayer was billed directly and can benefit from the payment voucher. Use due-diligence to ask if the Taxpayer still has an account with the heating fuel provider where the voucher will be sent or used. If not, the Taxpayer may be better off claiming the Standard Credit and receiving a check.
  **Note:** If the No box is checked, the heating bills are entered on Line 14 below.
**Line 11:** Want to be referred to a government assistance program? YES/NO
- Ask Taxpayer and enter response

**Line 12:** Do you or your spouse now receive SSI? YES/NO
- Ask Taxpayer and enter response.

**Line 13:** Age of filer/spouse if over 60
- Auto-populates from Federal section.

**Line 14:** How much billed for heat between Nov 1 (prior year) and Oct 31 (tax year)?
- Complete this line for Taxpayers billed directly (i.e., No is checked on Line 10). The heating cost information must cover all 12 months, not a partial period. Many heat providers show heating costs for these 12 months on their October bills. TS will use the costs entered on this line to calculate which credit, Alternate or Standard, is larger for the Taxpayer.
- If the direct bills are for fewer than 12 months, leave this field empty and TS will calculate the Standard Credit for billed directly.

**Line 15:** If you lived in one of these CARE facilities for all of (tax year), select one (Nursing Home, Adult Foster Care Home, Licensed Home for the Aged, Substance Abuse Center)
- If single Taxpayer or both Taxpayer and Spouse were full year residents of such facilities (which do NOT include general senior apartment complexes), they are NOT eligible for CR-7 and this form should not be filed. There are exceptions for part-year situations or only one Spouse in a care facility. See CR-7 instructions book.

**Line 16:** Exemptions
- Auto-populated from MI 1040, Line 9 (see discussion there), as well as CR-7, Line 17 (see next item) if a person is added there.

**Line 17:** Dependents Information
- Generally auto-populated from the Federal section. If a person(s) on the Federal return is designated as Not a Dependent and the person(s) qualifies for an exemption on CR-7 (e.g., any child who lived with the taxpayer even if no support provided), enter the SSN(s) where indicated (see Fig. 21b). Verify that the added name(s) flows to the printed CR-7 form.

**Line 18:** You must check this box to receive a refund . . . etc.
- Rare occurrence involving anticipated excess CR-7 payments made directly to the heat provider for those billed for heating. See CR-7 Instructions book for Line 18. Handle in TS by answering the question, “Are you eligible to receive a refund from your heat provider for any overpayment to your heat account?” (see Figure 21b).

**Lines 19 – 37:**
- The THR information in this section of the CR7 flows from the common MI Credits THR on TS. See discussion under MI 1040 CR in this guide and enter applicable information as instructed, if not already completed.
MI CR-7 Standard and Alternate Heating Credit Computations

**Line 38: Standard Credit**
- Auto-calculated from Table A in the back of the MI CR-7 Instructions booklet (see Figure 22 below). This shows the base standard credit allowance for that Taxpayer. This is a starting point for further calculation/reduction of the credit in the following lines.
- Pro-rating the Standard Credit. 1) If the qualifying Taxpayer was a full-year MI resident, but occupied the qualifying homestead less than 12 months (e.g., moved from parents’ home), enter the dates of occupancy in the fields at the bottom of the Home Heating Credit screen. This will reduce the standard credit proportionately. (This same process applies if the Taxpayer is deceased during the year.) 2) If the Taxpayer was NOT a full-year MI resident, do NOT use this section, since the occupancy dates information is entered on MI Schedule NR, which will automatically produce the pro-ration.

![Table A: 2019 Home Heating Credit Standard Allowance](image)

![Table B: Exemptions and Maximum Income for the Alternate Credit Computation](image)

**Figure 22**: 2019 Tables A & B Standard and Alternate Heating Credits from 2019 MI CR-7 book

**Line 39: multiply Line 37 (THR) by 3.5%**
- Auto-calculated to show that fraction of THR.

**Line 40: subtract Line 36 from Line 35 for Standard credit amount**
- Auto-calculated to reduce the credit base by that fraction of THR. (Zeroes out if the fraction amount is greater than credit.) If YES was selected on line 7, the amount on Line 40 flows to Line 41 with a 50% reduction.
**Line 41:** if you answered “Yes” to Line 7, multiply the Line 40 amount by 50%
- Auto-calculated if the heat bills are not billed directly.
- **Note:** This cuts in half the standard credit for all Taxpayers not billed directly for heat.
- The Line 41 amount flows to Line 46 for such Taxpayers and lines 42-45 aren’t used.

**Line 42:** Alternate Credit
- Auto calculated as the smaller of Line 14 above (actual heating costs) or the current year cap for heating bills. For 2018, the maximum is $2,741. This is the base amount used for further calculation/reduction in the following lines.

**Line 43:** multiply Line 37 by 11%
- Auto-calculated to show that fraction of THR.

**Line 44:** subtract Line 43 from Line 42
- Auto-calculated to reduce the credit base by that fraction of THR. (Zeroes out if the fraction amount is greater than credit.)

**Line 45:** multiply Line 44 by 70% for Alternate credit amount
- Auto-calculated.

**Line 46:** if completed, Line 41. Otherwise enter the larger of lines 40 or 45 here
- Auto-populated and calculated. For those billed directly for heat, TS selects the larger available credit (either Standard from Line 40 or Alternate from Line 45). For those not directly billed for heat, TS uses the “half off” Standard credit as reported on Line 41.

**Line 47:** Home Heating Credit
- Auto-calculated to apply a percentage reduction to Line 46 based on current year’s Federal funding. For example, in 2018, the amount paid was 75% of Line 46. Current year percentage will be in the software.
- The final amount is paid by check to Taxpayers who are not billed for heat. For Taxpayers billed for heat, the final amount is paid to their heat provider to be applied against the Taxpayer’s ongoing heating costs.

**Adults Sharing Homestead**
When persons who are not spouses jointly own or rent a home, each can claim HHC based on individual THR.

If the heating costs are in the names of all those who share the homestead and they each wish to claim an alternate credit, divide the heating costs by the number of claimants to determine the amount to report on Line 14 above for each individual.

If multiple persons are claiming a share of the standard credit, use the HHC date entry field titled “When two or more single adults…” (see Fig 21b above). Enter the total number of claimants in the homestead, and TS will calculate the shared standard allowance for Line 38. Confirm the correct calculation of this amount using the CR-7 instructions book.

**Direct Deposit.** This is out of scope. Do not use.
Appendix A: Disability Definitions for Special Exemption

Note: The MI 1040 Line 9b allocates a special exemption of $2700 per person (taxpayer, spouse or dependents) with any of several disabilities. The MI 1040 Line 9c allows for an additional exemption of $400 for any qualified disabled veteran.

MI 1040 Line 9b: Special Exemptions

Brief definitions for the Special Exemption categories:

- **Totally and permanently disabled**: Unable to engage in any gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than 12 months. Do not claim if person is age 66 or older.
  
  _Note:_ Support for this exemption is the receipt of any of the following types of income:
  - Social Security Disability benefits
  - Supplemental Security Income (SSI) disability benefits
  - Veterans’ Administration disability retirement payments.
  - A Taxpayer who does not receive any of the above income may be required to furnish a physician’s statement to certify total and permanent disability.

- **Hemiplegic**: Paralysis of one side of the body.

- **Paraplegic**: Paralysis of the lower half of the body.

- **Quadriplegic**: Paralysis of both arms and both legs.

- **Blind**: Acuity of 20/200 or worse with corrective lenses; or peripheral field vision less than 200 in the better eye.

- **Deaf**: Hearing so impaired that receiving language requires lip reading, signing or reading.

The following example illustrates how to handle a complicated set of Special Exemptions

<table>
<thead>
<tr>
<th>Person</th>
<th>Totally and Permanently Disabled (Under age 66)</th>
<th>Hemiplegic</th>
<th>Paraplegic</th>
<th>Quadriplegic</th>
<th>Blind</th>
<th>Deaf</th>
<th>Total (Not more than one)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxpayer</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Spouse</td>
<td></td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Dependent #1</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Dependent #2</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Dependent #3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Special Exemptions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>4</strong></td>
</tr>
</tbody>
</table>

MI 1040 Line 9c: Qualified disabled veterans

- MI 1040 Line 9c allows an additional exemption if the Taxpayer, Spouse or 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.
Appendix B: MI Cities Returns
DETROIT, CF-1040 CITIES

Important Preparer Note: Preparer MUST be familiar with the local tax forms and instructions (see links below). Also, to confirm software functionality and return accuracy, the PDF of all completed city returns must be closely reviewed to check that all information has correctly carried to the return and that all calculations are correct. This is especially, but not only, true for such areas as W-2 and 1099-R details, special exemptions, nontaxable income types, and residency variations. In some cases, it may be necessary to manually prepare and paper-file a city return separately. Consult with your LC if there are difficulties processing a city’s return.

Use Correct Locality Name Codes: Whenever there is a local tax withholding, make sure that the city locality name you enter in TaxSlayer matches the “Locality Name Codes” found at the bottom of the TS entry screen for the W2 and the 1099-R (see Figures 1 and 2 below). These codes appear when “Michigan” is entered in the state name box.

Note: A local name may not appear on the paper W-2 (Line 20) or 1099-R (Line 16) forms. [DO NOT ADD A CODE IF NO NAME APPEARS ON THE FORM]

Important: As a follow-up, confirm that any withholdings carry to the final city return.

![Figure 1: TS W-2 Entry Screen & Locality Name Codes for Michigan Cities](image1)

![Figure 2: TS 1099-R Entry Screen & Locality Name Codes for Michigan Cities](image2)
MICHIGAN CITIES and DETROIT CITY TRAINING


DETOUR CITY RETURNS

Detroit income taxes are processed by the State of Michigan. Copies of the Detroit tax forms and associated instructions can be found at this link. Look for 2019 tax forms and instructions. [http://www.michigan.gov/taxes/0,4676,7-238-73294_73296_73297--00.html](http://www.michigan.gov/taxes/0,4676,7-238-73294_73296_73297--00.html)

Detroit returns can be e-filed with the client’s Michigan return, although any refunds or payments due are handled by paper mail separately from any others on the Michigan return.

In TS, Detroit returns are at: MR>City of Detroit Return. There are 3 forms to select from: Resident Return (Form 5118), Part-Year Resident Return (Form 5120), and Nonresident Return (Form 5119). Be sure to answer the “Do you wish to complete . . .?” question at the start of the form.

Note: Simple Detroit returns, such as for full-year city residents, currently function well and usually require only answering “Do you wish to complete . . .?” to generate the return. More difficult are complicated situations such as a nonresident with two W-2s, one for worked in Detroit the other for worked outside of Detroit.

MI CITY FORM CF-1040 (FOR 23 CITIES)

The CF-1040 income tax form is used by 23 Michigan cities, including Albion, Grayling, Hudson, East Lansing, Lansing, Portland, Battle Creek, Hamtramck, Lapeer, Saginaw, Big Rapids, Highland Park, Muskegon, Springfield, Flint, Ionia, Muskegon Heights, Walker, Grand Rapids, Jackson, Benton Harbor, Port Huron and Pontiac. Instructions and forms for each specific city can be accessed using links at the Michigan website (confirm 2019 availability): [http://www.michigan.gov/taxes/0,4676,7-238-44143-287984--00.html](http://www.michigan.gov/taxes/0,4676,7-238-44143-287984--00.html).

CF-1040 returns usually can be prepared on TS, but they must be paper filed with the proper attachments such as W2 copy.

In TS, the CF-1040 is accessed via the “Localities” button which may be located at: Left Navigation Bar>State Section>Localities>MI City Form CF-1040. There are 3 return type choices: Resident, Part Year, and Non-Resident. Follow the specific city’s instructions when completing the CF-1040.
# Michigan Topics Locator and TS Entry Guide

Listing items of unique or special importance to the MI return and how they are entered on TaxSlayer, with references to MI form sections.

<table>
<thead>
<tr>
<th>ENTRY ITEM</th>
<th>PATH TO TS ENTRY SCREENS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Additions to income</strong> (MI Sched 1, lines 1-9)</td>
<td>MR &gt;Additions to Income&gt;types</td>
</tr>
<tr>
<td><strong>Auto insurance ($130 PIP)</strong> (MI CR line 31)</td>
<td>MR&gt;Credits&gt;Homestead Property Tax and Home Heat Credit&gt;Enter Medical Insurance--</td>
</tr>
<tr>
<td><strong>City returns</strong> (MI 4012 Appendix B)</td>
<td>Various, see Appendix B</td>
</tr>
<tr>
<td><strong>Deceased taxpayer/spouse</strong> (MI 1040 line 36)</td>
<td>Federal Basic Information&gt;Personal Information&gt;“deceased” checkboxes</td>
</tr>
<tr>
<td><strong>Direct deposit</strong> (MI 1040 line 36)</td>
<td>E-file&gt;State Return&gt;Return Type&gt;select E-file: Direct Deposit (enter bank account information if not already entered)</td>
</tr>
<tr>
<td><strong>Disabled</strong> (MI 1040 lines 9b, 9d)</td>
<td>MR&gt;Basic Information&gt;3 checkboxes</td>
</tr>
<tr>
<td><strong>Estimated payments (for next year)</strong> (MI 1040-ES)</td>
<td>MR &gt;Miscellaneous Forms&gt;Estimated Payments Voucher Form&gt;MI-1040ES</td>
</tr>
<tr>
<td><strong>Exemptions, Federal</strong> (MI 1040 line 9a)</td>
<td>Federal Basic Information (based on entries under Personal Information; also, Dependents/Qualifying Person)</td>
</tr>
<tr>
<td><strong>Exemptions, special</strong> – see Disabled</td>
<td></td>
</tr>
<tr>
<td><strong>FIP/DHS payments (When not part of SSI)</strong> (MI CR line 27)</td>
<td>MR&gt;Credits&gt;Homestead Property Tax and Home Heat Credit&gt;Enter amount of FIP/DHS</td>
</tr>
<tr>
<td><strong>Form 4642</strong> (MI 1040 line 22)</td>
<td>MR&gt;Voluntary Contributions&gt;list</td>
</tr>
<tr>
<td><strong>Form 5049</strong> (MI CR if status is MFS)</td>
<td>MR&gt;Credits&gt;Homestead Property Tax and Home Heating Credit&gt;Married Filing Separately…(Form 5049) Also, see notes for CR Line 6.</td>
</tr>
<tr>
<td><strong>Form 4884</strong> (MI Sched 1 line 24 or 22 if SSA)</td>
<td>MR&gt;Subtractions from Income&gt;Deduction for Taxpayers Born before 1953&gt; Retirement Benefits that are Exempt from MI Income Tax</td>
</tr>
<tr>
<td><strong>Gifts</strong> (MI CR line 24)</td>
<td>MR&gt;Credits&gt;Homestead Property Tax and Home Heating Credit&gt;Enter the amount of gifts…</td>
</tr>
<tr>
<td><strong>Heating bills</strong> (MI CR7 o line 14)</td>
<td>MR&gt;Credits&gt;Homestead Property Tax and Home Heating Credit&gt;Home Heating Credit&gt;How Much Were You Billed…</td>
</tr>
<tr>
<td><strong>Housing, alternate housing facilities</strong> (MI CR Part 5)</td>
<td>MR&gt;Credits&gt;Homestead Property Tax and Home Heating Credit&gt;Homestead Property Tax Credit&gt; answer initial questions, then &gt;Part 3: Complete if Occupant of Housing Facility</td>
</tr>
<tr>
<td><strong>Medical insurance premiums</strong> (MI CR line 31)</td>
<td>MR&gt;Credits&gt;Homestead Property Tax and Home Heating Credit&gt;Enter the amount of medical insurance…</td>
</tr>
</tbody>
</table>
| **Michigan Standard Deduction**  
(MI Sched 1 line 24 to 23) | Auto-populated from Federal return |
|---------------------------|-----------------------------------|
| **Military pay and retirement benefits**  
(MI Sched 1, line 11, line 14) | Various, see notes on MI Sched 1 line 11 and line 14. May be out of scope. |
| **Pensions/retirement benefits for MI Sched 1 line 24 (or line 22 if SSA)** | MR>Subtractions from Income>Deduction for Taxpayers Born before 1953> Retirement Benefits that are Exempt from MI Income Tax |
| **Property taxes levied**  
(MI CR line 10) | MR>Credits>Homestead Property Tax and Home Heating Credit>Homestead Property Tax Credit> answer initial questions, then >Part 1: Complete if Homeowner>Enter Property taxes…. |
| **Refunds, taxable (subtracting)**  
(MI Sched 1 line 16, MI CR line 20) | Various, see notes on MI Sched 1 line 16 and MI CR line 20 |
| **Rent**  
(MI CR line 11) | MR>Credits>Homestead Property Tax and Home Heating Credit>Homestead Property Tax Credit> answer initial questions, then >Part 2: Complete if Renter> rent fields |
| **Rent, service fee**  
(MI CR line 55) | MR>Credits>Homestead Property Tax and Home Heating Credit>Homestead Property Tax Credit> Part 3: Complete if Occupant of Housing Facility>Service Fee Housing |
| **School district code**  
(MI 1040 line 4) | MR>Basic Information>Select School District… |
| **SSA Exempt benefits**  
(MI Sched 1 line 22) | MR>Subtractions from Income>Deduction for Taxpayers Born before 1953> Retirement Benefits that are Exempt from MI Income Tax |
| **SSI (and incidental FIP/DHS benefits)**  
(MI CR line 21) | MR>Credits>Homestead Property Tax and Home Heating Credit>Enter Any Additional Social Security Benefits… |
| **Stillbirth Exemption**  
(MI 1040 line 9c) | MR>Basic Information>entry box: “number of Certificates of Stillbirth from MDHHS” |
| **Subtractions from income**  
(MI Sched 1 lines 10-28) | MR >Subtractions from Income>types |
| **Tax due**  
(MI 1040 line 33) | Auto-populated from MI return |
| **Taxable value of homestead**  
(MI CR line 9) | MR>Credits>Homestead Property Tax and Home Heat Credit>Homestead Property Tax Credit> answer initial questions , then >Part 1: Complete if Homeowner>Enter the Taxable Value…. |
| **THR, Total Household Resources**  
(MI CR lines 14-33, CR7 lines 19-37) | MR>Credits>Homestead Property Tax and Home Heating Credit>list of THR entry items |
| **Use Tax**  
(MI 1040 line 23) | MR>Use Tax |
| **Withholdings from Sched W**  
(MI 1040 line 29) | Various, see notes on MI 1040 line 29 |