



AccountingAidSociety

Property Tax Credit

What is the Homestead Property Tax Credit?

Michigan Property Tax Credit (Refundable Credit)

- You may qualify for a **refundable credit of up to \$1,900** on your Michigan income tax return to help offset property taxes.
- The credit amount is based on a comparison between your **total household income** and the **property taxes you paid**.
 - **Homeowners:** The credit is based on the actual property taxes you paid.
 - **Renters:** The state realizes a portion of your rent goes toward property taxes.
- Even if you don't owe any Michigan income tax, you can still receive this credit as a **refund**.

Example: Maria owns her home and has total household resources (income) of **\$25,000**. She paid **\$1,600** in property taxes for the year.

- Maria's credit is calculated based on the portion of her income that went toward property taxes.
- Because she has a lower income and paid a significant amount in taxes, she may qualify for a large portion of the **\$1,900 maximum credit**—possibly the full amount. *(We do not calculate the credit amount ourselves—when we enter her income and property tax information into the software, it automatically calculates the appropriate credit.)*

Who may claim a property tax credit?

To qualify for the Michigan Property Tax Credit, *all* of the following must apply:

1. **Your home (homestead) is located in Michigan.**
2. **You were a Michigan resident for at least 6 months** during the tax year.
3. **One of the following is true:**
 - You **owned and lived in** your Michigan home, and **property taxes were billed** on that home.
 - OR you **rented and lived in** a home or apartment in Michigan **under a rental contract**.

Examples

Example 1: Ashley rents an apartment in Lansing. She moved to Michigan in February and lived there the rest of the year. She had a lease and paid rent the entire time.

- ✓ Her home is in Michigan
- ✓ She lived in Michigan for more than 6 months
- ✓ She paid rent under a rental contract and lived there
- ✓ **Ashley qualifies.**

Example 2: David owns and lives in a house in Grand Rapids. He lived in Michigan all year and paid property taxes on his home.

- ✓ His home is in Michigan
- ✓ He lived in Michigan more than 6 months
- ✓ He owned and occupied the home and paid property taxes
- ✓ **David qualifies.**

Who cannot claim a property tax credit?

You Cannot Claim the Michigan Property Tax Credit If Any of the Following Apply:

1. **Your total household resources are more than \$71,501**
(This includes all income, even if it's not taxable.)
2. **The taxable value of your home is more than \$165,400**
(This is *not* the market value—it's the value used by your local tax assessor.)
ta
3. **All your household income came from public assistance**
(If 100% of your income came from Family Independence Program (FIP) or other MDHHS benefits, you are not eligible.)

Examples

Example 1: Chris made \$75,000 in total household income this year.

✗ Even though he owns a home in Michigan and pays property taxes,

✗ **He does not qualify** because his income is above the \$71,501 limit.

Example 2: Leo received all of his income from FIP and other MDHHS benefits.

✗ He did not work or receive any other income.

✗ Even though he rents in Michigan,

✗ **He does not qualify** because all of his household resources came from public assistance

Senior Credit Reduction: Property Tax Credit Phase Out

Three types of Claimants and Credit Eligibility:

- **Senior Claimants**

- Age **65 or older**
- If total household resources (THR) are **\$71,501 or less**
 - ✓ Eligible for **100% of the base credit** (line 35 of MI-1040CR)

- **Disabled Claimants**

- Must be **permanently disabled** according to Social Security or a physician's statement
 - ✓ Eligible for **100% of the base credit**, regardless of age

- **General Claimants**

- All other individuals who don't qualify as seniors or disabled
 - ✓ Eligible for **60% of the base credit**

Examples

Example 1: Senior Claimant

Margaret is 68 and has total household resources of \$45,000.

✓ She qualifies as a **senior** and meets the income requirement.

✓ She will receive **100% of the base credit**.

Example 2: Disabled Claimant

✓ **Tom** is 40 years old and permanently disabled. His income is \$30,000.

✓ He qualifies as a **disabled claimant** and gets **100% of the base credit**.

Example 3: General Claimant

✓ **Lena** is 34, not disabled, and has income of \$25,000.

✓ She qualifies as a **general claimant** and will receive **60% of the base credit**

Annualizing Total Household Resources

If you're filing for someone who was a **Michigan resident for only part of the year** (but at least 6 months), or who **passed away during the tax year**, there are special rules for calculating eligibility.

Key Requirements:

1. You **must annualize** the taxpayer's **Total Household Resources (THR)**.

This is required to determine whether any **credit reductions** apply, such as:

- The **senior credit reduction**
- The **income phase-out**

2. **Exception:**

If a **surviving spouse** is filing a **joint return**, they do **not** have to annualize the deceased spouse's income.

Annualizing Total Household Resources

How to Annualize Total Household Resources (THR):

1. Divide **365** by the number of days the taxpayer was a Michigan resident
2. Multiply the result by the taxpayer's actual **THR**

This gives you the *annualized* income figure used to see if any reductions apply.

Important:

- Use this annualized income **only** to determine eligibility for reductions.
- When actually calculating the credit itself, use the **actual (not annualized) THR**.
- **Note:** You do **not** need to annualize THR when filing for the **Home Heating Credit**

Example: Linda was a Michigan resident for **200 days** before passing away. Her actual total household resources were **\$20,000**.

Step 1: $365 \div 200 = 1.825$

Step 2: $1.825 \times \$20,000 = \$36,500$ (Annualized THR)

- You would use the **\$36,500** figure to check if credit reductions apply.
- But for the credit calculation itself, you would use the **actual \$20,000**.

Property Tax Credit in Taxslayer

Are you eligible for the Homestead Property Tax Credit?

☐ Yes

☐ No

Select whether you are a Homeowner or Renter

--Select--

Are you an unremarried spouse of person who was 65 or older at the time of death?

☐ Yes

☒ No

Does the taxable value of your homestead include unoccupied farmland classified as agricultural by your assessor?

☐ Yes

☒ No

Part 1: Complete if you are a Homeowner

BEGIN

Part 2: Complete if you are a Renter

BEGIN

Part 3: Complete if you are an Occupant of a Housing Facility

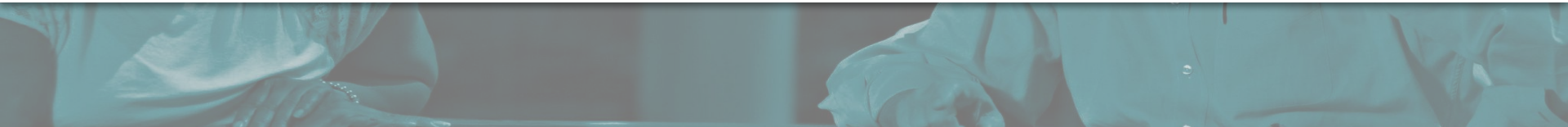
BEGIN

Worksheet 2105 for Separated or Divorced Taxpayers

BEGIN



Homeowners



What taxes may be claimed?

What Property Taxes Can Be Claimed for the Michigan Property Tax Credit?

- When calculating the credit, you can **only include certain property taxes**. Here are the key rules:

Eligible Property Taxes

1. **Only taxes that were *levied* during the tax year can be claimed**, even if they are paid in a different year.
Example: If you're filing for 2025, you can only claim taxes that were **billed (levied)** in 2025 — not past due or prepaid taxes from other years.
2. You **can include administrative collection fees** of up to **1%** of the tax bill.
3. A homestead includes property adjacent and contiguous to the home of the owner only when:
 - i. That property is unoccupied and
 - ii. Not classified a commercial, industrial, **residential**, or timber-cut over.
 - Only eligible homeowners with adjacent vacant property classified as agricultural may claim any taxes levied.

IMPORTANT for our clients:

- Property taxes levied on adjacent vacant lots classified as residential cannot be claimed.




What taxes cannot be claimed?

Do Not Include These in Your Property Tax Credit Claim:

1. **Delinquent property taxes**
 - Taxes from previous years that you didn't pay on time cannot be used.
2. **Penalty and interest charges**
 - Any extra fees for late payments are not allowed.
3. **Delinquent water or sewer bills**
 - These are considered utility bills, not property taxes.
4. **Property taxes on cottages or second homes**
 - Only your primary residence (homestead) qualifies.
5. **Association dues or fees**
 - HOA or condo association fees are not considered property taxes.
6. **Most special assessments** (e.g., garbage collection, sewers, sidewalks, street repairs, lighting)
 - These are generally **not allowed, unless they are levied using the millage rate**

Example:

What can't be included:

- A \$75 late fee on your tax bill → 
- \$500 HOA dues for the year → 
- \$250 sewer upgrade special assessment (flat fee, not based on value) → 

Property Tax Bill Example

Tax Bill Breakdown for 2022 Summer

Taxing Authority	Millage Rate	Amount	Amount Paid
CITY	10.030400	\$510.94	\$510.94
RUBBISH	2.406900	\$122.60	\$122.60
P/F PENSION	10.263000	\$522.79	\$522.79
LIBRARY	0.880000	\$44.82	\$44.82
STREETS	1.913100	\$97.45	\$97.45
ACT359	0.063000	\$3.20	\$3.20
ST SCH	6.000000	\$305.64	\$305.64
SCH OPER	18.000000	\$0.00	\$0.00
SCH DEBT	5.850000	\$297.99	\$297.99
COUNTY OPER	5.609900	\$285.76	\$285.76
PARKS/RECREATION	0.989500	\$50.40	\$50.40
S.W. MNT.	0.000000	\$91.88	\$91.88
Admin Fees		\$22.41	\$22.41
Interest Fees		\$0.00	\$0.00
	62.005800	\$2,355.88	\$2,355.88

Property Tax Bill Example

Rates are examples and may not be what is actually charged.



MACOMB TOWNSHIP PROPERTY TAX NOTICE

JOHN Q SAMPLE
1234 ANYTOWN ST
MACOMB, MI 48042-48044

1234 ANYTOWN ST
BANK CODE: 00015

PARTIAL DESCRIPTION OF PROPERTY

RETAIN THIS PORTION
FOR YOUR RECORDS.
YOUR CANCELLED CHECK IS YOUR RECEIPT.

PRINCIPAL RESIDENCE TAX BASE		PARCEL I.D. NUMBER	SCHOOL DISTRICT
0		00-00-000-000	17
% PRINCIPAL RESIDENCE	NON-PRINCIPAL RESIDENCE TAX BASE	TAXABLE VALUE	STATE EQUALIZED VALUE
0%	442.310	442.310	442.310
TAX DESCRIPTION		RATE PER \$1,000	AMOUNT
SCHOOL DEBT		0.00000	0.00
SCHOOL OPERATING		0.00000	0.00
TWP OPERATING		0.67570	298.88
FIRE OPERATING		1.05880	468.31
FIRE PENSION		0.07470	33.04
TWP POLICE		1.06010	468.89
PARK & REC		0.82320	364.10
LIBRARY		0.89610	396.35
COUNTY		0.00500	2.21
SMART		0.59000	260.98
HCMA		0.21460	94.91
ZOO AUTHORITY		0.10000	44.23
VETERANS		0.04000	17.69
STREET LIGHTING			88.90
DELINQUENT WATER AND SEWER			186.49
DELINQUENT WASTE			56.24
TOTAL DUE			\$2,538.01



IMPORTANT INFORMATION - SEE REVERSE SIDE.

TAXING UNIT	RATE	TAX AMOUNT
STATE EDUCATION	6.00000	44.41
GENERAL CITY	19.95200	147.68
DEBT SERVICE	9.00000	66.61
LIBRARY	4.63070	34.27
SCHOOL DEBT	13.00000	96.22
SCHOOL OPERATING	16.85790	124.78
W COUNTY TAX	5.63470	41.70
WC RESA ENH	1.99620	14.77
SOLID WASTE FEE		240.00
Total Summer Rate		77.07150
Total Taxes		570.44
Total Special Fees		240.00
Admin Fee		5.70
TOTAL DUE		816.14

Principal Residence Exemption (PRE)

Who Qualifies?

- You can claim the PRE if you:
 - **Own** the home, **and**
 - **Occupy** it as your **primary residence**
- Most homeowners who live in their home year-round will have a **PRE of 100%, meaning it is their personal residence.**

What If Your Client Doesn't Have a PRE of 100%?

- If they:
 - **Own** the property
 - **Live in** the entire property as their personal residence
 - But their PRE is **less than 100%** or missing entirely then they are being charged MORE property taxes than they should be
- **Advise them to file:**
 - **MI Form 2368 – Principal Residence Exemption (PRE) Affidavit**
Submit it to their **city or township assessor** (this form is linked on the resource page, provide clients with the form or link and, if time allows, assist them with filling it out)

Principal Residence Exemption (PRE)

IMPORTANT INFORMATION—SEE REVERSE SIDE.

PARCEL #

SCHOOL DISTRICT

SEV

TAXABLE VALUE

PRE/MBT %

PROP CLASS

TIF DISTRICT

LENDER

82010

8,200.00

7,402.00

0

401-RESIDENTIAL

what is actually charged.

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LIBRARY		0.89610	396.35
COUNTY		0.00500	2.21
SMART		0.59000	260.96
NCMA		0.21460	94.91
ZOO AUTHORITY		0.10000	44.23
VETERANS		0.04000	17.69
DIA		0.20000	89.43
STREET LIGHTING			89.90
DELINQUENT WATER AND SEWER			186.49
DELINQUENT WASTE			56.24

General Information for 2022 Summer Taxes

School District	82405
Taxable Value	\$50,940
Property Class	401 -

PRE/MBT	100.0000%
S.E.V.	\$86,400
Assessed Value	\$86,400

Assessed Value vs. State Equalized Value vs. Taxable Value

General Information for 2022 Summer Taxes

School District	82405
Taxable Value	\$50,940
Property Class	401 -

PRE/MBT	100.0000%
S.E.V.	\$86,400
Assessed Value	\$86,400

What is Taxable Value?

- **Taxable Value** is the amount used to **calculate property taxes**.
- It is **not the same as market value** or SEV (State Equalized Value).
- It usually **increases each year** by the rate of inflation or **5%**, whichever is **lower**, unless there's a transfer of ownership or new construction.

Tax Bills and Millage Rates

Using Property Tax Bills to Calculate the Credit:

1. **Always use the actual property tax bills** (both **summer** and **winter**) to calculate the amount of **property taxes levied when available**.
 - These bills show the actual taxes billed for the year and serve as **official proof**.
2. Clients should be asked to **bring both their summer and winter tax bills** to the appointment.

Why the Actual Tax Bills Are Better:

- The Michigan Treasury sometimes uses their own millage rate records to recalculate the credit.
- If there's a difference between your estimate and what the client actually paid (as shown on the bill), Treasury may **reduce** the credit amount.
- If this happens, the client can **file an appeal** and submit their tax bills.

Treasury will then review the appeal and may send the **additional credit** based on the documentation.

Tax Bills and Millage Rates

If Property Tax Bills Are Not Available:

- You may estimate the taxes using **millage rates** and the property's **taxable value**.
- A full list of millage rates is available on the [Accounting Aid Resources page](#).
- **Note:** The **2025 millage rates are not yet available**, as the state has not released them. They usually become available in February of each year and we will let you know when they are available.

2024 TOTAL PROPERTY TAX RATES IN MICHIGAN

<i>School District</i>	<i>Total Millage for Principal Residence or Ag Exemption</i>	<i>Total Millage NonHomestead</i>	<i>Total Millage Industrial Personal (IPP)</i>	<i>Total Millage Commercial Personal (CPP)</i>	<i>w/ AdValorem Special Assessment Millage</i>	
					<i>Total Millage for Principal Residence or Ag Exemption</i>	<i>Total Millage NonHomestead</i>
<i>Dearborn Heights City</i>						
DEARBORN CITY SCHOOL	52.0034	65.6084	46.0034	58.0034	52.0034	65.6084
DEARBORN HGTS SCH DI	52.3521	70.3521	46.3521	58.3521	52.3521	70.3521
TAYLOR SCHOOL DISTRIC	46.3127	64.0715	40.3127	52.0715	46.3127	64.0715
WAYNE-WESTLAND COM	50.9371	68.9371	44.9371	56.9371	50.9371	68.9371
CRESTWOOD SCHOOL DI	47.5429	65.5429	41.5429	53.5429	47.5429	65.5429
WESTWOOD COMMUNITY	51.9303	69.9303	45.9303	57.9303	51.9303	69.9303

Using Property Tax Bills to Calculate Taxes Levied

Rates are examples and may not be what is actually charged.



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Total Taxes		570.44
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TOTAL DUE		816.14

Winter Taxes Calculation: \$2,538- \$88 -
\$186- \$156 = \$2,108

Total Property Taxes:
\$2,108 + \$600 = \$2,708

Summer Calculation:
\$840-\$240 = \$600

Millage Rates

Homestead vs. Non-Homestead Millage Rates

Use the Homestead Rate When:

- PRE is **100%**
- PRE is **anything between 1% and 99%**

Use the Non-Homestead Rate When:

- PRE is **0%**, **but only** if the client **owns and occupies** the property as their **principal residence**
 - If so, verify ownership and occupancy before preparing the credit
 - If they do **not** live there, they **do not qualify** for the credit

When PRE is Less Than 100%:

Use this formula to calculate the **taxes levied**:

Taxable Value × Homestead Millage Rate × 1.01 × PRE %

- Use the **homestead millage rate**, even if PRE is less than 100%
- Multiply by **1.01** to account for the 1% administrative fee
- Multiply by **PRE percentage** (as a decimal)

Using Millage Rates to Calculate Taxes Levied

Basic Property Tax Credit Calculation (When Using Millage Rates)

Use this formula when the **Principal Residence Exemption (PRE)** is either **100%** or **0%**:

Taxable Value × Millage Rate (as a decimal!) × 1.01

- The **1.01 multiplier** includes the **1% administrative fee** that may be added to property taxes.
- This gives you the **estimated total property taxes levied** for the year.

Requirements for Using the Basic Calculation:

- **Taxable Value** – Found on the property tax bill or assessor's website
- **Millage Rate** – Use the correct rate for the tax year and location (based on PRE status)

Millage rates are given as a percentage, in order to calculate the property taxes correctly **you must move the decimal three digits!** There is a document to guide you through this! Use it every time!

- **PRE (Principal Residence Exemption)** – Confirm whether it's **100%, 0%, or partial**
- If partial (e.g., 50%), the basic calculation should **not** be used—actual bills are needed

Using Millage Rates to Calculate Taxes Levied

2024 TOTAL PROPERTY TAX RATES IN MICHIGAN

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Taxable Value: 50,760

PRE: 100%

School District: Dearborn

Property Taxes Calculation:

$50,760 \times 1.01 \times 0.0520034 = \$2,666$

Using Millage Rates to Calculate Taxes Levied

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Taxable Value: 50,760

PRE: 0%

School District: Dearborn

Property Taxes Calculation:

$$50,760 \times 1.01 \times 0.0656084 = \$3,364$$

Homeowners Who Moved During the Year

Homeowners Who Moved During the Year

- If the client **bought or sold their home**, or **moved during the tax year**, they must:
 - **Prorate their property taxes** based on the **number of days** they **lived in the home** during the tax year.
 - This ensures they only claim taxes for the time they actually **occupied** the home as their **principal residence**.
 - This is reported on **Part 3** of the **MI-1040CR**.

Example : John sold his home on **June 30** and moved into a rental. He lived in the home for **181 days**.

- Property taxes levied on the home: **\$3,000**
- Prorated portion:
$$\text{\$3,000} \times (181 \div 365) = \text{\$1,488}$$
 eligible for the credit

Owner-Occupied Duplexes

Owner-Occupied Duplexes

- If the client lives in **one half of a duplex** and **rents out the other half**, they must:
 - **Claim only 50%** of the property taxes (when both units are of equal size and value).
 - This is because only **half of the property** is used as the **personal residence**.

Example: Maria owns a duplex where she lives in one unit and rents the other.

- Total taxes levied: **\$2,400**
- Since the units are equal:
$$\$2,400 \times 50\% = \$1,200$$
 can be used in the credit calculation

Note: These homes usually have **50% PRE**

PTA Database

Tools for Looking Up Property Tax Information

Wayne County Property Tax Administration (PTA) System

Website: <https://onlinetaxinquiry.waynecounty.com/oti/>

Used primarily for **Detroit properties**

Allows you to look up:

- **Taxable value**
- **Tax bills**
- **Property ownership info**

 **Best for:** Most residential properties located in **Wayne County**, especially **Detroit**.

 **Limitations:**

- Requires login — request access from your site coordinator
- Only includes Wayne County properties
- Often outdated or missing information for cities outside of Detroit

PTA Database

PTA Database

Property Quick Menu

Property Valuation for 01 - Detroit/22067219-029

Tax Year	Original Taxable Value	Current Taxable Value	SEV	Original Homestead Value	Current Homestead Value	Original Non Homestead Value	Current Non Homestead Value	Exempt
2024	\$3,569,569	Same	\$5,287,100	\$0	Same	\$3,569,569	Same	N
2023	\$3,399,590	Same	\$4,633,700	\$0	Same	\$3,399,590	Same	N
2022	\$3,237,705	Same	\$4,356,700	\$0	Same	\$3,237,705	Same	N
2021	\$3,134,274	Same	\$3,792,800	\$0	Same	\$3,134,274	Same	N
2020	\$2,397,079	Same	\$3,091,000	\$0	Same	\$2,397,079	Same	N
2019	\$2,352,384	Same	\$3,076,500	\$0	Same	\$2,352,384	Same	N
2018	\$2,297,250	Same	\$2,527,900	\$0	Same	\$2,297,250	Same	N
2017	\$2,250,000	Same	\$2,250,000	\$0	Same	\$2,250,000	Same	N
2016	\$2,817,100	\$2,250,000	\$2,817,100	\$0	Same	\$2,817,100	\$2,250,000	N
2015	\$2,817,100	Same	\$2,817,100	\$0	Same	\$2,817,100	Same	N
2014	\$2,817,051	Same	\$2,817,051	\$0	Same	\$2,817,051	Same	N

BS&A Database



BS&A Online

Website: <https://bsaonline.com/Home/WelcomePage>

- A statewide online property tax system for **many Michigan municipalities**
- Cannot be used for **Detroit** properties
- Allows you to search by:
 - Name or address
 - View **taxable value**, **property classification**, **tax history**, and **assessments**

✓ **Best for: Non-Detroit** cities and townships that participate in BS&A



Limitations: ⚠ Limitations:

- Some cities have a paywall unless the client creates an account and claims the home as their primary residence
- Clients can only claim up to three residences
- We cannot create accounts or claim properties on the client's behalf

BS&A Database

Tax Bill Breakdown for 2022 Summer

Taxing Authority	Millage Rate	Amount	Amount Paid
CITY	10.030400	\$510.94	\$510.94
RUBBISH	2.406900	\$122.60	\$122.60
P/F PENSION	10.263000	\$522.79	\$522.79
LIBRARY	0.880000	\$44.82	\$44.82
STREETS	1.913100	\$97.45	\$97.45
ACT359	0.063000	\$3.20	\$3.20
ST SCH	6.000000	\$305.64	\$305.64
SCH OPER	18.000000	\$0.00	\$0.00
SCH DEBT	5.850000	\$297.99	\$297.99
COUNTY OPER	5.609900	\$285.76	\$285.76
PARKS/RECREATION	0.989500	\$50.40	\$50.40
S.W. MNT.	0.000000	\$91.88	\$91.88
Admin Fees		\$22.41	\$22.41
Interest Fees		\$0.00	\$0.00
	62.005800	\$2,355.88	\$2,355.88

Practice Scenario

Tasha has:

- Taxable Value: **\$50,000**
- PRE: **100%**
- School District: **Detroit Public Schools**

Calculate the Taxes Levied

Use 2024 Millage Rates for these scenarios for practice purposes

Practice Scenario

Tasha has:

- Taxable Value: **\$50,000**
- PRE: **100%**
- School District: **Detroit Public Schools**

Calculate the Taxes Levied

$$50,000 \times 1.01 \times 0.0672737 = \$3,397$$

Use 2024 Millage Rates for these scenarios for practice purposes

Practice Scenario

Fatima has:

- **Taxable Value:** \$30,000
- **School District:** Dearborn Public Schools
- **PRE:** 66% (or 0.66)

Calculate the Taxes Levied

Use 2024 Millage Rates for these scenarios for practice purposes

Practice Scenario

Fatima has:

- **Taxable Value:** \$30,000
- **School District:** Dearborn Public Schools
- **PRE:** 66% (or 0.66)

Calculate the Taxes Levied

$$30,000 \times 1.01 \times 0.0532955 \times 0.66 = \$1,066$$

Use 2024 Millage Rates for these scenarios for practice purposes

Practice Scenario

Sam sold his home on **August 31**, so he lived in the house for **243 days**.

Property taxes levied for the year: **\$2,800**

Calculate taxes levied that can be used for the year.

Use 2024 Millage Rates for these scenarios for practice purposes

Practice Scenario

Sam sold his home on **August 31**, so he lived in the house for **243 days**.

Property taxes levied for the year: **\$2,800**

Calculate taxes levied that can be used for the year.

Proration: $243 \div 365 = 0.666$

$\$2,800 \times 0.666 = \$1,865.28$ can be used for the credit

Use 2024 Millage Rates for these scenarios for practice purposes



Renters



Important Renter Information

When filing for the **Michigan Property Tax Credit as a renter**, it's important to collect **complete and accurate** rent and landlord information.

What's Required:

1. Full name and address of the landlord

- If unknown, use the **name and address of the apartment complex** or **property management company** where rent was paid. If the client is renting a house, we **may** be able to find the information on the PTA or BS&A website.

2. Actual monthly rent amounts paid

- Do **not** use estimated or average amounts.
- The state requires a **month-by-month breakdown** of what was **actually paid**—not what was due or expected.


Important Reminders:

- If rent varied (e.g., different months had different amounts due to partial months, late payments, or rent changes), report the **actual amount paid each month**.
- If multiple landlords or addresses were involved during the year, you must **list each one separately** on the return.

Mobile Home Park Residents

Mobile home park residents have a special set of rules for calculating their property tax credit because they typically pay **specific taxes** and **lot rent**, rather than traditional property taxes.

1. **\$3 per month specific tax**, up to a maximum of **\$36 per year**
 - This is reported as “**property taxes levied**” on the MI-1040CR.
2. We enter **100% of the rent paid minus \$3 and then TaxSlayer calculates 23% to be used for the HPTC.**
3. **Additional property taxes paid on attached buildings**, such as:
 - Garages
 - Tool sheds
 - Permanent additions to the mobile home

 These may be claimed as part of the property taxes levied, if the client can provide proof (e.g., tax bill or receipt).
4. **There is a Step-By-Step on how to enter it into TaxSlayer. Please make sure you use it!**

Mobile Home Park Residents Example

Emily lives in a mobile home park all year (12 months).

- Monthly rent: **\$500**
- Yearly rent total: **\$6,000**
- Specific tax: **\$3 per month × 12 = \$36**

Mobile Home Park Residents Example

Emily lives in a mobile home park all year (12 months).

- Monthly rent: **\$500**
- Yearly rent total: **\$6,000**
- Specific tax: **\$3 per month \times 12 = \$36**

Report on the MI-1040CR:

- **\$36 as property taxes levied** (specific tax)
- **$\$6,000 - \$36 = \$5,964$ \rightarrow take 23% of that for the Renters section:**
 $\$5,964 \times 0.23 = \$1,371.72$ claimed as rent contribution toward property taxes

Alternate Property Tax Credit for Renters Age 65+

Alternate Property Tax Credit for Renters Age 65+

An **alternate credit** is available **only** to renters who meet **all** of the following:

- Are **age 65 or older**
- **Rent** their principal residence in Michigan
- Have **rent paid that exceeds 40% of Total Household Resources (THR)**

How It Works:

- **TaxSlayer will automatically calculate** this alternate credit **if eligible**.
- The amount will appear on **Worksheet 5** in the **MI-1040CR** section of the Michigan return.

Alternate Property Tax Credit for Renters Age 65+

Example: Alternate Property Tax Credit for a Senior Renter

Filer Info:

- Age: 68
- Annual Rent Paid: \$10,800 (\$900/month)
- Total Household Resources (THR): \$24,000
- Lives alone, rents full year

Are they eligible?

Alternate Property Tax Credit for Renters Age 65+

Example: Alternate Property Tax Credit for a Senior Renter

Filer Info:

- Age: 68
- Annual Rent Paid: \$10,800 (\$900/month)
- Total Household Resources (THR): \$24,000
- Lives alone, rents full year

Are they eligible?

✓ **Step 1: Check if Rent > 40% of THR**

40% of \$24,000 = **\$9,600**

Actual rent paid = **\$10,800**

✓ **Eligible (Rent exceeds 40% of THR)**



Housing Facility Occupants

Cooperative Housing

Cooperative Housing – Property Tax Credit Rules

- Residents **claim** their **prorated share of property taxes** based on the cooperative's tax statement (not traditional homeowners or renters).
- They **do not claim rent paid** as renters do.
- If residents lived in a cooperative where they **also pay rent for the land** under the building, they can claim **23% of that land rent**.
- A **statement from the co-op management** is needed showing:
 - Total property tax on the building
 - Percentage of the carrying charges that is property tax-related

Cooperative Housing

As a member of a Housing Cooperative, you are entitled to a deduction for mortgage interest and real estate taxes paid by your Cooperative in 2022. The percentage shown below for interest and real estate taxes may be used if you itemize deductions on your Federal income taxes. The percentage for real estate taxes may be used if you claim the property tax credit on your Michigan income taxes.

Carrying charges are your basic monthly payments paid in 2022, exclusive of surcharges, government subsidies, late charges, initial membership, deposits, etc.

Steps to follow:

1. Enter total carrying charges paid in 2022 \$ _____
2. **Property Tax:** Multiply the amount in line 1 by 7.19% \$ _____
3. **Mortgage interest:** Multiply the amount in line 1 by 8.79% \$ _____
4. Taxable value \$ 10,459
5. Use the amount in **line 2** as the amount of property taxes on your home when determining your 2022 Michigan property tax credit.
6. Use the amount in **line 2** as the amount property taxes on your home and the amount in **line 3** as the amount of mortgage interest on your home when itemizing deductions for your Federal income tax

Cooperative Housing:

- Letter should look / say something along the lines of this
- Use the **total carrying charges paid** to determine amount to use for taxes levied based on percentage given
- Taxable value should be given

Cooperative Housing Example

As a member of a Housing Cooperative, you are entitled to a deduction for mortgage interest and real estate taxes paid by your Cooperative in 2022. The percentage shown below for interest and real estate taxes may be used if you itemize deductions on your Federal income taxes. The percentage for real estate taxes may be used if you claim the property tax credit on your Michigan income taxes.

Carrying charges are your basic monthly payments paid in 2022, exclusive of surcharges, government subsidies, late charges, initial membership, deposits, etc.

Steps to follow:

1. Enter total carrying charges paid in 2022 \$ \$5,760
2. **Property Tax:** Multiply the amount in line 1 by 7.19% \$ _____
3. **Mortgage interest:** Multiply the amount in line 1 by 8.79% \$ _____
4. Taxable value \$ 10,459
5. Use the amount in **line 2** as the amount of property taxes on your home when determining your 2022 Michigan property tax credit
6. Use the amount in **line 2** as the amount property taxes on your home and the amount in **line 3** as the amount of mortgage interest on your home when itemizing deductions for your Federal income tax

Eligible for HPTC:

$$\text{\$5,760} \times 7.19\% = \text{\$414.14}$$

Special Housing

Special Housing:

- Care facilities such as **nursing homes, foster care homes, and homes for the aged (including assisted living facilities)**, whether licensed or unlicensed

Key Guidelines:

- **Only the rent portion** of the total monthly payment is eligible for the credit.
- You **cannot rely on the client's verbal estimate** of rent.
- Must have one of the following:
 - A **monthly statement** that **itemizes** charges (e.g., rent, meals, care)
 - OR a **letter from the facility** stating how much of the monthly payment is for rent

Special Housing

If the facility **does not provide a breakdown** of rent, food, and services, the client **may still qualify** by using a **proportionate share of property taxes**

1. If the facility is licensed:

- Find out how many **licensed beds** the facility has.
- Take the total property taxes for the whole building.
- Divide the total taxes by the number of beds.
- That's your share of the property tax to use.

Example: Facility has 40 beds and total property taxes are \$28,000.

Your share = \$28,000 ÷ 40 = \$700

2. If the facility is unlicensed:

- Find out the size (square feet) of your apartment/unit.
- Find out the total size of the whole building.
- Divide your unit size by total building size.
- Multiply that percentage by the total property taxes.

Example: Your apartment is 600 sq ft; the whole building is 15,000 sq ft; taxes are \$25,000.

Your share = (600 ÷ 15,000) × \$25,000 = 0.04 × \$25,000 = \$1,000

Special Housing

Spouses Filing Jointly — One in Special Housing, One at Home

- Combine **Total Household Resources (THR)** (both incomes)
- Combine the **property taxes on the home** plus the **rent or property tax share at the special housing facility**
- Use the **total combined amounts** to calculate one property tax credit on the joint return

Example:

- **Janet** lives at home paying \$2,000 in property taxes
- **Mike** lives in a nursing home, pays \$12,000 rent (statutory 23% rent credit applies)
- **Combined THR:** \$40,000

Calculate:

- Rent portion: $23\% \times \$12,000 = \$2,760$
- Total taxes + rent portion = $\$2,000 + \$2,760 = \$4,760$
- Income exclusion: $3.5\% \times \$40,000 = \$1,400$
- Credit = $60\% \times (\$4,760 - \$1,400) = 60\% \times \$3,360 = \mathbf{\$2,016 \text{ credit}}$

Special Housing

Single Person Living in Special Housing but Owns a Home

- Can claim **either**:
 - Property taxes on the owned home
 - OR the rent/share of property taxes at the special housing facility
- **Cannot claim both**

Example:

- Owns home with \$3,000 property taxes OR
- Lives in assisted living with rent of \$20,000/year (23% rent credit applies) = \$4,600
- THR = \$25,000

Option 1 (Claim home taxes):

- Income exclusion: $3.5\% \times \$25,000 = \875
- Credit = $60\% \times (\$3,000 - \$875) = 60\% \times \$2,125 = \$1,275$

Option 2 (Claim special housing rent):

- Income exclusion: \$875
- Credit = $60\% \times (\$4,600 - \$875) = 60\% \times \$3,725 = \$2,235$

Part 3: Housing Facility Occupant

Part 3: Complete If You Are An Occupant Of A Housing Facility

BACK

CONTINUE

If you lived in any alternate housing facility listed below, enter the name and address of Housing facility, landowner, or care facility selected

Name of Housing Facility, Landowner or Care Facility

Street Address of Housing Facility, Landowner or Care Facility

ZIP Code of Housing Facility, Landowner or Care Facility

12345

City of Housing Facility, Landowner or Care Facility

State of Housing Facility, Landowner or Care Facility

--Select--

- If client lives in a **cooperative, or paid room and board**, select Part 3
- If client lives in a **home for the aged, a nursing home, or an adult foster care home**, *and* client cannot determine rent portion of monthly payment, select Part 3
- Enter the name of the housing facility, landowner or care facility and their street address, ZIP code, city and state

Part 3: Housing Facility Occupant

If you lived in one of these types of facilities for all or part of year, please select the appropriate one (only select ONE)

Cooperative Housing

- ☐ Yes
☒ No

Home for the Aged

- ☐ Yes
☒ No

Nursing Home

- ☐ Yes
☒ No

Adult Foster Care Home

- ☐ Yes
☒ No

Paid Room and Board

- ☐ Yes
☒ No

Enter your prorated share of taxes from the type of facility selected above

\$

- Scroll down until you see “**If you lived in one of these types of facilities...**” and select “**Yes**” for the type of facility the client lived in
- Then enter the clients share of taxes

Note: If the client lived in cooperative housing, you need to go to the Part 1: Homeowner section and enter the taxable value of the cooperative unit the client owned / rented in the first box on that page



Service Fee, Subsidized, Tax Exempt Housing

Service Fee Housing

Some rental properties have a special agreement with the city or municipality where instead of paying property taxes, the owner pays a **service fee**.

How does this affect the Homestead Property Tax Credit?

- Instead of using **23% of rent paid** for the credit calculation, **10% of the gross rent paid is used**.
- This lower percentage reflects the service fee arrangement.

Important:

- If the property address is on the **State of Michigan's Service Fee Housing list**, you **must** select "**Service Fee**" on the tax return.
- You **cannot** claim rent using the regular 23% method and wait for the State to fix it later.
- Claiming incorrectly can cause delays or denials of the credit.

Example:

- Tenant pays \$12,000 rent/year
- Property is on the Service Fee list
- Eligible rent amount entered into Taxslayer is \$12,000, the amount used to calculate the credit is $\$12,000 \times .10 = \mathbf{\$1,200}$

TaxSlayer will calculate that \$1,200 automatically as long as you mark it as Service Fee in the Tax Return

Subsidized Housing

Subsidized housing means housing where the tenant pays only part of the rent or housing cost, and the rest is **paid by a government program or other assistance** to make it more affordable. (Section 8 housing, Public Housing, ETC.)

- **Key Rule:**
 - **Only claim the rent or housing costs the client actually paid out of their own pocket.**
- **What NOT to include:**
 - Any part of the rent or housing costs **paid on the client's behalf** by a government agency.

Example:

- Total monthly rent: \$1,200
- Client pays \$400 directly
- Government agency pays \$800 subsidy

Rent to claim: $\$400 \times 12 = \$4,800$ (NOT the full \$14,400)

Subsidized and Service Fee Housing

If the Housing Was BOTH Subsidized and Service Fee:

- On the **"Occupants of Housing Facility"** page in **TaxSlayer**,
- **ONLY** check the box for **Service Fee Housing**.
- Do **not** check both subsidized and service fee — only service fee should be selected.
- Enter **ONLY** the total the client paid.

Part 3: Complete If You Are An Occupant Of A Housing Facility

[BACK](#) [CONTINUE](#)

If you lived in any alternate housing facility listed below, enter the name and address of Housing facility, landowner, or care facility selected

Name of Housing Facility, Landowner or Care Facility

Street Address of Housing Facility, Landowner or Care Facility

ZIP Code of Housing Facility, Landowner or Care Facility

City of Housing Facility, Landowner or Care Facility

State of Housing Facility, Landowner or Care Facility

If you lived in one of these types of facilities for all or part of year, please select the appropriate one

Service Fee Housing
☐ Yes
☒ No

Subsidized Housing
☐ Yes
☒ No

Subsidized and Service Fee Housing

If They Lived in Two Different Types of Housing During the Year:

- On the **Occupants of Housing Facility** page:
 - Check "**Service Fee Housing**" (only for the months they lived in the service fee unit)
- In the **Renter's Section**:
 - Enter **rent paid** for the subsidized housing **only** (Jan–May)
 - Do **not include** any government-paid portion of the rent
 - **Do not claim** rent for the service fee housing here — that will be handled by checking the Service Fee box

Example:

- Jan–May: Rented **subsidized housing**
- June–Dec: Rented **service fee housing**

If you lived in any alternate housing facility listed below, enter the name and address of Housing facility, landowner, or care facility selected

Name of Housing Facility, Landowner or Care Facility

Street Address of Housing Facility, Landowner or Care Facility

ZIP Code of Housing Facility, Landowner or Care Facility

City of Housing Facility, Landowner or Care Facility

State of Housing Facility, Landowner or Care Facility

If you lived in one of these types of facilities for all or part of year, please select the appropriate one

Service Fee Housing
☐ Yes
☒ No

Subsidized Housing
☐ Yes
☒ No

Enter total rent you paid in 2024. Do not include amounts paid on your behalf by a government agency
\$

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.

☐ Yes
☒ No

Street Address of Homestead

ZIP Code of Homestead

City of Homestead

State of Homestead

Landowner's Name

Landowner's Street Address

Landowner's ZIP Code

Landowner's City

Landowner's State

Monthly Rent
\$

Tax Exempt Housing

A taxpayer is **not eligible** for the credit if:

- **The housing is exempt from property taxes**
 - This includes any property that is not subject to property tax assessment.
- **The property address is listed on the [State of Michigan's Tax-Exempt Housing List](#)**
 - If the address appears on this list, the taxpayer **cannot** claim the credit.
- **The taxpayer received a 100% Property Tax Exemption**
 - This includes those who filed for and were granted:
 - The **Poverty Exemption**, or
 - The **Homeowners Property Exemption (HOPE)**
 - If the exemption was **100% for the tax year**, the taxpayer is **not eligible** for the credit.

Tax Preparer Tools

Federal

IRS Publications	Tools	Advanced Topics
	Pub. 4012-A : Volunteer Resource Guide	Federal 1040 Instructions
	Pub. 4299 Privacy, Confidentiality, and Civil Rights	Pub. 17 Tax Guide
	Pub. 4491 VITA/TCE Training Guide	Pub. 4491-X
	Pub 5878: Help a Taxpayer Select a Preferred Language	

State of Michigan

Michigan Tax Tools	Homestead Property Tax Credit	Home Heating Credit
MI CR Instructions		BS&A Online
MI CR-2 Instructions		Step-by-Step: BS&A Online
Service Fee Housing List		Michigan Millage Rates - Current Year
Tax Exempt Housing List		Michigan Millage Rates - Previous Years
		Step-by-Step: Michigan Millage Rate

Practice Scenario

John receives **\$1,500 per month in Social Security income**. He pays **\$500 per month in rent** for his home at **1519 Bagley Street, Detroit, MI 48216**. The housing is **not subsidized**. Is his rent **service fee** or is it **tax-exempt**? How do we determine this and how should we report this?

Practice Scenario

John receives **\$1,500 per month in Social Security income**. He pays **\$500 per month in rent** for his home at **1519 Bagley Street, Detroit, MI 48216**. The housing is **not subsidized**. Is his rent **service fee** or is it **tax-exempt**? How do we determine this?

Step 1: Check the Service Fee and Tax Exempt list on the [accounting aid resources page](#)

- Considered Service Fee not Tax Exempt

Step 2: Do not report it as regular rent but Report it under part 3: Housing Facility Occupant

Practice Scenario

Ashley receives **\$4,000 per month from a full-time job**. He pays **\$600 per month in rent** for his home at **12693 Virgil Street, Detroit MI 48223**. The housing is **not subsidized**. Is his rent **service fee** or is it **tax-exempt**? How do we determine this and how should we report this?

Practice Scenario

Ashley receives **\$4,000 per month from a full-time job**. He pays **\$600 per month in rent** for his home at **12693 Virgil Street, Detroit MI 48223**. The housing is **not subsidized**. Is his rent **service fee** or is it **tax-exempt**? How do we determine this and how should we report this?

Step 1: Check the Service Fee and Tax Exempt list on the [accounting aid resources page](#)

- Considered Tax Exempt not Service Fee

Step 2: The client is **not eligible to claim the rent credit** because the facility is considered Tax Exempt.

Practice Scenario

Facts:

- Total annual rent for 2025: **\$18,000** (\$1,500/month)
- Two single adults (Taylor and Jordan) live together, each paying half.
- Jordan receives **\$400 cash gift** from parents to help with groceries.

Practice Scenario

Facts:

- Total annual rent for 2025: **\$18,000** (\$1,500/month)
- Two single adults (Taylor and Jordan) live together, each paying half.
- Jordan receives **\$400 cash gift** from parents to help with groceries.

Step 1: Prorate Rent

$$\$18,000 \div 2 = \textbf{\$9,000 each}$$

- Taylor reports \$9,000 on MI-1040CR
- Jordan reports \$9,000 on MI-1040CR

Step 2: Prorate Taxable Value

(Not applicable for renters – skip this step.)

Step 3: Total Household Resources (THR) for Jordan

- Add Jordan's income + \$400 cash gift
- Subtract \$300 exclusion = \$100 included in THR

Result:

Both Taylor and Jordan file separately and each claims \$9,000 rent. Jordan's THR includes \$100 from gifts.



Special Situations - Shared Housing

Shared Housing

Shared Housing:

If **two or more single adults** (not married to each other) **share ownership or rent** and **live in the same home**, each person may **file separately** for the Homestead Property Tax Credit using the following rules:

- **Prorate Property Taxes or Rent**

- **Property Tax or Rent** must be **divided equally** (or based on actual agreement) among the residents.
- Each person reports **only their share** on the MI-1040CR or MI-1040CR-2.

- **Shared Taxable Value**

- If the **total taxable value exceeds \$143,000**, each co-owner may use their **prorated share** of the taxable value to determine eligibility, **which cannot exceed the limit for the year**.
- **Example:** Taxable value for the **home is \$250,000**. Prorated taxable value for each person in a situation where two adults **share a home is \$125,000**. The homeowner in this shared housing situation, assuming they meet all other eligibility requirements, **is eligible for the 2025 property tax credit as the prorated taxable value is under the limit**.

- **Cash Gifts or Expenses Paid on Their Behalf**

- Any **gifts of cash** or **expenses paid** for them must be included in **Total Household Resources (THR)**, **except for the first \$300**.

Shared Housing

Shared Housing:

If **only one individual** either **owns the home** or is **contracted to pay rent**:

- **Only that individual may claim the Homestead Property Tax Credit**
 - Other individuals living in the home **cannot** file for the credit.
- The filer must **include all household resources**, including help from others.
 - **Gifts of cash or expenses paid on their behalf**
 - Contributions from roommates or other residents used to pay:
 - Rent or property taxes
 - Utilities
 - Food
 - Other living expenses
 - **Only the first \$300 of these gifts or support is excluded from THR.**

Shared Housing Example

Example: Shared Housing:

- Jane rents a home in her name.
- Her roommate gives her \$500/month toward rent and utilities.

Can both Jane and her roommate file for the credit?

Shared Housing Example

Example: Shared Housing:

- Jane rents a home in her name.
- Her roommate gives her \$500/month toward rent and utilities.

Can both Jane and her roommate file for the credit?

Jane is the only one who can file the MI-1040CR.

She must include **\$5,700** (\$6,000 – \$300 exclusion) in her **Total Household Resources**.

Shared Housing Example

Example: Shared Housing:

Facts:

- Total property tax for 2025: **\$3,000**
- Total taxable value of the home: **\$250,000**
- Two single adults (Alex and Jamie) co-own and live in the home 50/50.
- Alex also receives **\$500 in cash gifts** from family to help with bills.

Shared Housing Example

Example: Shared Housing:

Facts:

- Total property tax for 2025: **\$3,000**
- Total taxable value of the home: **\$250,000**
- Two single adults (Alex and Jamie) co-own and live in the home 50/50.
- Alex also receives **\$500 in cash gifts** from family to help with bills.

Step 1: Prorate Property Tax

$$\$3,000 \div 2 = \$1,500$$

- Alex reports \$1,500 on MI-1040CR
- Jamie reports \$1,500 on MI-1040CR

Step 2: Prorate Taxable Value

$$\$250,000 \div 2 = \$125,000 \text{ each}$$

- \$125,000 is below the \$143,000 limit → both may qualify.

Step 3: Total Household Resources (THR) for Alex

- Add Alex's income + \$500 cash gift
- Subtract \$300 (gift exclusion) = \$200 must be included in THR

Result:

- Both Alex and Jamie file separately.
- Each claims \$1,500 in property tax and uses \$125,000 taxable value for the credit calculation.
- Alex's THR includes the extra \$200 from gifts.

Rules for Married, Divorced or Separated Taxpayers

Married Filing Separately – Michigan Homestead Property Tax Credit

Scenario 1: Did NOT Share a Homestead the Entire Year:

- Each spouse may **file their own credit** separately.
- Each claims:
Their **own property tax or rent**
 - Their **own total household resources (THR)**

Example: Jordan and Taylor are legally married but lived in **separate homes for all of 2025**. They are **filing as Married Filing Separately**, and **each paid their own housing costs**.

Scenario 2: Shared the Same Homestead the Entire Year:

- Only **one credit** is allowed.
- Must include:
 - **Combined total household resources**
 - **Total property tax or rent paid**

✓ The couple can **choose how to divide** the credit between them.

Example: Monica and James are legally married and **lived together for all of 2025**. They are **filing as Married Filing Separately**, **both paid for housing costs**.



Form MI-5049 Required

- In **both scenarios**, Form **MI-5049 (Married Filing Separately Schedule)** must be completed and attached.
- MI-5049 ensures proper reporting of shared or separate income and housing situations.

Rules for Married, Divorced or Separated Taxpayers

Married Filing Separately or Divorced – Shared Homestead Part-Year

- Each person's credit is based on:
 - Their **share of property taxes or rent while they lived together**
 - Their **own property taxes or rent after separation**
- Each person files **separately**, and must:
 - Include only **their share of Total Household Resources (THR)**
 - Include **both prorated taxes/rent** before and after separation

Use form **MI-5049** to report prorated **income** for each spouse

Use form **Form 2105** to report calculation of **prorated property taxes or rent** for shared period

Software Note (TaxSlayer):

- **Review these returns carefully.**
- TaxSlayer may **not fully support** or calculate these credits correctly in complex shared-living situations.
- All prorated calculations must be done manually and entered in the appropriate places

Shared Homestead Part-Year Example

Example: Marcus and Selena:

- **Married** in 2025, but **separated in July**
- **Lived together** in the same home from **January 1 to June 30 (6 months)**
- **Marcus** moved out July 1 and rented an apartment for the rest of the year
- **Selena** stayed in the home and paid all expenses from July–December
- They are **filing as Married Filing Separately**

Rules for Married, Divorced or Separated Taxpayers

Married Filing Jointly with Separate Homesteads (All or Part-Year)

Key Rule: If spouses **file a joint federal or Michigan return** but **maintained separate homesteads** during the year (for all or part of it):

Property Tax Credit Must Be Based on Only One Homestead

- Choose **one home** to claim for the Homestead Property Tax Credit.
- May be either:
 - The **primary home shared the longest**
 - The home that results in the **larger credit**

Total Household Resources (THR) Must Include:

- The **combined income of both spouses for the entire year**, regardless of whose home is claimed.
- Even if one spouse had zero property taxes or rent, **their income must still be included** in THR.

Note: If taxpayers maintained separate homesteads for all or part of the year **and** file a joint federal or Michigan return, the property tax credit is based upon property taxes or rent of only one home. Total household resources must be the combined income of both spouses for the entire year

Maintained Separate Homesteads Example

Example:

- **John and Priya** are married and file a **joint Michigan and federal return**
- They **lived in separate homes all year** due to work arrangements
- They cannot each claim a homestead property tax credit
- They must **choose only one homestead to base the credit on**

MI-1040CR-2: Blind Homeowners and Veterans

Who Can Use Form MI-1040CR-2:

1. **Blind Homeowners**
 - Must be **legally blind**
 - Must **own and occupy** their **principal residence** (not renters)
2. **Veterans with Service-Connected Disabilities**
 - Disability must be **service-connected**
3. **Surviving Spouses of Veterans Deceased in Service**
4. **Active-Duty Military and Pensioned Veterans**
 - THR cannot be more than \$7,500
5. **Surviving Spouses of Veterans** from:
 - **World War I, World War II, or the Korean War**
 - Applies even if the veteran was **not disabled or not pensioned**
 - THR cannot be more than \$7,500

If the qualifying veteran or surviving spouse is a **renter**, you must use the **non-homestead millage rate** when calculating their rent-based credit amount

Calculating the Credit for Blind Homeowners / Qualified Disabled Veteran Filers

To ensure the filer gets the **highest Homestead Property Tax Credit**, you must calculate it using **both MI-1040CR and MI-1040CR-2**:

- **Complete MI-1040CR**
 - Enter all required info.
 - Open the **PDF** and write down the credit amount from **line 34**.
- **Disable MI-1040CR**
 - Go back and answer “**No**” to: *“Are you eligible for this credit?”*
- **Complete MI-1040CR-2**
 - Enter the same data.
 - Check the **PDF**, and note the credit from **line 35**.
- **Compare both credits**
 - Use the form with the **higher amount**.

Note: Although both forms must be checked, **we are not aware of any situations where MI-1040CR-2 produces a higher credit** than MI-1040CR for blind or qualified disabled veteran filers.

MI-1040CR-2: Blind Homeowners and Veterans Example

Example 1: Harold is the surviving spouse of a non-pensioned Korean War veteran. He rents his apartment and has a THR of \$6,200.

- Does he qualify to use MI-1040CR-2? Explain.

MI-1040CR-2: Blind Homeowners and Veterans Example

Example 1: Harold is the surviving spouse of a non-pensioned Korean War veteran. He rents his apartment and has a THR of \$6,200.

- Does he qualify to use MI-1040CR-2? Explain.

✓ Harold qualifies to use **MI-1040CR-2**, but

! His rent-based credit must be calculated using the **non-homestead millage rate**.

MI-1040CR-2: Blind Homeowners and Veterans Example

Example 2: Angela is **legally blind** and **owns and lives in her home** in Michigan. Her **Total Household Resources (THR)** for the year are **\$24,000**. She is not a veteran.

- Does she qualify to use MI-1040CR-2? Explain

MI-1040CR-2: Blind Homeowners and Veterans Example

Example 2: Angela is **legally blind** and **owns and lives in her home** in Michigan. Her **Total Household Resources (THR)** for the year are **\$24,000**. She is not a veteran.

- Does she qualify to use MI-1040CR-2? Explain

✓ **Angela qualifies** to file using **MI-1040CR-2** as a **blind homeowner**, and **does not have a THR limit** because the \$7,500 limit applies only to certain veterans and spouses.

End of Homestead Property Tax Credit

Take a few moments with your table and discuss any questions you may have regarding this topic.