



AccountingAidSociety

Exemptions

Exemptions on the Michigan Return

- Personal and dependent exemptions
- Special exemptions – Claimed for taxpayer (and/or spouse, if filing jointly) and dependents who are:
 - Deaf,
 - Blind,
 - Hemiplegic, paraplegic, quadriplegic, or
 - Totally and permanently disabled
- Qualified disabled veteran exemption – Claimed for each qualifying individual on the tax return (taxpayer, spouse, and/or dependent)
- Stillbirth exemption

Special Exemptions – Definitions (continued)

Totally and permanently disabled means disabled as defined under Social Security Guidelines 42 USC 4106

- Unable to engage in any substantial gainful activity because of a physical or mental impairment (See IRS Publication 17 for definition of substantial gainful activity)
- A qualified physician must certify that the condition has lasted or can be expected to last continuously for 12 months or more, or that the condition can be expected to result in death

**Support for totally and permanently disabled exemption
is the receipt of any of the following types of income**

1. Social Security Disability benefits (SSDI)	2. Supplemental Security Income (SSI), if under age 65	3. Veterans' Administration (VA) disability retirement payments
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Note: 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.

Totally and Permanently Disabled

The exemption for totally and permanently disabled cannot be claimed for a taxpayer, spouse, or dependent if the individual is age 66 by the designated date for the filing year.

Tax Year	Date
2025	February 28, 2025 (Exemption may not be claimed if date of birth is ON or BEFORE February 28, 1959.)
2024	April 30, 2024 (Exemption may not be claimed if date of birth is ON or BEFORE April 30, 1958.)
2023	June 30, 2023 (Exemption may not be claimed if date of birth is ON or BEFORE June 30, 1957.)
2022	August 31, 2022 (Exemption may not be claimed if date of birth is ON or BEFORE August 31, 1956.)
2021	October 31, 2021 (Exemption may not be claimed if date of birth is ON or BEFORE October 31, 1955.)
2020 and Prior	December 31 of the tax year

Practice Scenario

Carol is single and filing her 2025 Michigan return. She is **totally and permanently disabled** and was born on **March 10, 1959**. She is **not claimed as a dependent**, and has a valid SSN.

Question:

Can Carol claim the **special Michigan exemption** for disability on her MI-1040?

- A. Yes — she is disabled and her birthdate is after the cutoff
- B. No — her disability must be certified by a physician
- C. No — she is over age 65
- D. Yes — but only if she itemizes deductions

Practice Scenario

Carol is single and filing her 2025 Michigan return. She is **totally and permanently disabled** and was born on **March 10, 1959**. She is **not claimed as a dependent**, and has a valid SSN.

Question:

Can Carol claim the **special Michigan exemption** for disability on her MI-1040?

- A. Yes — she is disabled and her birthdate is after the cutoff
- B. No — her disability must be certified by a physician
- C. No — she is over age 65
- D. Yes — but only if she itemizes deductions

Explanation:

Michigan allows a **special exemption** for individuals who are **totally and permanently disabled**, provided they were **born after February 28, 1959**.

Carol was born on **March 10, 1959**, so she qualifies.

Practice Scenario

Tom is **legally blind** and files his 2024 Michigan return as **single**. His date of birth is **February 15, 1959**.

Question:

Can Tom claim the **special blind exemption** on his MI-1040?

- A. No — he is over age 65
- B. Yes — Michigan allows a special exemption for blindness
- C. No — blindness exemptions only apply to dependents
- D. Yes — but only if he is also deaf or disabled

Practice Scenario

Tom is **legally blind** and files his 2024 Michigan return as **single**. His date of birth is **February 15, 1959**.

Question:

Can Tom claim the **special blind exemption** on his MI-1040?

- A. No — he is over age 65
- B. Yes — Michigan allows a special exemption for blindness**
- C. No — blindness exemptions only apply to dependents
- D. Yes — but only if he is also deaf or disabled

Explanation:

Michigan provides a **special exemption** for taxpayers or dependents who are **legally blind**. This exemption is **not age-restricted**, so Tom **qualifies regardless of his date of birth**. No physician statement is needed if the blindness is already documented (e.g., through federal tax forms or medical records).

Practice Scenario

Lena files her 2025 Michigan tax return as **Head of Household**. She was born on **June 12, 1985** and has been **medically diagnosed as totally deaf** in both ears. She is not claimed as a dependent on anyone else's return.

Question:

Can Lena claim the **special Michigan deaf exemption** on her MI-1040?

- A. Yes — Michigan allows a deaf exemption for qualifying individuals
- B. No — she is under age 66
- C. Yes — but only if she also qualifies as blind or disabled
- D. No — the exemption only applies to dependents

Practice Scenario

Lena files her 2025 Michigan tax return as **Head of Household**. She was born on **June 12, 1985** and has been **medically diagnosed as totally deaf** in both ears. She is not claimed as a dependent on anyone else's return.

Question:

Can Lena claim the **special Michigan deaf exemption** on her MI-1040?

- A. Yes — Michigan allows a deaf exemption for qualifying individuals**
- B. No — she is under age 66**
- C. Yes — but only if she also qualifies as blind or disabled**
- D. No — the exemption only applies to dependents**

Explanation:

- Michigan allows a **special exemption** for taxpayers, spouses, or dependents who are **totally deaf**.
Age is not a factor — Lena qualifies based on her hearing status, regardless of being under 66.
- This exemption is **independent** of the blind or disabled exemptions.
- Documentation of total deafness may be required (typically from a licensed audiologist or physician).

Qualified Disabled Veteran

Qualified Disabled Veteran

- 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.
 - May be claimed in addition to the taxpayer's other exemptions
 - May not be claimed on more than one tax return
- If a taxpayer qualifies for a special exemption and qualified disabled veteran exemption, they can claim both.

Qualified Disabled Veteran Example

- Jason is a Michigan resident filing as **Single** in 2025. He served in the U.S. Navy and was **honorably discharged** after sustaining a **service-connected disability**. The VA certified his disability as **incurred in the line of duty**.
- Jason is also **totally and permanently disabled** and was born on **June 12, 1960**. He is not claimed as a dependent by anyone else.

Result:

Jason qualifies for two Michigan exemptions:

- **A special exemption for disability**, because he is permanently disabled and born **after February 28, 1959**.
- **A qualified disabled veteran exemption**, because he is a veteran with a service-connected disability and an honorable discharge

Note:

Both exemptions can be claimed on the **same return**, and neither disqualifies the other. However, **Jason cannot claim either exemption on another person's return**, and no one else may claim them on his behalf.

Stillbirth Exemption

Stillbirth Exemption

- For a parent of a stillborn delivered during the tax year who has been issued a Certificate of Stillbirth from the Michigan Department of Health and Human Services (MDHHS)
 - Taxpayer must include a copy of the certificate with the tax return

This can be a deeply sensitive topic! Always be kind and courteous, consider using language like:

"One of the Michigan tax exemptions is available to parents who experienced a stillbirth during the year and were issued a Certificate of Stillbirth. We ask this just in case it applies to you or someone you know — and of course, you're welcome to skip this question if you'd prefer."

Tip: Let the client lead. A calm, open tone and allowing space to decline can help make this moment less difficult.

Stillbirth Exemption Example

Example:

Alicia and her husband, David, are Michigan residents filing a **joint 2025 state return**. In September 2025, Alicia tragically delivered a stillborn child. They were issued a **Certificate of Stillbirth by the Michigan Department of Health and Human Services (MDHHS)**.

They are not claiming the child as a dependent, but want to know if any exemptions are available.

Stillbirth Exemption Example

Result:

Alicia and David may claim the **Stillbirth Exemption** on their 2025 Michigan return.

 To qualify:

- The **stillbirth must have occurred during the tax year**, and
- The taxpayer must include a **copy of the Certificate of Stillbirth** issued by MDHHS with their MI-1040 return

This exemption is **in addition to any other exemptions** the taxpayers may claim.

 **Important Note:**

The stillbirth exemption does **not** qualify the child as a dependent for federal or state purposes, but provides a Michigan-specific exemption for grieving parents. Be sure to **include documentation** with the mailed return, as this exemption cannot be claimed electronically.

2025 Exemption Amounts

	2025	
Personal Exemption	\$5,800	
Special Exemptions (Deaf, blind, hemiplegic, paraplegic, quadraplegic, or totally and permanently disabled)	\$3,100	
Qualified Disabled Veteran	\$400	
Stillbirth Exemption	\$5,800	

Part-Year and Nonresident Exemptions

- The exemption allowance for a part-year resident or a nonresident is prorated based on the taxpayer's Michigan income subject to tax divided by total AGI.
- For a couple filing a joint return, if one spouse is a full-year resident and the other is a part-year resident or nonresident, the full-year resident is entitled to one full exemption.
 - The part-year resident or nonresident must prorate the exemption by the ratio of their Michigan income subject to tax to their AGI from all sources.

Practice Scenario

Marco and Priya are married and filing jointly.

- Marco lived in Michigan all year and earned **\$60,000**.
- Priya lived in Ohio all year and earned **\$30,000**, with **no Michigan income**.

Question:

How much of the Michigan personal exemption can Marco and Priya claim on their 2025 joint return?

- A. 2 full exemptions
- B. 1.5 exemptions
- C. 1 full exemption
- D. 0 exemptions

Practice Scenario

Marco and Priya are married and filing jointly.

- Marco lived in Michigan all year and earned **\$60,000**.
- Priya lived in Ohio all year and earned **\$30,000**, with **no Michigan income**.

Question:

How much of the Michigan personal exemption can Marco and Priya claim on their 2025 joint return?

- A. 2 full exemptions
- B. 1.5 exemptions
- C. 1 full exemption**
- D. 0 exemptions

Explanation: Marco is a full-year Michigan resident and gets **1 full exemption**. Priya is a nonresident with no Michigan income, so her exemption is **prorated to 0%**

Practice Scenario

Tina moved from Illinois to Michigan on **July 1, 2025**. She earned **\$40,000** total:

- \$20,000 in Illinois
- \$20,000 in Michigan

She is **single** and a **part-year Michigan resident**.

Question:

What percentage of the Michigan personal exemption can Tina claim on her 2025 state tax return?

- A. 100%
- B. 50%
- C. 25%
- D. 0%

Practice Scenario

Tina moved from Illinois to Michigan on **July 1, 2025**. She earned **\$40,000** total:

- \$20,000 in Illinois
- \$20,000 in Michigan

She is **single** and a **part-year Michigan resident**.

Question:

What percentage of the Michigan personal exemption can Tina claim on her 2025 state tax return?

- A. 100%
- B. 50%
- C. 25%
- D. 0%

Explanation: Tina's Michigan income is \$20,000 out of a total AGI of \$40,000, so she qualifies for **50%** of the Michigan exemption.

Michigan Exemptions - Final Notes

- It's **important** to claim each exemption to which the taxpayer is entitled
 - Claiming an exemption(s) may increase any tax refund and decrease any tax due, and
 - May increase the amount of the homestead property tax credit and/or home heating credit
- Only one special exemption may be claimed per person as it applies to the taxpayer, their spouse and their dependents
- If an individual qualifies for a special exemption and qualified disabled veteran exemption, both exemptions may be claimed
- If a dependent files a return, the taxpayer or the dependent, but not both, may claim the dependent's special exemption or qualified disabled veteran exemption

End of Exemptions

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