



## Total Household Resources

# Total Household Resources

Total household resources (THR) are defined as *all* income received by *all* persons of a household in a tax year while members of a household, increased by the following deductions from federal gross income:

- Any net business loss after netting all business income and loss
- Any net rental or royalty loss
- Any carryback or carryforward of a net operating loss

Eligibility for the Home Heating Credit (HHC) and Homestead Property Tax Credit (HPTC) is based on Total Household Resources, ***not*** Adjusted Gross Income.

- Some income that is included in Total Household Resources is not entered anywhere else.
- Michigan Intake, Part V - *Nontaxable Income*, lists the income a taxpayer may receive that is only necessary for HPTC and HHC.

# Total Household Resources

- “Income” includes both spouses taxable and nontaxable income
  - Federal adjusted gross income (AGI) plus all income specifically excluded or exempt from the computation of federal AGI.
- “Household” is statutorily defined as a *claimant* and spouse
  - A claimant is a person who files a Homestead Property Tax Credit or Home Heating Credit. It includes a husband and wife if they are required to file a joint Michigan tax return even if they do not reside together, or They share a home, regardless of their filing status.
  - It does *not* include all persons living in the home.

# THR Section on Michigan Intake

## AAS Part V. Nontaxable Income – During the tax year did the taxpayer or spouse receive:

Totals

<input type="checkbox"/> Yes <input type="checkbox"/> No	1. Child Support? -----			\$ _____	
<input type="checkbox"/> Yes <input type="checkbox"/> No	2. A) Workers' Compensation? -----	\$ _____	}	\$ _____	
<input type="checkbox"/> Yes <input type="checkbox"/> No	B) VA (Dept. of Veterans Affairs) benefits? -----	\$ _____			
<input type="checkbox"/> Yes <input type="checkbox"/> No	3. FIP and/or other MDHHS (Michigan Department of Health & Human Services) benefits (excluding food stamps)? -			\$ _____	
	4. Additional Social Security benefits and/or Supplemental Security Income (SSI): <i>(In 2022, maximum SSI was \$841 per month, \$10,092 for the year if rec'd. all 12 months)</i>				
<input type="checkbox"/> Yes <input type="checkbox"/> No	A) SSI (taxpayer)? -----	\$ _____	}	\$ _____	
<input type="checkbox"/> Yes <input type="checkbox"/> No	B) SSI (spouse)? -----	\$ _____			
<input type="checkbox"/> Yes <input type="checkbox"/> No	C) SSI for a dependent? -----	\$ _____			\$ _____
<input type="checkbox"/> Yes <input type="checkbox"/> No	D) Social Security benefits for a dependent? -----	\$ _____			\$ _____
<input type="checkbox"/> Yes <input type="checkbox"/> No	5. Gifts or Assistance from family/friends/agencies? Describe: _____ <i>(Include the value over \$300 in gifts of cash or merchandise received, or expenses paid on taxpayer's behalf)</i>			\$ _____	
	6. Other Nontaxable Income:				
<input type="checkbox"/> Yes <input type="checkbox"/> No	A) State SSI (taxpayer)? (\$42 every three months from Michigan DHHS. If yes, enter \$168) ..	\$ _____	}	\$ _____	
<input type="checkbox"/> Yes <input type="checkbox"/> No	B) State SSI (spouse)? -----	\$ _____			
<input type="checkbox"/> Yes <input type="checkbox"/> No	C) State SSI for a dependent? -----	\$ _____			
<input type="checkbox"/> Yes <input type="checkbox"/> No	D) Other? Describe: _____	\$ _____			

# Child Support

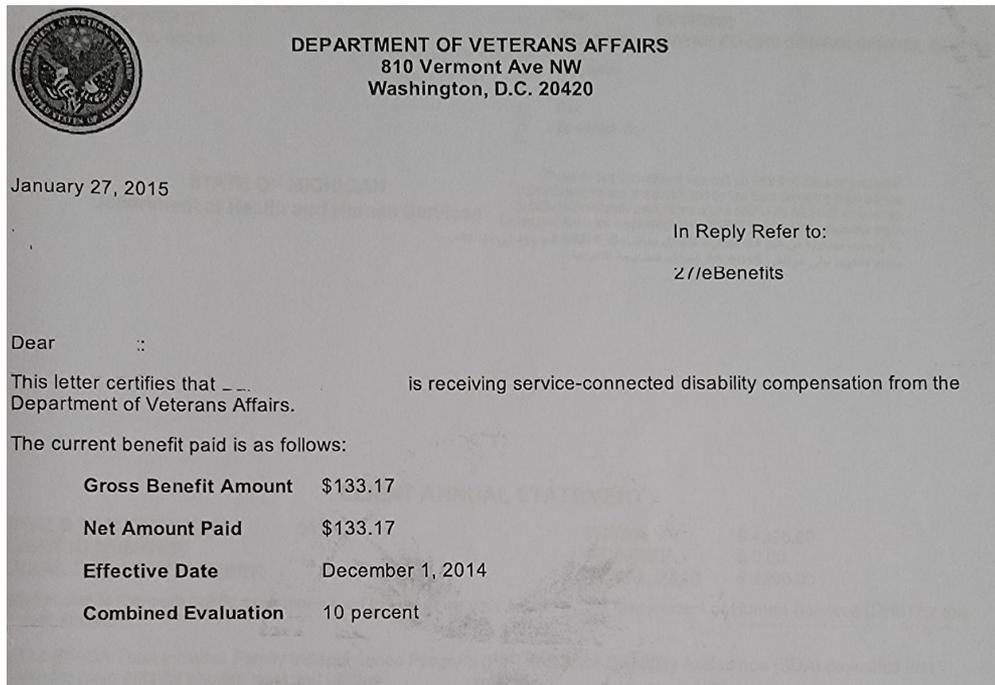
- Child support received is nontaxable to the recipient.
- Child support paid is not deductible.
- Child Support can be paid by a parent, through Friend of the Court (FOC), or through the Michigan Department of Health and Human Services (MDHHS).
- Clients may have documentation showing the amounts that were supposed to be received for child support, but it's not always correct so make sure you have a conversation with them asking what the actual amounts received were.
- Clients who no longer have dependents **can** still receive child support, so ask even if they are not claiming dependents.
- Source Document: **Statement from FOC or MDHHS, or taxpayer's records**

# Workers' Compensation

- Cash benefits received from a work-related incident.
- Source Document: **Taxpayer's records**
  - Amounts received for workers' compensation will not be shown on a W-2 or other tax form.

# VA (Dept. of Veterans Affairs) Benefits

- Letter received from VA for those receiving retirement benefits and service-connected disability compensation and pension benefits
- Benefits for a service-connected disability are based on a percentage
- Make sure to check the date on the letter



# FIP and Other MDHHS Benefits

- **Michigan Family Independence Program (FIP)** provides temporary cash assistance to families with children and pregnant women to help them pay for living expenses such as rent, heat, utilities, clothing, food and personal care items
- Managing agency is Michigan Department of Health and Human Services (MDHHS)
- Who is eligible?
  - Must be a resident of Michigan, and a U.S. citizen, legal alien or a qualified alien
  - Must be unemployed or underemployed and have low or very low income
  - Must be one of the following:
    - Have a child 18 years of age or younger, or
    - Be pregnant, or
    - Be 18 years of age or younger and the head of your household

# FIP and Other MDHHS Benefits

- Other MDHHS benefits include payments made under their cash assistance programs, including:
  - State Disability Assistance (SDA)
  - Refugee Assistance
  - Repatriate Assistance
  - Vendor payments for shelter, heat and utilities
- FIP and other cash assistance program payments will be reported on the ***Client Annual Statement*** (DHS-1241) from MDHHS
- Include all other public assistance payments such as state adoption subsidies. Clients will not have a reporting document for adoption subsidies received from MDHHS.
- Food assistance program benefits are **not** included anywhere on the return

# FIP and Other MDHHS Benefits

- If a recipient of FIP also receives child support and received a *Custodial Party End of Year Statement* (FEN-851), see the credit claim instructions for what amounts to enter for child support and for FIP and other MDHHS benefits
- *Client Annual Statement* received by those receiving payments from MDHHS cash assistance programs
- A cash assistance statement looks very similar to the statement for food stamps.

WAYNE CO DHS CONNER SERVICE CENTER  
4733 CONNER ST  
DETROIT MI 48215

Case Name:  
Case Number:  
Date: 01/18/2021  
MDHHS Office: WAYNE CO DHS CONNER SERVICE CENTER

Specialist:  
Phone:  
Fax:  
Specialist ID:

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STATE OF MICHIGAN  
Department of Health and Human Services

If you do not understand this, call an MDHHS office in your area.  
MDHHS employees are prohibited by law from providing legal advice.  
Si usted no entiende esto, llame a una oficina de MDHHS en su área.  
La ley prohíbe a los empleados de MDHHS proporcionar asesoría legal.  
إذا واجهت صعوبة في فهم هذا الطلب، فلتصل بمكتب MDHHS الموجود في منطقتك.  
يحرم القانون على موظفي MDHHS إعطاء النصيحة القانونية.

CLIENT ANNUAL STATEMENT

TOTALS FOR TAX YEAR	2020	FIP/SA	\$ 4395.00
CLIENT ID NUMBER		RCA/REP	\$ 0.00
SOCIAL SECURITY NUMBER		TOTAL PAID	\$ 4395.00

Listed above is the cash public assistance paid to you or on your behalf by the Department of Human Services (DHS) for the year shown.

# Supplemental Security Income (SSI)

**Supplemental Security Income (SSI)** is paid by the **Social Security Administration (SSA)** to individuals who have low income and limited financial resources, and are age 65 or older, blind, or disabled.

- SSI may be received by the taxpayer/spouse or their dependents.
- Individuals can receive both Social Security benefits and SSI if their Social Security benefit is low.
- SSI is different than Social Security Disability benefits (SSDI), but is often confused. A general rule to remember: SSI is paid on the first of the month, SSDI is paid on the third or some other date.

# Supplemental Security Income (SSI)

- If someone received both SSI and Social Security benefits, and that is their only source of income (other than State SSI):
  - The total of these two sources of income is typically \$20 per month more than the maximum SSI an eligible individual would receive. In 2022, the maximum amount for an eligible recipient would be \$861 per month (\$841 + \$20).
- Example: A client brings in their 2022 Form SSA-1099, Social Security Benefits Statement, but isn't sure of the amount of their SSI for the year. Box 5 of the SSA-1099 shows \$7,656.
  - To determine their SSI:
    - $\$841 \times 12 \text{ months} = \$10,332$
    - $\$10,332 - 7,656 = \$2,676$  potential SSI for the year, or \$223 per month
    - A discussion with the client is warranted to verify that this was the amount they received on the 1<sup>st</sup> of each and every month in 2022.
    - If uncertain, ask the client to get a letter from the Social Security Administration stating the total SSI paid to them in the tax year.

# Dependent's Social Security Benefits and SSI

- Include in total household resources any Social Security benefits and/or Supplemental Security Income received **for** a minor child or adult dependent who lived with the taxpayer
  - This is where the taxpayer (or spouse) is the payee
  - The entire amount is included in THR on the same line for Social Security benefits and SSI
- State SSI received **for** a dependent is included on the line for *Other nontaxable income*
- If Social Security benefits and/or SSI are paid directly to the dependent adult, it is not necessarily included in THR
  - Only include any amount that the dependent contributed to the filer's household and other expenses. Report it on the line for *Gifts or expenses paid on your behalf*.

# State SSI

- Individuals receiving Supplemental Security Income (SSI) usually also receive State SSI
- State SSI is administered by the Michigan Department of Health and Human Services (MDHHS)
- Individuals typically get \$14 per month, which is paid quarterly in the amount of \$42 each March, June, September and December. The total for the year is \$168.
- Those receiving State SSI will not receive a year-end reporting document
- Report State SSI as *Other nontaxable income*. Do not report it on the line for Social Security and SSI or on the line for FIP and other MDHHS benefits

# Gifts or Assistance from Family / Friends / Agencies

- Includes:
  - Gifts of cash or merchandise received
  - Expenses paid on behalf of taxpayer (or spouse, if filing a joint claim) by parents, relatives, or friends. Expenses include rent, taxes, utilities, food, medical care, etc.
- The value over \$300 is included in THR
- Do not include payments from government agencies made directly to third parties (i.e., educational institution or subsidized housing project)
- The question on the Michigan intake sheet should be asked of all taxpayers, not just the ones whose income does not substantiate living expenses

# Income Included in THR

- The following items (nonexclusive list) are not listed as a line item on the claim forms, but they must be included in Total Household Resources:
  - Capital gains on the sale of main residence regardless if the gains are exempt from federal income tax (enter the excluded gain in the field for *Other nontaxable income*)
  - Compensation for damages to character or for personal injury or sickness
  - An inheritance (except an inheritance from a spouse)
  - Proceeds of a life insurance policy paid on death of the insured (except from the death of a spouse)
  - Death benefits paid by or on behalf of an employer
  - Housing allowance for ministers or clergy (out of scope for VITA)
  - Forgiveness of debt, even if excluded from AGI
  - Reimbursement from dependent care and/or medical care spending accounts

# Other Nontaxable Income

- Nontaxable scholarships
  - Taxable scholarships included in AGI will carry forward to the Michigan credit claims
  - Nontaxable scholarships must also be included in THR for the recipient of the scholarship
- Forgiveness of Debt, even if excluded from AGI, must be included in total household resources
  - E.g., Cancelled debt on main home due to foreclosure or abandonment
- A net capital gain or loss included in AGI will carry forward to the Michigan credit claims
  - Any excluded gain realized from the sale of a main residence **must** also be included in total household resources

# Other Nontaxable Income

- Cash assistance from the Department of Education for the Payment of Child Care
  - Parents who receive cash assistance from the Department of Education for the payment of child care must include the total for the tax year in total household resources
  - It is included in THR regardless of any payments made to the child caregiver

# Income NOT Included in THR

- Total Household Resources do NOT include:
  - Payments received by participants in the foster grandparent or senior companion program
  - Energy Assistance grants or tax credits
  - Government payments to a third party (e.g., Medicaid payments to a doctor; tuition grants, including GI bill, paid directly to an educational institution by a federal or state agency; and most payments from The Step Forward Michigan program)
  - Money received from a government unit such as the Federal Emergency Management Agency (FEMA) to repair or improve the homestead
  - Surplus food or food assistance program benefits
  - State and city income tax refunds and Homestead Property Tax Credits
  - Chore service payments (these payments *are* income to the provider of the service)



## **Form 5049, Married Filing Separately and Divorced or Separated Claimants Schedule**

## Form 5049, Married Filing Separately and Divorced or Separated Claimants Schedule

- Spouses who file separate Michigan returns and divorced taxpayers who shared a home at any time during the tax year are entitled to one property tax credit and one home heating credit. The claims must include the total household resources of both spouses during the time the homestead was shared.
- In these cases, Form 5049 must be filed. This form is intended to assist you to correctly calculate total household resources for the Homestead Property Tax Credit Claim (MI-1040CR or MI-1040CR-2) and/or Home Heating Credit Claim (MI-1040CR-7) when MFS or divorced during the tax year.

# Form 5049, Married Filing Separately and Divorced or Separated Claimants Schedule

Form 5049 is required to be included when:

- The claimant files MFS and maintained separate homestead from spouse the entire year
  - Provide the following explanation in Part 3 of 5049: “Taxpayer did not live with spouse at any time during the tax year”
- The claimant files MFS and shared a homestead with spouse the entire year
  - Spouse’s income is required on Form 5049.
- The claimant files MFS or is divorced and maintained separate homestead from spouse for part of the year. Calculate the prorated total household resources and share of taxes or rent for each spouse for the days they lived together.
  - Use Form 2105, covered on the next slide. Spouse’s income is required.

**If the taxpayer doesn’t have or can’t get spouse’s income,  
their Michigan credit claims cannot be prepared**

## Form 2105, Worksheet for Figuring Taxes Paid by Separated or Divorced Claimants

- This worksheet will help you compute the prorated share of taxes or rent used to complete a homestead property tax credit for those who divorced or separated during the tax year.
- Each spouse can claim credit for his or her share of property taxes paid before the separation. In addition, each spouse can claim credit for taxes paid individually after the separation.
- This information does not apply for those who were separated but file a joint income tax return.

# Form 5049, Married Filing Separately and Divorced or Separated Claimants Schedule

## PART 3: EXPLANATION

(If you did not include income from your spouse, provide an explanation.)

### Explanations

- Taxpayer did not live with spouse at any time during the tax year.
- Spouse had no income during the tax year.

These should be the only explanations used. If taxpayer cannot provide spouse's income, do not prepare the credit claim(s).

Attachment 25

Issued under authority of Public Act 281 of 1987, as amended.

Michigan Department of Treasury  
5049 (Rev. 03-21)

### MICHIGAN Married Filing Separately and Divorced or Separated Claimants Schedule, Form 5049

Tax Year (YYYY)

Filer's First Name	M.I.	Last Name	Filer's Full Social Security No. (Example: 123-45-6789)
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**PART 1: MARRIED FILING SEPARATELY AND SHARED A HOMESTEAD DURING THE YEAR**

Skip to PART 3 if you are not including income from your spouse.

Enter dates as MM-DD-YYYY. (Example: 04-15-2021)

FROM:	TO:
— — — —	— — — —

1. Provide the dates you and your spouse shared a homestead during the tax year.

**PART 2: INCOME BREAKDOWN**

Include only the portion of your income in column A and your spouse's income in column B for the period of time the homestead was shared.

	A. Filer	B. Spouse
2. Wages, salaries, tips, sick, strike and SUB pay, etc.....	00	00
3. All interest and dividend income (including nontaxable interest).....	00	00
4. Net business income (including net farm income). If negative, enter "0".....	00	00
5. Net royalty or rent income. If negative, enter "0".....	00	00
6. Retirement, pension, annuity, and IRA benefits.....	00	00
7. Capital gains less capital losses.....	00	00
8. Alimony and other taxable income. Describe: _____	00	00
9. Social Security, SSI, and/or railroad retirement benefits.....	00	00
10. Child support and foster parent payments.....	00	00
11. Unemployment compensation.....	00	00
12. Gifts received or expenses paid on your behalf.....	00	00
13. Other nontaxable income. Describe: _____	00	00
14. Workers'/veterans' disability compensation/pension benefits.....	00	00
15. FIP and other MDHHS benefits (do not include food assistance).....	00	00
16. Other adjustments. Describe: _____	00	00
17. Medical insurance/HMO premiums you paid for you and your family.....	00	00
18. Total. For each column, add lines 2 through 15 then subtract lines 16 and 17.....	00	00

**PART 3: EXPLANATION** (If you did not include income from your spouse, provide an explanation.)



## Health Insurance Premiums

# Health Insurance Premiums

- Any health insurance premiums paid, in whole or in part, by the claimant and not by the employer for both claimant and family are deductible from gross income to arrive at THR (does not include premiums paid with pretax employee payroll deductions).
- Auto PIP (personal injury protection) in Michigan covers medical expenses, lost wages, survivor losses, and a certain amount per day for replacement services
  - The taxpayer may claim the portion of an auto insurance policy's PIP that is for medical coverage.
  - If PIP medical coverage **was not waived**, may use \$130 as the allowable amount per insured vehicle paid for the claimant and his/her family
  - If a higher amount can be proven for the medical care portion of car insurance, the higher amount can be used
    - The medical care portion premium must be clearly identified

**Due diligence** – Given the recent law changes effective July 1, 2020, where an insured person can reduce coverage or opt out of PIP, it's important to ask and to make sure the taxpayer had auto insurance *and* that he or she hadn't opted out of the medical care coverage

# Health Insurance Premiums

- If insured through the Marketplace:
  - Insurance premium amounts must be reduced by the federal Premium Tax Credit
  - Use federal Form 8962, Premium Tax Credit (PTC), to calculate the net insurance premium:
    - The annual total insurance premium (line 11A or the sum of lines 12A through 23A of U.S. Form 8962) **minus** the total Premium Tax Credit (line 24 of U.S. Form 8962) may be claimed.
- Then add any private medical insurance premiums paid and the portion of an auto insurance policy's PIP that is for medical coverage or \$130/insured vehicle (if PIP was not waived) to arrive at the total amount for the health insurance deduction

<b>AAS Part VI. Health Insurance</b> <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> 1. Did the taxpayer or spouse pay any medical insurance or HMO premiums during the tax year (other than Medicare)? If yes, indicate the amount(s) paid: - - - - -		Private Medical Insurance Premiums (+) \$ _____ Marketplace Insurance Premiums (+) \$ _____ Premium Tax Credit (Form 8962, line 24) (-) \$ _____	Form 8962, line 11A or sum of lines 12A thru 23A
<input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> 2. Did the taxpayer or spouse pay for automobile insurance during the tax year? If yes, how many vehicles? ____ (x \$130) (+) \$ _____		Total Premiums \$ _____	

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