



State Tax Preparation Training

Tax Year 2015

Who Must File A State of Michigan Tax Return?

- Refer to the federal information regarding earnings.
- A person who has income greater than the MI personal exemption amount: \$3,950.
- Many times a person does NOT have an obligation to file a federal return but will benefit from doing so.

Starting a Michigan Tax Return

- The information from the federal return will transfer directly to the state return.
- Information you will need from resources at the site include the school district code and the county code.
- Make sure disabilities are marked correctly on the federal return because most everything will carry over

Michigan Filing Status

- There are three status' to file in the state of Michigan: married filing jointly, married filing separately, or single.
- If filing married filing jointly on the federal return, this must be the status on the state return.
- If the taxpayer is filing single, head of household, or qualifying widower they will file single.
- If there is a same sex marriage filing married filing jointly on the federal return they will file single on the state return.

THE PROGRAM ALREADY COMPLETES THIS SECTION

Exemptions and Dependents

- The exemptions and dependents carry over from the federal to the state tax forms.
- If someone is claimed on another return their personal exemption on the state is reduced to \$1,500. The federal return will not allow any exemption amount if a person is claimed on the federal return.



Special Exemptions

- An additional \$2,500 exemption will be available to a person if they are paraplegic, quadriplegic, hemiplegic, blind, deaf, or totally and permanently disabled. UNLESS the taxpayer, spouse, or dependent is 66 or older, then the exemption does apply
- An additional \$300 exemption for a qualified disabled veteran and each of the dependents on the return. A qualified disabled veteran is a veteran disabled because of an injury sustained while in service.

Income

- Federal income carries over and you don't have to enter anything again.
- Most subtractions will also flow from the federal information to state on TaxWise. If there are pension benefits from the federal tax return, the state tax return now requires Form 4664 to be present. The form will automatically generate.



- This is why the distribution code from the 1099R is important. It drives whether the income can be used as a subtraction on the MI1040.
- This is why it is VITAL that ALL income is accurately input on the federal side. It carries over to the state side.

PAYER'S IDENTIFICATION NUMBER OHIO PUBLIC EMP RET SYS 277 EAST TOWN STREET COLUMBUS OHIO 43215		(if checked) <input type="checkbox"/> CORRECTED		OMB No. 1545-0119 2006		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
		1 Gross distribution \$ 26,565.09		2a Taxable amount \$ 25,995.21		Form 1099-R	
		PAYERS Federal identification number 31-0797516 G		RECIPIENTS identification number 444-42-2111		2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>	
4 Federal income tax withheld \$ 1,954.05		5 Employee/Design. Roth contrib. or insurance premiums \$ 569.88		6 Net unrealized appreciation in employer's securities		7 Distribution Code 7	
RECIPIENT'S IDENTIFICATION NUMBER JOHN DOE JR 277 EAST TOWN ST COLUMBUS OH 43215		8 Other		9a Your percentage of total distribution		Copy 2 File this copy with your state, city, or local income tax return, when required.	
		9b Total employee contributions		10 State tax withheld 4,000.32			
		11 State/Payer's state number 51-8539176		Effective Date of Retirement 02/02			
Account number (optional) SR 111224444R		Health Care Deduction 600.00		Medicare Deduction 0.00		1st year of design. Roth contrib.	

Taxable Income

- AGI flows from the federal return. The taxable income then has the state additions and subtractions applied.
- The state exemption is applied. Then the income is subject to tax at a rate of 4.25%.

Use Tax

- Use tax is on line 23 of the MI 1040 form
- Use tax is tax that should be paid for out of state purchases
- No VITA client has ever said yes, that they have made several, and large purchases of anything out of state
- This line will be highlighted red, just select NO USE TAX



Refundable Credits and Payments

- With the exception of the Property Tax Credit, all the other credits on the state 1040 will automatically calculate
- The only other credit on the state return that VITA taxpayers receive is the MI Earned Income Tax Credit, and that is calculated off of the federal return.



Refund or Tax Due

- The amount that is due or refunded will then show up on the appropriate line indicating to do so
- The return will be automatically defaulted to be e-filed but there is an option to change this default if the client wishes to paper file

Bank Information

Lastly, bank information needs to be entered on the bottom of page 2 of the MI 1040. Under **Direct Deposit** and **E-file Only** headers



...NOW, the last two parts of the state returns: Michigan State Credits

Homestead Property Tax Credit and Home Heating Credit



Property Tax Credit

Is the tax payer eligible?

There are different criteria for homeowners and renters.
Both homeowners and renters are eligible.

For Home Owners:

- The home must be in the name of the taxpayer
- Property taxes must have been charged
- Tax payer can only claim one credit, for their principle residence
- Client must have property tax statement, the pieces of information from that form is the **taxable value** of the home as well as the **property taxes**
- Household resources must be below \$50,000, and the taxable value of the home must be below \$135,000 to be eligible

CITY OF NORTON SHORES – 2005 WINTER TAX BILL

MESSAGE TO TAXPAYER

THIS TAX IS DUE BY FEBRUARY 14, 2006
PAYMENT MAY BE MADE AT:

CITY HALL
4814 HENRY STREET
NORTON SHORES MICHIGAN 49441

FIFTH THIRD BANK COMERICA BANK
MUSKEGON COMMERCE BANK

The winter bill will include 2/3 of the county operating tax.

PROPERTY INFORMATION

Property Assessed To: [REDACTED]

Property #: [REDACTED] School Dist.: 70010
Property Addr.: [REDACTED]
Legal Description:
CITY OF NORTON SHORES PERSONAL PROPERTY

OPERATING FISCAL YEARS

The taxes on this bill will be used for governmental operations for the following fiscal year(s):

County: 10/01/05-09/30/06
City: 07/01/05-06/30/06
School: 07/01/05-06/30/06
State Fiscal Year: 10/01/05-09/30/06

This does NOT affect when the tax is due or its amount.

TAX DETAIL

Taxable Value: 84800
State Equalized value: 84800 Class: 251

Taxes are based upon Taxable Value.
1 mill equals \$1.00 per \$1,000 of Taxable Value.
Amounts with no millage are either Special Assessments or other charges being added to this tax bill.

DESCRIPTION	MILLAGE	AMOUNT
STATE EDUCAT	0.00000	0.00
SCHOOL OPERAT	9.00000	763.20
SCHOOL DEBT	1.62000	137.37
OTTAWA INTER	0.00000	0.00
VETERANS	0.07520	6.37
2/3 COUNTY OPER	3.79890	322.14
COMMUNIT COLLEGE	2.20370	186.87
MUSEUM	0.32210	27.31
QUALITY OF LIFE	0.38000	32.22
CENTRAL DISPATCH	0.30000	25.44
CITY	0.00000	0.00

PAID
FEB 14 2006
NORTON SHORES

Total Tax: 1500.92
Administration Fee: 15.00
Previous Payments: [REDACTED]
Total Amount Due: \$1,515.92
Homestead %: 0

Property Tax Credit Eligibility

Different rules for renters:

If a person is renting a home or apartment, there are some additional rules that apply:

- The person needs to have their name on the lease. **THERE IS NO EXCEPTION!**
- The rent is counted for the number of months paid within the unit and the and a credit is generated by the amount of rent paid and the client's income

Information Needed for Renters

- The taxpayer must have the landlord's full name and address
- The taxpayer must know the address of the residence, the number of months they lived at the address, and the cost of rent

What if a person lives in a trailer?

- The taxpayer pays rent for the lot, and that can be counted the same way as rent
- There is a checkbox to indicate that the rent is lot rent

Alternative Housing Facilities

- Alternative Housing Facilities includes subsidized apartments, housing, and section 8
- The total amount paid for rent will be calculated by the tax preparer and totaled on line 54
- Many times clients do not realize there is a difference between regular and subsidized rent. If rent seems low, this is a good time to ask if the home is subsidized. A list of subsidized apartment complexes are in the volunteer folders.

Other Information Needed for the Property Tax Credit

- Household Resources - not the same as adjusted gross income from the federal return (page 1)
- Other adjustments (page 2)
- HMO/ Insurance premiums paid (page 2)

Household Resources

- Beginning in 2012, household income has been replaced with total household resources. Total household resources include **all** income (taxable and nontaxable) received by **all** adult household members during the year, including income that might be exempt from federal adjusted gross income. Net losses from business activity may not be used to reduce total household resources.
- This money is not taxes in any way

Household Resources Checklist

- The full list is on page one of the MI CR 1 (Property Tax Credit) form.
- There are the most common forms seen at the tax sites that need to added:
 - SSI
 - Child Support
 - FIP (state assistance, welfare, cash assistance)
 - Gifts (from a family member), etc.

Adjustments

- Student loan interest
- Half of the self employment tax
- **Adjustments from the federal with carry to state**
- An adjustment that the tax payer will want to ask the client about is out of pocket premiums paid for insurance. If a person has full auto insurance coverage, the taxpayer may claim \$130 that can be counted toward a medical insurance premium. They can count more if they know it was higher and has documentation.

Michigan Home Heating Credit

- Created to help low income individuals pay for heat.
- Only available to the homeowner or person with the lease and bill in their name.
- Not available to students who have a lease in their name but is a dependent of another person.
- The credit is only available to the client until September 30th of that tax year, there cannot be credits filed for back years.



Home Heating Credit Eligibility

- If a client has heat that is included in their rent they may still apply for the credit.
- If the heat is in the client's name they should bring their bill and it will have the amount the client paid for heat from November 1, 2014 - October 31, 2015.
- County code will be available at the tax site and in your resource information.
- Exemptions will follow through from the federal credit.
- Income will flow from the federal return to the credit form, and any household resources not on the federal return

Home Heating Credit

- Clients with the bill in their name will receive a voucher that typically goes directly to the utility provider - but not necessarily at the same time they receive their refund.
- Clients may receive a voucher that is mailed to them that they have to provide to the utility provider.
- Sometimes, for example if the heat is included in the rent, the client may receive a separate check in the mail or direct deposited to their bank account.

Example



Payment Coupon

Account Number: 1000 000 1000 1

Due Date: January 25, 2010

Total Due: \$259.65

Please indicate amount paying \$

Mail Payments To:
DTE Energy
P.O. Box 740795
Cincinnati, OH 45274-0795

For address corrections, please visit www.dteenergy.com or call 800-477-4747.

Printed coupon valid with your payment. 31000941

Please bring proof for your receipt.

Contact Information

Gas Leak or Gas Emergency: 800-947-5000

Customer Service or Power Outage: 800-477-4747

Hearing-impaired TDD line: 800-855-0506 (Voice & TDD Relay)

Web Site: dteenergy.com

Programs you are enrolled in

Sensor Program

Summary of Charges

Account Balance as of Nov 30, 2009: 86.11

Balance Prior to Current Charges: 86.11

Total Current Charges: 173.54

Account Balance as of January 4, 2010: \$259.65

Average temperatures for this billing period were 28 degrees colder than last billing period. As a result your appliances may be working harder to make you feel more comfortable.

Your Monthly Energy Usage

For ways to save energy and save money, go to YourEnergySavings.com

ELECTRIC



GAS



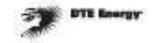
Average Usage per day		
Current Month	Last Month	Year Ago
107 kWh	107 kWh	121 kWh
Change: 25%	10%	12%

Average Usage per day		
Current Month	Last Month	Year Ago
1.7 CCF	1.7 CCF	3.3 CCF
Change: 0%	0%	0%

IMPORTANT INFORMATION

The average Detroit Edison residential customer is expected to save \$3.39 each month because of energy optimization programs over the program life.

The average MichCon residential customer is expected to save \$1.47 each month because of energy optimization programs over the program life.



Please return all payment coupons with your check or money order, payable to DTE Energy, five business days prior to due date. Do not send cash or attach notes to the payment coupon.

Be sure to write your account number(s) on your check or money order.

Detail of Current Charges

For Service at 1111 Main St, Anytown, MI

Detroit Edison Residential Senior Citizen Electric Service

Current Charges

Power Supply Energy	90 KWH @ 0.04975	2.74
Power Supply Energy	293 KWH @ 0.04672	13.54
Power Supply Energy	37 KWH @ 0.1324	2.30
Power Supply Energy	91 KWH @ 0.141172	13.60
Renewable Energy Plan Surcharge		3.00
Other Power Supply Surcharges*		-4.39
Deliver Charges		
Service Charge	81 KWH @ 0.00669	0.00
Distribution		76
Distribution	379 KWH @ 0.01814	6.87
Energy Optimization	457 KWH @ 0.001501	.40
Other Delivery Surcharges**		4.44
Detroit Utility Tax		2.40
Residential Michigan Sales Tax		1.97
Total Detroit Edison Current Charges		\$3.68

Current Billing Information

Service Period: Nov 25, 2009 - Dec 23, 2009

Days Billed: 34

Meter Number: 258864 26

Meter Reading: 15731 Actual - 18193 Actual

KWH Used: 457

Your next scheduled meter read date is on or around FEB 01, 2010

MichCon Residential Gas Heating

Current Charges

Customer Charge		4.20
Senior Citizen Credit		-12.00
Gas Distribution Charge	112 CCF @ 0.17013	19.05
Energy Optimization	112 CCF @ 0.0030	.36
2009 U-13098 UETM Surcharge	112 CCF @ 0.0240	3.50
Gas Cost Recovery	112 CCF @ 0.488	54.58
U-1946 G	112 CCF @ 0.00156	.16
Detroit Utility Tax		3.50
Residential Michigan Sales Tax		4.40
Total MichCon Current Charges		119.86

Current Billing Information

Service Period: Nov 25, 2009 - Dec 23, 2009

Days Billed: 34

Meter Number: 8019116 28

Meter Reading: 5558 Actual - 5710 Actual

CCF Used: 112

Your next scheduled meter read date is on or around FEB 01, 2010

Total Current Charges: 173.54

*Other Power Supply Surcharges include costs associated with Power Supply Cost Recovery (PSCR) and Enhanced Security Surcharge.

**Other Delivery Surcharges include Nuclear Decommissioning, Choice Implementation Surcharge, Security Bond and Bond Tax charges.

If You Smell Natural Gas and MichCon Is Your Natural Gas Provider, Call 800-947-5000

If the odor is strong, leave the building immediately. Do not use electric switches or open flames. Open doors and windows.

If Your Electricity Goes Out

Check your fuses or circuit breakers, then see if your neighbors' lights are on. To report an outage or broken power line, contact your electric company. Detroit Edison customers, call 1-800-477-4747 or visit dteenergy.com from a location that has power. Stay at least 20 feet away from a fallen power line and anything it's touching, including metal fences and poles.

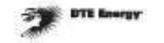
Energy Theft Is Illegal & Dangerous

Confidentially report suspected tampering by calling our theft hotline at 800-441-9992.

For More Information

For more information on your bill or alternative payment methods, call 800-477-4747, visit dteenergy.com, or write to DTE Energy, One Energy Plaza, Detroit, MI 48226-5221.

Detroit Edison and MichCon are DTE Energy subsidiaries and are regulated by the Michigan Public Service Commission, Lansing, Michigan. The Security Bond Charge has been used by Detroit Edison to the Detroit Edison Security Bond Fund, LLC.



The End

Thanks for watching!

Questions?

Contact Amanda Grover, Tax Program Coordinator

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