

INCOME AND DEDUCTIBLE ITEMS

Key: N = Not included AGI = Adjusted Gross Income
 Y = Included HHI = Household Income

<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>HHI</u>
Alimony received	Y	Y	Y
Awards, prizes (in excess of \$300 for HHI)	Y	Y	Y
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Bingo:			
First \$300 (Michigan)	Y	N	N
In excess of \$300 (Michigan)	Y	N	Y
First \$300 (from another state)	Y	Y	N
In excess of \$300 (from another state)	Y	Y	Y
Bonuses	Y	Y	Y
Business (Schedule C) income or loss:			
In Michigan (except Michigan oil and gas subject to severance tax)	Y	Y	Y
From another state and/or Michigan oil and gas subject to severance tax	Y	N	Y
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Capital gains:			
100% taxable	Y	Y	Y
Note: This subtraction is adjusted by the percentage increase in the U.S. Consumer Price Index for the preceding calendar year. See the MI-1040 instruction booklet for the year being reviewed.			
Senior citizen age 65 or older may subtract interest, dividends and capital gains included in AGI. The maximum deduction must be reduced by the pension subtraction. Allowable deduction is the smaller of the calculation or actual total interest, dividends and capital gains.			
Gains on sale of principle residence	N	N	Y
Casualty loss reimbursement in excess of loss of property	Y	Y	Y
Child support payments:			
Payer	Y	Y	Y
Receiver	N	N	Y
Chore service payments:			
Provider of service	Y	Y	Y
Receiver of service	N	N	N

<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>HHI</u>
Commissions	Y	Y	Y
Compensation for personal services rendered	Y	Y	Y
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Damages for personal injury or sickness	N	N	Y
Deferred compensation	Y	Y	Y
Director's fees	Y	Y	Y
Disability income (limited)	Y	Y	Y
Policeman and Firemen On-Duty "J-Days"	N	N	Y
Dividends received (see Note under "Capital gains")	Y	Y	Y
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Educational expenses paid by employer	N	N	Y
Employee business expenses, cash allowance or reimbursement	Y	Y	Y
Energy assistance grants or tax credit	N	N	N
Estates or trusts income or loss	Y	Y	Y
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FIP benefits (see "Public Assistance")			
Farm income or loss from:			
Michigan	Y	Y	Y
Another state	Y	N	Y
Farm portion of homestead property tax credit	Y	Y	N
Farmland preservation tax credits	Y	Y	Y
Foreign earned income exclusion	N	N	Y
Foster care payments	N	N	Y
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Gambling:			
Winnings (in excess of \$300 for HHI)	Y	Y	Y
Losses:			
Professional gamblers	Y	Y	Y
All others	N	N	N
Gifts - cash:			
First \$300	N	N	N
Excess over \$300	N	N	Y

<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>HHI</u>
Government grant for home repair or improvement	N	N	N
Government payments made directly to educational institutions or housing projects	N	N	N
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Health, life (unless benefits exceed \$50,000), and accident insurance premiums paid by employer	N	N	N
Homestead property tax credits	Y	N	N
Housing allowance for clergy	N	N	Y
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Inheritance bequest or devise from:			
Non-spouse	N	N	Y
Spouse	N	N	N
Interest received on:			
Banking, savings and loan assoc., etc., accounts	Y	Y	Y
Insurance dividends	Y	Y	Y
Land contracts	Y	Y	Y
Money market and savings certificates	Y	Y	Y
Municipal bonds issued by another state	N	Y	Y
Municipal bonds issued by Michigan	N	N	Y
Tax refunds	Y	Y	Y
U.S. Obligations (only specific agencies exempt)	Y	N	Y
Interest taxable to Michigan (see Note under “Capital gains”)			
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Life insurance proceeds paid to:			
Non-spouse	N	N	Y
Spouse	N	N	N
Life insurance - cash in amount in excess of premiums	Y	Y	Y
Living expenses of claimant paid by another person	N	N	Y
Loans received or paid	N	N	N
Long-term disability payments received (if all or part of premium paid by employer)	Y	Y	Y
Lottery:			
100% taxable (in excess of \$300 for HHI)	Y	Y	Y
Installment winners of Michigan lottery who won prior to 12-30-1988	Y	N	Y

<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>HHI</u>
Lump sum distribution included in 10-year averaging (for individuals born before 1936)	N	N	Y
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Medicare payments	N	N	N
Military wages or retirements	Y	N	Y
Combat pay not excluded from taxable on federal return	Y	N	Y
Combat pay excluded from taxable on federal return	N	N	Y
Moving expenses, reimbursement:			
Moving into Michigan	Y	Y	Y
Moving out of Michigan	Y	N	N
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Net operating loss deduction for household income (limited to federal modified taxable income)	Y	Y	Y
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Partnership income or loss:			
In Michigan (except Michigan oil and gas subject to severance tax)	Y	Y	Y
From another state and/or Michigan oil and gas subject to severance tax	Y	N	Y
Private pensions up to amount allowed as subtraction for claimed year	Y	N	Y
Note: This subtraction is adjusted by the percentage increase in the U.S. Consumer Price Index for the preceding calendar year. See the MI-1040 instruction booklet for the year being reviewed.			
Private pensions or qualified annuity plans in excess of amount allowed as subtraction for claimed year	Y	Y	Y
Public pensions (Federal, State of Michigan or Municipal Governments located in Michigan)	Y	N	Y
Public pensions (states other than Michigan or Municipal Governments located outside of Michigan)	Y	N	Y
Note: Limited to Michigan's private pension limits for states other than:			
Alaska, Florida, Hawaii, Illinois, Massachusetts, Mississippi, Nevada, New Hampshire, Pennsylvania, South Dakota, Tennessee, Texas, Washington and Wyoming. Refer to Chart CC-41013.			

<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>HHI</u>
Public assistance payments from Department of Human Services			
FIP paid to grandparents for care of grandchildren	N	N	Y
FIP paid to parents for children	N	N	Y
Public health officer's income:			
Michigan resident	Y	Y	Y
Nonresident	Y	N	N
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Railroad sick pay	Y	Y	Y
Railroad Tier 1 retirement benefits:			
Taxable amount	Y	N	Y
Nontaxable portion	N	N	Y
Railroad Tier 2 retirement benefits	Y	N	Y
Railroad unemployment benefits	N	N	Y
Refunds - Michigan state and local income tax	Y	N	N
Relief in kind	N	N	N
Rents and royalties income or loss:			
In Michigan (except Michigan oil and gas royalties subject to severance tax)	Y	Y	Y
From another state and/or Michigan oil and gas royalties subject to severance tax	Y	N	Y
Retirement benefits (see "Private and Public pensions . . .")	Y	N	Y
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S corporation business activity:			
In Michigan (except Michigan oil and gas subject to severance tax)	Y	Y	Y
In another state and/or Michigan oil and gas subject to severance tax	Y	N	Y
Scholarship, stipends, education grants, GI bill benefits	N	N	Y
Note: Scholarship must be received and used for qualified tuition and related expenses such as fees, books, supplies and equipment required for courses of instruction at a qualified organization.			
Scholarships or grants received and used for nonqualified expenses that are included in federal AGI such as room and board.	Y	Y	Y
Severance pay	Y	Y	Y

<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>HHI</u>
Sick pay	Y	Y	Y
Social Security benefits:			
Taxable amount	Y	N	Y
Nontaxable portion	N	N	Y
Stipends received for benefit of grantor (interns, resident doctors)	Y	Y	Y
Strike pay	Y	Y	Y
Supplemental gain (form 4797)	Y	Y	Y
Supplemental unemployment benefits	Y	Y	Y
Surplus foods	N	N	N
Unemployment compensation	Y	Y	Y
Unemployment compensation from railroad	N	N	Y
Vacation allowance	Y	Y	Y
Veterans Administration benefits	N	N	Y
Wages, salaries, tips	Y	Y	Y
Workers' Compensation	N	N	Y

<u>Deductible Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>HHI</u>
Alimony paid	Y	Y	Y
Capital losses:			
Short-term, maximum \$3,000 (HHI, maximum \$3,000)	Y	Y	Y
Long-term, maximum \$3,000 (HHI, maximum \$3,000)	Y	Y	Y
Casualty Loss:			
Claimed as itemized deduction	N	N	N
Claimed as business deduction	Y	Y	Y

<u>Deductible Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>HHI</u>
“Claim of Right” (repayment of items previously included in income) taken as:			
Itemized deduction (Michigan credit taken)	N	N	N
Federal tax credit (Michigan credit taken)	N	N	N
Deduction reflected in AGI	Y	Y	Y
Health and accident insurance paid by taxpayer for self and family	N	N	Y
IRA or Keogh (payments to)	Y	Y	Y
Moving Expenses:			
Moving into Michigan	Y	Y	Y
Moving out of Michigan	Y	N	N
Penalty on early withdrawal of savings	Y	Y	Y
Self-employment tax deduction	Y	N	Y
Venture Capital deduction	Y	N	N

End