INCOME TAX FEDERAL OBLIGATIONS TAXABILITY

The following U.S. Obligations are exempt from Michigan Individual Income Tax:

- U.S. Government Bonds
- U.S. Government Certificates
- U.S. Savings Bonds – Series E, F, G and H
- U.S. Treasury Bills and Notes

Obligations issued by the following U.S. Agencies are exempt:

- Banks for Cooperatives
- Central Banks for Cooperatives
- Commodity Credit Corp.
- Consolidated Bonds
- Consolidated Discount Notes
- Consolidated System Bond, Series L
- Consolidated Systemwide
- Discount Notes
- District of Columbia
- Farm Credit Banks
- Farmers Home Corp.
- Federal Deposit Insurance Corp.
- Federal Farm Credit Bank
- Federal Farm Loan Corp.
- Federal Farm Mortgage Corp.
- Federal Financing Banks
- Federal Home Loan Banks
- Federal Housing Administration
- (General Insurance Fund Debentures)

Federal Intermediate Credit Banks
Federal Intermediate Credit Corp.
Federal Land Banks
Federal Land Banks Association
Federal Savings and Loan Insurance Corporation
Home Owner’s Loan Corp.
Joint Stock Land Banks
Maritime Administration
Production Credit Association
Small Business Administration
Student Loan Marketing Association
Tennessee Valley Authority (bonds only)
U.S. Housing Authority
U.S. Maritime Commission
U.S. Possessions (obligations Puerto Rico, Virgin Islands, etc.)
U.S. Postal Service (bonds)

The following debentures issued under the General Insurance Fund are exempt:

- Interest from debentures issued under War Housing Insurance Law
- Interest from debentures to acquire rental housing projects
- Interest from Armed Service Housing Mortgage Debentures

The following General Services Administration Public Building Trust Participation Certificates are exempt:

- 1st series A through E
- 2nd series F
- 3rd series G
- 4th series H and I

The Guam Obligations issued by Government of Guam are exempt.

Notes: Income from exempt U.S. Obligations received by the taxpayer through Money Market Funds, Money Market Certificates, Mutual Funds, Trusts, etc., generally qualifies for a subtraction.

Treasury Bill Futures are not U.S. obligations.
The following U.S. Obligations are taxable:

- Government National Mortgage Association (debentures, notes and participation certificates)
- Federal National Mortgage Association participation and other instruments
- Federal Home Loan Mortgage Corporation, mortgages and other securities
- Federal Housing Administration (debentures, notes and participation certificates)
- U.S. Department of Agriculture Farmers Home Administration Insured Notes
- Export-Import Bank of Washington, D.C.
- International Bank of Reconstruction and Development (World Bank)
- Participation Certificates issued by the Federal National Mortgage Association
- Building and Loan Associations
- Credit Union Share Accounts
- District of Columbia Armory Board
- Federal Savings and Loan Associations
- Panama Canal Bonds
- Philippine Bonds
- U.S. Government Insured Merchant Marine Bonds

Other examples of taxable interest from federal obligations:

- Refunds of federal income tax
- Interest-bearing certificates issued in lieu of tax-exempt securities, such income losing its identity when merged with other funds
- Debentures issued to mortgages or mortgages foreclosed under the provisions of the National Housing Act
- Promissory notes of the federal instrumentality
- Federal Home Loan Time deposits
- FSLIC secondary reserve prepayments
- Government National Mortgage Association participation certificates and on Federal Home Loan Mortgage Corporation participation certificates in mortgage pools
- U.S. Postal Service Certificates and savings deposits
- Participating loans in the Federal Reserve System for member banks (Federal Funds)
- Farmer’s Home Administration

End