

INCOME AND DEDUCTIBLE ITEMS, SUMMARY CHART

Notes: N = Not included
 Y = Included
 AGI = Adjusted Gross Income
 THR = Total Household Resources

<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>
Alimony received	Y	Y	Y
Awards, prizes (in excess of \$300 for THR)	Y	Y	Y
<hr/>			
Bingo:			
First \$300	Y	Y	N
In excess of \$300	Y	Y	Y
Bonuses	Y	Y	Y
Business (Schedule C) income or loss:			
In Michigan (except income and related expenses from oil and gas royalties and metallic minerals extraction subject to severance tax)	Y	Y	Y*
From another state and/or income and related expenses from oil and gas royalties and metallic minerals extraction subject to severance tax	Y	N	Y*
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Capital gains:			
100% taxable	Y	Y	Y
Note: Senior Citizen born before 1946 may subtract interest, dividends, 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.			
This subtraction is adjusted by the percentage increase in the U.S. Consumer Price Index for the preceding calendar year. See MI-1040 instruction booklet for the year being reviewed.			
Gains on sale of principal 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

* All business income and loss must be netted before considering the effect on THR. If the netting results in a loss, this cannot be used to reduce THR. **Exception:** Farmland Preservation Tax Credit continues to be based on household income and not THR. Business losses and NOL deductions are allowed in household income. (See MI-1040CR-5 instructions.)

Source: Michigan 2015 Taxpayer Assistance Manual, pages 96 - 102

<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>
Commissions	Y	Y	Y
Compensation for personal services rendered	Y	Y	Y
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 Fireman On-Duty "J-Days"	N	N	Y
Dividends received (see Note under "Capital gains")	Y	Y	Y
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*
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
Gambling:			
Winnings (in excess of \$300 for THR)	Y	Y	Y
Losses:			
Professional gamblers (Net losses)	Y	Y	N*
All others	N	N	N
Gift - cash:			
First \$300	N	N	N
Excess over \$300	N	N	Y

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<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>
Government grant for home repair or improvement	N	N	N
Government payments made directly to educational institutions or housing projects	N	N	N
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
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”)			
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 THR)	Y	Y	Y
Installment winners of Michigan lottery who won prior to 12-30-88	Y	N	Y
Lump sum distribution included in 10-year averaging (for individuals born before 1936)	N	N	Y

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<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>
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
Net operating loss deduction (the NOL is allowed in household Income when computing the Farmland Preservation Tax Credit)	Y	Y	N
Partnership income or loss:			
In Michigan (except income and related expenses from oil and gas royalties and metallic minerals extraction subject to Michigan severance tax)	Y	Y	Y*
From another state and/or income and related expenses from oil and gas royalties and metallic minerals extraction subject to Michigan severance tax	Y	N	Y*
Pension and retirement benefits from person born after 1945. (Refer to Pension and Retirement Benefits section of this manual.)	Y	Y/N	Y
Private pensions (e.g., qualified annuity plans) up to amount allowed as subtraction for claimed year for persons born before 1946	Y	N**	Y
Private pensions or qualified annuity plans in excess of amount allowed as subtraction for claimed year for person born before 1946	Y	Y	Y
Public Pensions (federal, state, or municipal governments) for persons born before 1946	Y	N	Y
Public assistance payments from MDHHS	N	N	Y
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:	Y	Y	Y
Michigan resident	Y	N	N
Nonresident	Y	Y	Y
Railroad sick pay	Y	Y	Y
Railroad Tier 1 retirement benefits:			
Taxable amount for persons born before 1946	Y	N	Y
Nontaxable portion	N	N	Y

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** 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.)

Source: Michigan 2015 Taxpayer Assistance Manual, pages 96 - 102

<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>
Railroad Tier 2 retirement benefits for persons born before 1946	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 income and related expenses from oil and gas royalties and metallic minerals extraction subject to Michigan severance tax)	Y	Y	Y
From another state and/or income and related expenses from oil and gas royalties and metallic minerals extraction subject to Michigan severance tax	Y	N	Y
Note: All rent and royalty income and loss must be netted before considering the effect on THR. If the netting results in a loss, this cannot be used to reduce THR.	Y	Y/N	Y
Retirement benefits (see "Private and Public pensions...")			
S corporation business activity:			
In Michigan (except income and related expenses from oil and gas royalties and metallic minerals extraction subject to Michigan severance tax)	Y	Y	Y*
In another state and/or income and related expenses from oil and gas royalties and metallic minerals extraction subject to Michigan severance tax	Y	N	Y*
Scholarships, stipends, education grants, GI bill benefits	N	N	Y
Note: Scholarships 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.	Y	Y	Y
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
Sick pay	Y	Y	Y
Social Security benefits:	Y	N	Y
Taxable amount	N	N	Y
Nontaxable portion	Y	Y	Y
Stipends received for benefit of grantor (e.g., interns, resident doctors, etc.)	Y	Y	Y
Strike pay	Y	Y	Y

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instructions).				
	<u>Income Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>
	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

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<u>Deductible Items</u>	<u>AGI</u>	<u>Michigan Taxable Income</u>	<u>THR</u>
Alimony paid	Y	Y	Y
Capital losses:			
Short-term, maximum \$3,000 (THR, maximum \$3,000)	Y	Y	Y
Long-term, maximum \$3,000 (THR, maximum \$3,000)	Y	Y	Y
Casualty Loss:			
Claimed as itemized deduction	N	N	N
Claimed as business deduction	Y	Y	Y
“Claim of Right”			
(repayment of items previously included in income taken as:			
Itemized deduction (taken as Michigan credit)	N	N	N
Federal tax credit (taken as Michigan credit)	N	N	N
Deduction reflected in AGI	Y	Y	Y
Health and accident insurance paid by taxpayer for self and family (not including pre-tax payroll deductions)	N	N	Y
IRA or Keogh, (payments to)	Y	Y	Y
Moving Expenses:			
Moving to 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