



Michigan Homestead Property Tax Credit

(Tax Year 2016)

WHAT IS IT?

The **Homestead Property Tax Credit** is a refundable credit available to eligible Michigan residents who pay high property taxes or rent in relation to their income.

WHO QUALIFIES?

Filers who own a home may qualify for a Homestead Property Tax Credit if:

- The homestead (the principal place of residence) is in Michigan and has a taxable value of no more than \$135,000; **and**
- The filer lived in Michigan for at least six months in 2016; **and**
- The filer was billed for property taxes or paid rent on a Michigan homestead; **and**
- The filer's total household resources are below \$50,000.

HOW DOES THE CREDIT WORK?

The credit is determined based on a percentage of the property taxes that exceeds 3.5% of income. For tax year 2016, the refundable credit is equal to 60% of the amount that property taxes (or generally 20% of rent) exceed 3.5% of income. For filers who are age 65+ with income at \$31,000 or less, the credit is increased to up to 100%. For filers who are disabled, the credit is 100%.

HOW DO FILERS CLAIM CREDIT?

Applicants must use Form MI-1040CR. An applicant should complete both Form MI-1040CR and Form MI-1040CR-2, and return whichever form gives a larger credit, if the applicant is any of the following:

- Blind and owns a homestead;
- Active in the military;
- An eligible veteran or surviving spouse.

Filers do not have to file a tax form to claim the credit, but if they do file a Form MI-1040, they need to carry the credit amount to Line 25.

HOW MUCH IS THE CREDIT?

The amount of the credit depends on the amount of income—\$1,200 is the maximum credit. The computed credit is reduced by 10% for every \$1,000 (or part of \$1,000) that the total household resources exceed \$41,000. The Homestead Property Tax Credit can be used to reduce the amount of taxes owed or it can be issued as a refund.

SAVE MONEY!

You can find out where to get free tax help at www.michiganfreetaxhelp.org.