



STATE HOMESTEAD PROPERTY TAX CREDIT

(Tax Year 2011)

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;
- ✧ The filer lived in Michigan for at least 6 months in 2011;
- ✧ The filer was billed for property taxes or paid rent on a Michigan homestead; and
- ✧ The filer's income is below \$82,650.

How Does The Credit Work?

The credit is determined based on a percentage of the property taxes that exceed 3.5 percent of income. For Tax Year 2011, the refundable credit is equal to 60 percent of the amount that property taxes (or 20% of rent) exceed 3.5 percent of income. For filers who

are age 65 and up or who are disabled, the credit is 100 percent. The credit cannot exceed \$1,200.

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 percent for every \$1,000 (or part of \$1,000) that the household income exceeds \$73,650. The Homestead Property Tax Credit can be used to reduce the amount of taxes owed or it can be issued as a refund.

How Do Filers Get the Credit?

Applicants must use Form MI-1040CR. An applicant should complete both Form MI-1040CR and Form MI-1040CR-2 if the applicant is any of the following:

- blind and owns a homestead
- active in the military
- an eligible veteran

Applicants who complete both forms should return whichever form gives a larger credit.

Filers do not have to file a tax form to claim the credit, but if they do file a MI-1040 Form, they need to carry the credit amount to Line 24.

Remember...

Homeowners do not have to file a Michigan income tax return in order to qualify for this credit. They can file a credit claim as soon as they know their household income and property taxes for 2011.