This handout is provided as part of a presentation and is for illustrative purposes only.

The content does not carry the weight of law, bulletins, or rulings. Therefore, it should only be used as an aid for understanding concepts, taking notes, and reference based on the material presented.

The topics covered, screenshots provided, and guidance supplied is subject to change. The most current Treasury information on this topic is available at [michigan.gov/taxes](http://michigan.gov/taxes).
Treasury Crew

Wes Murphy
Individual Income Tax Technical Services Analyst

Mikayla Anderson
Outreach Education & Communication Analyst

Deb Salisbury
Individual Income Tax Technical Services Auditor

Alyssa Mocny
Outreach Education & Communication Analyst

Sarah Rusnell
Treasury Outreach Manager
TREASURY’S FOUNDATION

EMPLOYEE ENGAGEMENT
Commitment to an inclusive environment that values diverse perspectives and cultivates employee recruitment, retention, development, and leadership.

CULTURE OF SERVICE
Provide complete, accurate, and timely services to all internal and external customers in a professional manner.

CONTINUOUS IMPROVEMENT
Commitment to proactive and innovative employee-driven solutions in our daily operations and in strategic financial leadership.
MISSION
Providing fair and efficient financial services on behalf of taxpayers, governments, students, and all Michiganders, for the long-term fiscal health and stability of our state.

VISION
We are the innovative and inclusive resource provider of exceptional financial services for a better Michigan.

VALUES
Integrity ~ Inclusion & Diversity ~ Innovation ~ Public Service
An innovative, knowledgeable, and dynamic team of skilled communicators, educators, and web architects who create, organize, and produce public education resources on important tax-adjacent topics – providing stakeholders with straightforward information and feedback opportunities.
Presentation Purpose

► distinguish federal from state taxes and income tax components
► explain Michigan filing requirements and identify who must file a Michigan income tax return
► provide filing instructions and guidance
Distinguishing Taxes
Federal vs. State Taxes

► Federal Taxes
- due to the Internal Revenue Service; authority = Internal Revenue Code
- based on income
- taxpayer can be individuals, businesses, or other legal entities
- no federal sales and/or use tax

► State Taxes
- due to a state’s revenue department; Michigan = Department of Treasury
- Michigan authority = Michigan Compiled Laws (MCL)
- can be based on income, business activity, property ownership, or government services
- taxpayer can be individuals, businesses, or other legal entities
**Individual Income Tax vs. Business Taxes**

**Individual Income Tax**
- all forms of earnings make up your personal annual taxable income
- e.g.: employment earnings, business income, capital gains
- individuals responsible for tax

**Business Taxes**
- primarily based on business activity, business status, or business income
- business entity responsible for tax
- owners, officers, partners, etc. can be held personally liable

*tax liability cannot be contracted away to service providers*
Individual Tax Requirements

- **Federal** income tax laws, rules, forms, etc. are separate and distinct from each state’s income tax laws, rules and forms.

- **State** income tax returns are built from federal income tax return information.

- Complete the federal tax return before the applicable state tax return.
Tax Year 2023
Filing Requirements
### Do you need to file a 2023 Michigan Return?

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>► if you filed the federal U.S. Nonresident Alien Income Tax Return (1040-NR) <strong>and</strong> you have taxable income in Michigan</td>
<td>► if AGI is <strong>less than</strong> your exemption allowance</td>
</tr>
<tr>
<td>► if federal Adjusted Gross Income (AGI) is greater than your Michigan personal exemption allowance</td>
<td>► <strong>except</strong> to claim a refund of taxes withheld</td>
</tr>
</tbody>
</table>
If you are considered a **nonresident alien** for federal tax purposes, you are considered a **nonresident** for **Michigan** tax purposes.

**domicile**
- permanent and principal home to which a person always intends to return, even if they are temporarily located elsewhere
- a person has only 1 domicile at a time
- if your domicile is not in Michigan, you are a nonresident of Michigan

**credits nonresidents are NOT eligible for:**
- Homestead Property Tax Credit (MI-1040CR)
- Home Heating Credit (MI-1040CR-7)
Tax Year 2023
Filing Guidance
Before You Begin…

► gather these federal documents:*

- completed 1040-NR
- 1042-S (if applicable)
- W-2(s)
- 1099(s) (NEC, MISC, Interest, etc.)

* this is not an exhaustive list
Michigan Forms to File

- **MI-1040** – Michigan Individual Income Tax Return
  - all Michigan individual income tax returns require this form

- **Schedule NR** – Nonresident Schedule

- **Schedule 1** – Additions & Subtractions

- **Schedule W** – Withholding Tax Schedule
### 2023 Tax Year Reminders

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Rate</td>
<td>4.05%</td>
</tr>
<tr>
<td>Personal Exemption Amount</td>
<td>$5,400</td>
</tr>
<tr>
<td>2023 MI-1040</td>
<td>due April 15, 2024</td>
</tr>
<tr>
<td>Statute of Limitations</td>
<td>4 years</td>
</tr>
</tbody>
</table>

You have 4 years from the return due date to claim a refund.
Michigan Personal Exemption Allowance

- Michigan legislation restored personal exemptions that were suspended at the federal level
- prorated for a nonresident; Michigan source income divided by total income
- calculated on the Michigan Schedule NR
Michigan tax return begins with AGI reported on your federal tax return

► line 11 of Federal 1040-NR equals line 10 of MI-1040

► federal 1040-NR-EZ is no longer available beginning tax year 2020
### Schedule NR
- Complete this form if you filed as a nonresident alien for federal tax purposes
- Allocates income between Michigan and other states (if necessary)
- Prorates exemption allowance

### Schedule 1
- Subtracts wages earned in other states
- Adds or subtracts income from AGI to determine Michigan taxable income
- Nonresidents can subtract scholarships and/or fellowships, if included in federal AGI

### Schedule W
- The information to complete this form is typically on your W-2 or 1099 form
- Reports State of Michigan income tax withholding information
- Do not mail W-2 or 1099 forms with Michigan tax returns
Nonresident Income Subject to Tax

- wages, salaries, commissions and other personal service income performed in Michigan
- business income in Michigan
- proceeds from the Michigan Lottery
- Michigan casino & horse race winnings
### Michigan Income

**Tax Exempt Income for Nonresidents**
- scholarship used for tuition, fees, books & supplies
- scholarship used for room & board
  - taxable by the IRS unless the income is exempt by treaty

**Taxable Income unless exempt by Treaty**
- money received for teaching or research
- money received as compensation during study and training

**Common Federal Form 1042-S**
- (Code 16)

**Common Federal Form 1042-S**
- (Code 19 and Code 20)
MI Filing Methods

► Electronic Filing
  ▪ If you file a federal **1040-NR**, you can **e-file both** federal and Michigan tax returns.

► Paper Filing
  ▪ Michigan Individual Income Tax Instruction Booklet:
    o tax year specific
    o how to complete
    o how to assemble
    o available (as well as tax forms) at [michigan.gov/taxes](http://michigan.gov/taxes)
Mailing Returns

► for refund, credit, or zero-dollar tax returns, mail tax returns to:

Michigan Department of Treasury
Lansing, MI 48956

► if you owe tax, mail tax returns to:

Michigan Department of Treasury
Lansing, MI 48929
Frequently Asked Questions
Frequently Asked Questions

► If I am a resident for federal tax purposes, am I also considered a Michigan resident for state tax purposes?
  ▪ Only if Michigan is your permanent home and you intend to return to Michigan each time you are absent; see MI-1040 instructions for details.

► Are Michigan nonresidents required to file a Michigan tax return if they only have scholarship income?
  ▪ Although Michigan does not tax scholarship income, Treasury recommends filing a tax return in order to avoid unnecessary inquiries from the state.
► Is there a filing requirement if all income is from another state and AGI is more than your exemption allowance?

- You are not required to file a Michigan income tax return. For a nonresident, you would consider only Michigan items included in federal adjusted gross income to determine if filing a Michigan tax return is required. Someone who filed a federal tax return using a Michigan address and did not file a Michigan tax return may receive correspondence from Michigan inquiring why a Michigan tax return was not filed. For this reason, it may be beneficial to file a Michigan tax return to demonstrate that no tax is due.

► Nonresident aliens must file Form 8843 federally even if they did not receive U.S. source income during the year. Does Michigan have a similar requirement?

- No.
► Is there a contact number for international students and scholars to call for more information?
  ▪ Use the IIT Customer Contact number: 517-636-4486.
  ▪ Representatives may not give step-by-step instructions on how to fill out your specific tax return.

► More frequently asked question and answers provided to you in the handout MI Tax FAQs.
## Return Example

### Live Demo

**1042-S**

Foreign Person’s U.S. Source Income Subject to Withholding

Go to www.irs.gov/Form1042S for instructions and the latest information.

**1040-NR**

U.S. Nonresident Alien Income Tax Return

For the year Jan. 1–Dec. 31, 2023, or any other tax year beginning in 2023, ending

**2023 MICHIGAN Individual Income Tax Return MI-1040**

Amended Return (Include Schedule M-1)

Return is due April 15, 2024. Type or print in blue or black ink.

1. Fill in all Social Security numbers. (Example: 123-45-6789)
2. If you file joint, sponsor’s first name
3. If you file joint, sponsor’s last name
4. Sponsor’s Social Security number (Example: 123-45-6789)

**STATE CAMPAIGN FUND**

Check box if you/mayor’s spouse, if filing a joint return, want $5 of your tax to go to this fund. Your tax or refund will be reduced.

**FILING STATUS**

Check one:

- Single
- Married filing jointly
- Married filing separately

**RESIDENCY STATUS**

Check all that apply:

- Resident
- Nonresident
- Nonresident –
- Part-Time Resident

**EXEMPTIONS:**

- Number of dependents (See instructions)
- Number of individuals who qualify for one or more of the following special exemptions: age blind, blind, or partially disabled, or totally and permanently disabled
- Number of qualified disabled veterans
- Number of certificates of dependents from the state (See instructions)
- Amount claimed as dependents, see note 5, note 5, and note 6

**Adjusted Gross Income**

Enter on line 1a and add line 1a through 1h.
Treasury’s Web Service Systems
Treasury eServices
eServices Help Center

michigan.gov/taxes/helpcenter
Individual Income Tax eService

etreas.michigan.gov/iit
Individual Income Tax eService – Overview

PURPOSE: Questions & Correspondence

USER: Taxpayer

TAX TYPE: Individual

TREASURY AREA: Customer Contact

FORM 151 SUBMISSION

Send via mail or fax
remit per contact information in form instructions
Individual Income Tax eService Overview

► specific to individual income tax (IIT)

► used by the taxpayer to:
  ▪ check refund status
  ▪ inquire about their tax account
  ▪ ask Treasury general questions
  ▪ change their address
  ▪ view their estimated tax payments
  ▪ calculate penalty and interest

► if the taxpayer creates eService log in credentials, they can view correspondence sent by Treasury and respond electronically

► able to retrieve and review answers to their questions

► all inquiries routed to Treasury's Customer Contact division for handling
website: michigan.gov/treasuryoutreach

email: TreasuryOutreach@michigan.gov
Contact Treasury

Business Taxes ........................................................................................................ 517-636-6925
i.e., Registration, Sales, Use, and Withholding (SUW) taxes, Marihuana Retailers Excise (MRE) tax,
Corporate Income Tax (CIT), Michigan Business Tax (MBT), Flow-Through Entity (FTE) tax

Business Tax Technical ............................................................................................ 517-636-4230

City Taxes (Business) – Detroit ................................................................................. 517-636-5829

City Taxes (Individual) – Detroit ............................................................................... 517-636-5829

Collection Services Bureau ....................................................................................... 517-636-5265

Essential Services Assessment .................................................................................. 517-241-0310

International Fuel Tax Agreement (IFTA) ................................................................. 517-636-4580

Individual Income Tax .............................................................................................. 517-636-4486
Contact Treasury Continued

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miscellaneous Taxes i.e., 911 Fee, Airport Parking, Bottle Deposit, Convention Facilities Tax, Health Insurance Claims Assessment (HICA), Health Maintenance Organization (HMO) Use Tax, Insurance Provider Assessment Act (IPAA), Severance Tax, and State Real Estate Transfer Tax (SRETT).</td>
<td>517-636-0515</td>
</tr>
<tr>
<td>Motor Carrier Tax</td>
<td>517-636-4580</td>
</tr>
<tr>
<td>Motor Fuel</td>
<td>517-636-4600</td>
</tr>
<tr>
<td>Property Tax</td>
<td>517-335-3429</td>
</tr>
<tr>
<td>Taxpayer Advocate</td>
<td>517-636-4759</td>
</tr>
<tr>
<td>Tax Professionals Hotline</td>
<td>517-636-0616</td>
</tr>
<tr>
<td>Tobacco &amp; Cigarette Taxes</td>
<td>517-636-4630</td>
</tr>
<tr>
<td>Tribal</td>
<td>517-241-2185</td>
</tr>
<tr>
<td>Unclaimed Property (Claimants)</td>
<td>517-636-5320</td>
</tr>
<tr>
<td>Unclaimed Property (Holders)</td>
<td>517-636-6940</td>
</tr>
</tbody>
</table>
We want your feedback!

March 12th, 2024
March 13th, 2024

Click for Survey!