

MICHIGAN DEPARTMENT OF TREASURY



2018

PURPOSE

- ▶ **To explain Michigan filing requirements**
- ▶ **Who must file a Michigan Income Tax Return (MI-1040)**
- ▶ **Give instructions and guidelines on how to complete the MI-1040 and other Michigan forms**

FILING 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 off of federal income tax return information, so a person should first fill out a federal tax return and then the applicable state tax return**

MICHIGAN FILING REQUIREMENTS

- ▶ **If you filed a nonresident alien U.S. federal tax return (1040NR or 1040NR-EZ) and you have Michigan taxable income, you must file a Michigan income tax return**
- ▶ **Nonresident aliens for federal tax purposes are nonresidents for Michigan tax purposes**

2018 REMINDERS

- ▶ **Tax Rate** **4.25%**
- ▶ **Exemption Allowance** **\$4,050**
- ▶ **2018 MI-1040 is due April 15, 2019**
- ▶ **Statute of Limitations to Claim Refunds**
 - **You have 4 years from the due date of the return to file that return to claim a refund.**

NONRESIDENT ALIENS

- ▶ **You are a nonresident of Michigan when your domicile is NOT in Michigan**
- ▶ **What is 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**

NONRESIDENT ALIENS

- ▶ **Nonresidents CANNOT claim:**
 - **The Homestead Property Tax Credit (MI-1040CR)**
 - OR**
 - **The Home Heating Credit (MI-1040CR-7)**
- ▶ **A person must be a Michigan resident to claim these credits**

DO I NEED TO FILE A 2018 MICHIGAN RETURN ?

- ▶ **If Federal Adjusted Gross Income (AGI) is less than your exemption allowance, NO return is needed EXCEPT to claim a refund of taxes withheld**
- ▶ **If AGI is greater than your exemption allowance, YES, you must file**
- ▶ **Michigan legislation restored personal exemptions that were suspended at the federal level.**

EXEMPTION ALLOWANCE

- ▶ **The \$4,050 exemption allowance for a nonresident is prorated based on the Michigan source income divided by total income.**
- ▶ **This is calculated on the Michigan Schedule NR.**

BEFORE YOU BEGIN

Gather:

- ▶ **Completed U.S. 1040NR or U.S. 1040NR-EZ**
- ▶ **1042-S (if applicable)**
- ▶ **W-2(s)**
- ▶ **1099 (Misc, Interest, etc.)**

This is a non-exhaustive list.

FORMS

The Michigan tax return begins with the AGI reported on your federal tax return:

- ▶ **If you completed a U.S. 1040-NR**
→ **Line 36 equals Line 10 of MI-1040**
- ▶ **If you completed a U.S. 1040-NR-EZ**
→ **Line 10 equals Line 10 of MI-1040**

MICHIGAN FORMS TO FILE

- ▶ **MI-1040 – Michigan Individual Income Tax Return** (all Michigan tax returns require this form)
- ▶ **Schedule NR – Nonresident Schedule**
- ▶ **Schedule W – Withholding Tax Schedule**
- ▶ **Schedule 1 – Additions & Subtractions**

MICHIGAN SCHEDULE NR

▶ **Schedule NR**

- **If you filed as a nonresident alien for federal tax purposes, complete this form**
- **Allocates income between Michigan and other states, if necessary**
- **Prorates exemption allowance**

MICHIGAN SCHEDULE W

▶ **Schedule W**

- **Reports State of Michigan income tax withholding information**

***The information to complete this form is typically obtained from your W-2 or 1099 form**

- **Do not mail W-2 or 1099 forms with Michigan tax returns**

MICHIGAN SCHEDULE 1

▶ **Schedule 1 Additions & Subtractions**

- **Reports income to be added to or subtracted from AGI to determine Michigan taxable income**
- **Subtracts wages earned in other states**
- **Nonresidents can subtract scholarships and/or fellowships, if included in federal AGI**

INCOME SUBJECT TO TAX

For Nonresidents:

- ▶ **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 TAX EXEMPT INCOME

▶ Common Federal Form 1042-S Code

- **(Code 16) – Scholarship used for tuition, fees, books & supplies is tax-exempt**
- **(Code 16) – Scholarship used for room & board is taxable by IRS unless the income is exempt by treaty**

State of Michigan does not tax either type of scholarship income to nonresidents.

TAXABLE INCOME UNLESS EXEMPT BY TREATY

▶ Common Federal Form 1042-S Codes

- **(Code 19) – Money received for teaching or research is taxable unless the income is exempt by treaty**
- **(Code 20) – Money received as compensation during study and training is taxable unless the income is exempt by treaty**

The state of Michigan taxes these types of income if it was earned while in Michigan, unless the income is exempt by treaty

ELECTRONIC FILING

- ▶ **Just a reminder: Persons required to file a U.S. 1040NR can e-file the federal and Michigan tax returns.**



- ▶ **Persons required to file a U.S. 1040NR-EZ cannot e-file the federal tax return. Therefore, they are not eligible to e-file the Michigan tax return.**

PAPER FILING MICHIGAN RETURNS

- ▶ **The Individual Income Tax Instruction Book has detailed instructions on how to complete and assemble paper tax returns for the state of Michigan**
- ▶ **This booklet can be found on the Michigan Department of Treasury's website under Individual Income Tax Forms**
- ▶ **www.michigan.gov/taxes**

WHERE TO FILE



- ▶ **For refund, credit or zero dollar tax returns, mail the tax return to:**

**Michigan Department of Treasury
Lansing, MI 48956**



- ▶ **If you owe tax, mail your tax return to:**
**Michigan Department of Treasury
Lansing, MI 48929**

FREQUENTLY ASKED QUESTIONS (FAQ'S)

- ▶ **Are Michigan nonresidents required to file a Michigan tax return if they only have scholarship income?**

Although Michigan does not tax scholarship income, Michigan Department of Treasury recommends filing a tax return in order to avoid unnecessary inquiries from the state.

- ▶ **As a Michigan nonresident, can I file for the Property Tax / Renters Credit or the Home Heating Credit?**

No

FREQUENTLY ASKED QUESTIONS

(FAQ'S)

- ▶ **Is there a contact number that international students and scholars may call for information?**

Use the general customer contact number, (517) 636-4486. Representatives may not give step-by-step instructions on how to fill out your specific tax return.

- ▶ **If I am a resident for federal tax purposes, am I also a Michigan tax resident?**

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.

FREQUENTLY ASKED QUESTIONS

(FAQ'S)

- ▶ **All nonresidents for federal tax purposes must file Form 8843, Statement for Exempt Individuals and Individuals With a Medical Condition, even if they did not receive US source income during the year. Does Michigan have a similar requirement?**

No.

- ▶ **Can a nonresident for federal tax purposes e-file Federal and State tax returns?**

Yes, if you file a U.S. 1040NR.

No, if you file a U.S. 1040NR-EZ. Nonresident federal tax returns cannot be e-filed. When the federal tax return is unable to be e-filed, the Michigan tax return is not eligible to be e-filed.

FREQUENTLY ASKED QUESTIONS

(FAQ'S)

- ▶ **Is there a filing requirement if all income is from another state and Adjusted Gross Income (AGI) is more than your exemption allowance?**

You would not be 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 the filing of a Michigan tax return is required.

However, 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.

CONTACT US

MICHIGAN INCOME TAX CUSTOMER CONTACT DIVISION

(517) 636-4486

OR

www.michigan.gov/taxes