Worksheet For Figuring Taxes Paid by Separated or Divorced Claimants

Tax Year

A. Total Household Resources for the Period Couple Lived Together

1. Filer's income for period couple lived together during the tax year. | 1.

2. Spouse's income for period couple lived together during the tax year. + | 2.

3. Add both incomes together for total household resources for period couple lived together during the tax year. | 3.

B. Your Percentage of Total Income

4. - 5. - 6. - Divide the amount in box 4 by the amount in box 5 and enter the answer in box 6.

4. Enter your income from box 1 or 2.	÷	5. Enter amount from box 3.	=	6. Your percentage of total income. %

C. Percentage of Year Couple Shared Homestead

7. - 8. Divide number of days spouses had a joint household by 365 (366 in a leap year). Enter in box 8.

7. Number of days couple shared homestead.	÷	365	=	8. Percentage of year couple shared homestead. %

D. Computing Amount of Prorated Taxes for Your Credit Claim

9. Total allowable property tax billed on homestead during the tax year. | 9.

10. Enter percentage from box 8. X | 10. %

11. Multiply amount in box 9 by percentage in box 10 to arrive at tax paid while household was shared. | 11.

12. Multiply amount in box 11 by percentage in box 6 to determine the amount of tax you are entitled to claim for the time the household was shared. Enter this amount on MI-1040CR, Part 3, column B or MI-1040CR-2 Part 1, column B. Whichever form you use the number should go on the line titled "Prorated taxes." | 12.

NOTE: The amount in box 12 may not be your total tax eligible for credit. Property tax or rent paid on a homestead for the period after separation may be eligible for credit. Do the computations on MI-1040CR, Part 3, column A or MI-1040CR-2, Part 1, column A, to determine additional tax eligible for credit. Renters should complete the part referring to "Renters" on the appropriate form.

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Michigan Homestead Property Tax Credits for Separated or Divorced Taxpayers

If you became divorced or separated during the tax year, this information will help you compute the prorated share of taxes or rent used to complete a homestead property tax credit.

Each spouse can claim credit for his or her share of property taxes paid before the separation. In addition, each spouse can claim credit for taxes paid individually after the separation.

If you were separated but file a joint income tax return with your spouse, this information does not apply to you.

Homestead Property Tax Credits For Separated or Divorced Taxpayers

This brochure helps you allocate your total household resources and property taxes for the year you separated or divorced. Before you start, you will need:

1. The *Michigan Individual Income Tax* (MI-1040) or, if applicable, the *Michigan Homestead Property Tax Credit Claim for Veterans and Blind People* (MI-1040CR-2) booklets;
2. Property tax bills or lease agreements for the tax year; and
3. Total annual income amount for each spouse for the tax year.

Before separation, taxes are divided in the same ratio as the percentage of total income each spouse earned while they shared a homestead. For example, if the filer earned 65 percent of the income and the spouse earned 35 percent, the filer claims 65 percent of the prorated taxes and the spouse claims 35 percent. If one spouse's resources for the period before separation is less than half the taxes paid during that period, the other spouse can claim the taxes for that period.

After separation, the spouse who remains in the homestead is entitled to claim the remaining portion of the taxes, regardless of who pays the rent or house payment.

The spouse who vacated the homestead may claim credit for the property tax or rent on a new homestead, prorated to the portion of the year the new homestead is occupied after separation. If neither spouse remains in the homestead, each is eligible for credit based on property taxes or rent on his or her new household, prorated to the portion of the year the new homestead is occupied after separation.

Each spouse files an individual claim based on his or her total household resources. Rent or house payments made by someone else must be included in total household resources. Child support payments are income to the recipient, but are not deductible by the payer.

Computing the Credit

Use the worksheet on the back of this brochure to allocate taxes paid. Follow the instructions in Parts A and B to determine your percentage of total income for the period you shared a household. Include in Part C the number of days in the tax year you and your spouse shared a homestead. In Part D, line 9, use the total annual property tax on the home you shared before separating. If the home you shared was rented, multiply the monthly rent by 12 and multiply the result by 23 percent (.23). Enter the result on line 9 as total annual property taxes.

Enter the prorated tax from Part D, line 12 of this worksheet in Part 3, column B of your MI-1040CR or Part 1, column B of your MI-1040CR-2.

To prorate the property taxes on the homestead occupied after separation, complete the computations in Part 3, column A, MI-1040CR or Part 1, column A, on your MI- 1040CR-2.

If you paid rent, complete the part of your MI-1040CR or MI-1040CR-2 that refers to "Renters". Complete the remainder of your homestead property tax credit claim using the appropriate instruction booklet.

Sample Computation

Bob and Alice separated October 1. They both work and neither qualifies for special exemptions. They owned a home on which the taxes for the year were $1,860. Alice continued to live in the home and Bob moved to an apartment on October 1 and paid $350 per month rent for the rest of the year. Alice earned $20,000 and Bob earned $25,000. They lived together for 273 days. They must prorate their taxes as follows.

	Alice	Bob
Figure each spouse's income for the time they lived together (income ÷ 365) x 273 days	$14,959	$18,699
Add both spouse's incomes for the period	$33,658	
Divide each spouse's income by the combined income for the period	$14,959 ÷ $33,658 = 44%	$18,699 ÷ $33,658 = 56%
Property tax paid while living together ($1,860 ÷ 365) x 273	$1,391	
Multiply each income percentage by the taxes paid on the home while they lived together	44% x $1,391 = $612	56% x $1,391 = $779
Alice may claim $612 plus the taxes on the home for the rest of the year ($1,860 ÷ 365) x 92	$612 + $469 = $1,081	
Bob may claim $779 plus 23% of his rent costs for the rest of the year ($350 x 3) x .23		$779 + $242 = $1,021
Multiply each annual income by 3.2%	$20,000 x .032 = $640	$25,000 x .032 = $800
Subtract nonrefundable portion from tax paid to arrive at credit tax eligible for credit	$1,081 - $640 = $441	$1,021 - $800 = $221
Multiply tax eligible for credit by 60% to arrive at credit	$441 x .60 = **$265**	$221 x .60 = **$133**