

2008 Michigan 1040CR-7

Home Heating Credit Claim

Forms and Instructions

Jennifer M. Granholm, Governor
Robert J. Kleine, State Treasurer

www.michigan.gov/taxes



FILING DEADLINE

The deadline for filing your 2008 home heating credit is **September 30, 2009**. The filing of an extension for income taxes does not extend the due date for the home heating credit.

Important Information About the Home Heating Credit

Michigan's home heating credit is funded by federal Low-Income Home Energy Assistance Program Grants. Your credit may be larger or smaller than the credit you received last year because the amount of money Michigan receives from this grant varies every year. For general information visit www.michigan.gov/heatingassistance.

E-file and make it easy on yourself...

E-file your *Michigan Home Heating Credit Claim* (MI-1040CR-7) with or without a *Michigan Individual Income Tax Return* (MI-1040) and get your heating credit faster. E-file eliminates many of the errors that lengthen processing times. Visit Treasury's Web site at www.MIfastfile.org to find an authorized e-file provider near you, a list of resources offering this service, and information on free e-file services.



Direct Deposit

If you are eligible to receive a check for your home heating credit claim, you may request that it be deposited directly into your account at a financial institution by filing a *Direct Deposit of Refund* (3174). See page 13 of this booklet. Claimants receiving heat drafts are not eligible for Direct Deposit.



This booklet is intended as a guide to help complete your return. It does not take the place of the law.

Filing Deadline: September 30, 2009

Tax Information and Assistance

Self Service Options

The Michigan Department of Treasury (Treasury) offers a variety of services designed to assist you, and most are available 24 hours a day, seven days a week.

IMPORTANT: To obtain information about your account using the Internet and Telephone Options listed below, you will need the following information from your return:

- Social Security number of the primary filer (the filer listed first on the return)
- Tax year of the return
- Adjusted gross income (AGI) or household income
- Filing status (single, married filing jointly, married filing separately).

Internet Options

www.michigan.gov/incometax

Find the following information on this Web site:

- Current year forms and instructions
- Answers to many tax preparation questions
- Most commonly used tax forms
- Free assistance in preparing your return
- Other tax time resources.

www.michigan.gov/iit

This secure Web site was designed specifically to protect your personal tax information. Use this Web site to:

- Check the status of your return
- Check estimated payments you made during the year
- Check the status of letters you have sent to Treasury
- Change your address
- Ask a specific question about your account.

Telephone Options

1-800-827-4000

Automated Information Service

With Treasury's automated phone system, you can:

- Request the status of your refund
- Request information on estimated payments
- Order current tax year forms.

Tele-Help: For prerecorded information about income tax and tax credit topics, dial 1-800-827-4000 and press option "1." See a list of topics in the next column.

While most questions can be answered by the Automated Information Service, you may speak with a customer service representative from 8:00 a.m. to 4:45 p.m., Monday through Friday, by calling 1-800-827-4000.

Telephone help is available using teletypewriter (TTY) equipment by calling (517) 636-4999. Printed material in an alternate format may be obtained by calling 1-800-827-4000 and pressing options 1, 4, and 223.

Forms

Find tax forms using the Internet and Telephone Options listed on this page. Commonly used forms are also available at Treasury offices (see back cover) and most public libraries, Northern Michigan post offices, Michigan Secretary of State branch offices, and Department of Human Services (DHS) county offices.

Additional Help

If you need help completing your credit form, contact your local community service agency or senior citizen center to find out if a volunteer tax assistance program is available in your area.

Tax Information at Your Fingertips!

Tele-Help Code Numbers and Topics

- 112 Address changes
- 151 Deceased taxpayers
- 192 Direct Deposit; routing transit number
- 331 Home Heating Credit
- 411 Principal Residence Exemption Affidavit (formerly Homestead Exemption)
- 311 Homestead Property Tax Credit
- 351 Household income/AGI, difference
- 341 Long-term care
- 101 Penalty and Interest Calculation
- 131 Refund offsets
- 121 Requesting a copy of your return
- 151 Residency
- 321 Special situations for property tax credits
- 111 Where to go for help
- 141 Who must file an income tax return; how to file

When You Have Finished

Review your return for the following common errors that may delay your refund:

- Using a mailing label with incorrect information
- Illegible writing
- Transposing numbers in the Social Security number
- Entering figures on wrong lines
- Math errors
- Filling in lines if they do not apply to you or if the amount is zero
- Failing to report total household income from all sources, both taxable and nontaxable
- Failing to reduce the heating credit by 50 percent when heat is included in your rent or is in someone else's name.

Before you mail your claim, review it carefully and make sure it is complete. Keep a copy of your return and all schedules for six years.

Mail your claim to: Michigan Department of Treasury
Lansing, MI 48956

You can file a home heating credit for the current tax year only.

General Information

Issued under Public Act 281 of 1967. This booklet is meant to help you prepare your credit claim. It does not take the place of the law.

Important Information for All Claimants

This booklet contains forms and instructions on how to file and calculate your home heating credit. Please read these instructions carefully. The request for your Social Security number(s) is authorized under United States Code (USC) Section 42. Social Security numbers are used by Treasury to conduct matches against benefit income provided by the Social Security Administration and other sources to verify the accuracy of the home heating and property tax credit claims filed and to deter fraudulent filing(s). You cannot apply your home heating credit to your income tax liability.

If you currently receive Family Independence Program (FIP) assistance or other public assistance, you may claim a home heating credit if you owned or rented a homestead in 2008. If you owned or rented only part of the year, you must prorate your credit. See instructions for a part-year owner or renter on page 5.

If you receive FIP assistance, State Disability Assistance (SDA), or you are enrolled with the DHS for direct payment, by law Treasury must send your credit directly to your heat provider.

If your heat is provided by DTE Energy, Consumers Energy, or SEMCO Gas, your home heating credit may be sent directly to your heat provider. (See instructions for line 43, page 8.)

If, at the time you file this claim, your heating costs are included in your rent or your heat service is in someone else's name, your credit must be reduced by 50 percent. Your credit will be issued as a check, rather than an energy draft (see lines 5 and 35 of MI-1040CR-7).

If you file an income tax return (MI-1040), do **not** staple your home heating credit claim to MI-1040. Instead, fold it and leave it loose in the envelope.

If you file a property tax credit claim (*Michigan Homestead Property Tax Credit Claim* (MI-1040CR) or *Michigan Homestead Property Tax Credit for Veterans and Blind People* (MI-1040CR-2)) **without** a MI-1040, you should include your home heating credit claim with the property tax credit claim form.

IMPORTANT: Keep a copy of your return and all schedules for six years.

Who May Claim a Credit

This credit helps low income families pay their home heating costs. To see if you may claim a credit, answer the following questions:

- Are you a full-time student who is claimed as a dependent on another person's income tax return?
- Did you live in a licensed care facility for the entire year? (See "Licensed Care Facilities" on page 5.)

If you answered Yes to either of these questions, you **cannot** claim a home heating credit. If you answered No to **both** questions, you may claim a credit if:

- Your homestead is in Michigan
- You own or rent the home where you live
- You DO NOT live in college or university-operated housing (including dormitories, residence halls, or apartments)
- Your income is within the income limits listed in Tables A and B on page 15.

You can have only one homestead at a time and you must be the occupant as well as the owner or renter. Your homestead can be a rented apartment or a mobile home on a lot in a mobile home park. A vacation home or income property is not considered your homestead.

Your homestead is in your state of domicile. Domicile is the place where you have your permanent home. It is the place to which you plan to return whenever you go away. Even if you spend the winter in a southern state, your domicile is still Michigan. College students and others whose permanent homes are not in Michigan are not Michigan residents. Domicile continues until you establish a new permanent home.

Spouses who share a home are entitled to only one home heating credit based upon the number of allowable exemptions in the household or the heating costs for the home, and joint household income. If you were separated for all or part of the year and file a joint federal or Michigan income tax return with your spouse, your credit claim is based upon either the heating costs of only one home or the number of exemptions in each household. The household income must be the combined income of both spouses for the entire year. Spouses who maintain separate homes for the entire year and do not file joint federal or Michigan income tax returns may each claim a credit based upon their separate heating costs or exemptions and household income. If you were separated or divorced during 2008 and do not file joint income tax returns, your credit must be based on your share of the heating cost or exemptions before separation, plus your exemptions and individual heating costs after separation. Attach a schedule showing your computation.

Note: You cannot file a home heating credit claim for any prior tax year.

When to File

File your home heating credit claim as soon as you know your household income for 2008. File before April 15, 2009, to receive priority in processing.

The final date for filing a 2008 home heating credit is September 30, 2009. (Your claim must be postmarked

by September 30, 2009.) **The filing of an extension for income taxes does not extend the due date for the home heating credit.**

Exemptions. You may claim one exemption for each of the following:

- Yourself, unless you are eligible to be claimed as a dependent on someone else's return
- Your spouse
- Your children who live with you, even if their support comes from FIP assistance or someone else. If you do not have custody of your children, you cannot claim them on your MI-1040CR-7, even if you can claim them on your MI-1040.
- Any other dependent who lives with you **and for whom you provided more than half their support.**

You can claim additional exemptions for each special condition that applies to you, your spouse, or your dependents. If one spouse qualifies, claim 1; if both qualify, claim 2. Special exemptions are for age (65 or older), deaf, disabled or blind, or qualified disabled veteran. If either you or your spouse receives unemployment compensation greater than 50 percent of your combined federal AGI, you may claim one additional exemption. See instructions for line 11 on page 6.

Deceased Claimants

The alternate heating credit may not be claimed by a personal representative. If your spouse died in 2008, use the same number of exemptions you would have used had your spouse lived all year.

The **surviving spouse** may file a joint return for 2008. Write your name and the deceased's name and both Social Security numbers on the MI-1040CR-7. Write "DECD" after the deceased's name.

You must report the deceased's income. Sign the return. In the deceased's signature block, write "Filing as surviving spouse." Enter the deceased's date of death in the "Deceased Taxpayers" box on the bottom of page 2.

If filing as the **claimant** for the refund of a deceased taxpayer, you must attach a *Statement of Person Claiming Refund Due a Deceased Taxpayer* (U.S. Form 1310) or *Michigan Claim for Refund Due a Deceased Taxpayer* (MI-1310). Enter the deceased's name in the Filer's Name fields and your name in the Spouse's Name field as follows:

John Brown, DECD
Jane Brown, Claimant

A claimant must use the standard allowance and prorate to the date of death as noted in the following paragraph.

If filing as a **personal representative** who files a claim for a deceased person, you must use the standard allowance and prorate for the number of days from January 1 until the date of death. Follow the directions on page 5 for prorating the credit for a part-year owner or

renter. Enter the deceased's name in the Filer's Name field and your name in the Spouse's Name field as follows:

John Brown, Est. of
Jane Brown, Rep.

Use the deceased's Social Security number and your address. Enter the date of death in the "Deceased Taxpayers" box on the bottom of page 2 of the form.

Household Income

Household income is the total income (taxable and nontaxable) of both spouses or a single person maintaining a household. It is your AGI, plus all income exempt or excluded from AGI. Include gains realized on the sale of your residence regardless of your age or whether or not gains are exempt from federal income tax. (See instructions on page 6.)

Household income does NOT include:

- Federal economic stimulus payments (rebates) issued by the Internal Revenue Service
- Payment received under the foster grandparent or the senior companion program
- Energy assistance grants
- Government payments to a third party (e.g., a doctor). However, if payment is made from money withheld from your benefit, the payment **is** part of household income (e.g., DHS may pay your rent directly to the landowner).
- Money received from a government unit to repair or improve your homestead
- Food assistance program benefits
- State and city income tax refunds and homestead property tax credits
- Chore service payments (these payments are income to the provider of the service)
- The first \$300 of income from gambling, bingo, lottery, awards, or prizes
- Loan proceeds
- Inheritance **from a spouse**
- Life insurance benefits **from a spouse**
- The first \$300 in gifts, cash, or expenses paid on your behalf by a family member or friend
- Amounts deducted from Social Security or Railroad Retirement benefits for Medicare premiums
- Life, health, and accident insurance premiums paid by your employer. However, if you pay medical insurance or Health Maintenance Organization (HMO) premiums for you or your family, you may deduct the cost from household income.
- Payments from a long-term care policy made to a nursing home or other care facility.

Special Provisions for Farmers

If you received a farmland preservation tax credit in 2008, you must include it in household income. You may subtract the business portion of your homestead property tax credit if you included it in taxable farm income.

Licensed Care Facilities

If you live in a licensed care facility, generally you do not qualify for the home heating credit. Licensed care facilities include adult foster care homes, licensed homes for the aged, nursing homes, and substance abuse treatment centers. If you lived in a licensed care facility only part of the year, you could qualify for a partial credit for the period you lived outside the facility. (See prorating instructions for a part-year owner or renter on this page.)

If your spouse lives in a licensed care facility and you live in the family homestead, you may still qualify for a credit. **File a joint credit claim and DO NOT check a box on line 10.**

Subsidized senior citizen apartments are not licensed care facilities. If you live in a subsidized senior citizen apartment, you may apply for a credit.

Standard Credit

The standard credit computation uses standard allowances established by law. Use Table A on page 15 to find the standard allowance for the number of exemptions you claimed.

Shared Housing Standard Allowance

If you share a home but are not the owner or you do not have a contract to pay rent, you cannot claim a credit (e.g., deceased filers, part-year residents, or those living in shared housing are not entitled to an alternate credit).

When two or more single people share a home, each may claim a credit if each has contracted to pay rent or owns a share of the home. Each should file a home heating credit based on his or her household income and his or her share of the standard allowance. First, determine the standard allowance from Table A on page 15 by adding the personal exemptions of all the claimants sharing a home. Divide this standard allowance by the number of claimants in the home.

Example: Three men share an apartment. Each has a signed lease and pays 1/3 of the rent. The standard allowance for three exemptions is \$679. Each person must use a standard allowance of \$226 ($\$679 \div 3 = \226) to compute his credit.

If you are eligible for a special exemption, compute your standard allowance following this example:

Example: Emma and Ruth share a home. Emma is age 59 and Ruth is age 65. They file separate MI-1040CR-7 claims. They must first divide \$540 (the standard allowance for two exemptions) by 2. Emma's allowance is \$270. Because Ruth qualifies for a special exemption for age, she may add the difference between the standard allowance for three (\$679) and the standard allowance for two (\$540) to \$270.

$$\begin{aligned} \$679 - \$540 &= \$139 + \$270 = \$409 \\ \$409 &\text{ is the standard allowance for Ruth.} \end{aligned}$$

Part-year Resident Owner's or Renter's Standard Allowance

You must prorate your standard allowance for the number of days you owned or rented and occupied your Michigan homestead. For example, you moved to Michigan on September 1. It is 122 days from September 1 to December 31. Divide 122 by 366 days and multiply the result by your standard allowance. Enter the prorated standard allowance on line 32 of your claim.

Alternate Credit

The alternate credit uses heating costs to compute a home heating credit. Add the amounts you were billed for heat from November 1, 2007 through October 31, 2008. See instructions for line 9 on page 6. If you buy bulk fuel (oil, coal, wood, or bottled gas), add your receipts to get your total heating cost. Treasury may request receipts to verify your heating costs. **If your claim is for less than 12 months or your heating cost is currently included in your rent, you cannot claim an alternate credit.** You may claim heating costs on your Michigan homestead only. You may **not** claim heating costs on a vacation home or home outside of Michigan.

For assistance in determining the credit for which you may qualify, visit www.michigan.gov/heatingassistance.

Credit Payments

If you are responsible for paying your heating bills, State law requires Treasury to issue your credit in the form of a State of Michigan Energy Draft. You can only use the draft to pay heat bills. Give the draft to your enrolled heat provider who will apply it to current or future heating bills for your home. If the amount of your draft is more than you owe, you may request a refund of the difference by checking the box in the lower-right corner of the draft. Your heat provider has 14 days to pay your refund, without interest.

If you receive a draft and your heat provider is not enrolled in Michigan's energy assistance program, or if you use bulk fuel and have already bought your energy supply for the year, return the draft with a note of explanation to Treasury. Treasury will review your explanation and, if appropriate, reissue your credit in the form of a check.

If you are notified of denial, you have the right to a hearing.

If you receive FIP assistance or other DHS benefits or you are enrolled with DHS for direct payment, the law requires your credit be sent directly to your heat provider, who will then apply it to your account.

If your heat is provided by DTE Energy, Consumers Energy, or SEMCO Gas, your home heating credit may be sent directly to your heat provider. (See instructions for line 43, page 8.)

Line-by-Line Instructions

Lines not listed are explained on the form.

Lines 1, 2 and 3: Enter your name(s), current address, and Social Security number(s). If you are married filing separate claims, enter both Social Security numbers but do **not** enter your spouse's name.

Line 4: Enter your two-digit county code from the County Code Table on page 15.

Line 5: If you rent and your heat is included in your rent or your heat service is in someone else's name, you must check "Yes" on line 5 and complete line 35 of the form to receive a check. Failure to do so will result in your credit being issued as a draft. You will then have to return the draft with a note of explanation to Treasury. It may take 90 days or more to issue a check to replace the draft.

Line 9: If you checked "Yes" on line 5, skip this line. If you were not a full year Michigan resident and/or were not billed for 12 month's heating costs between November 1, 2007 and October 31, 2008, skip this line. Otherwise, enter the heating costs you were billed from November 1, 2007 to October 31, 2008 on your Michigan homestead. Many fuel companies include the total heating cost for those 12 months on the October bill. If you cannot find your bills or the information is not on your October bill, call your heating company and ask.

Line 10: If you lived in one of the care facilities listed on line 10 for all of 2008, you are not eligible for a home heating credit and should not file this form. If you are married and your spouse lived in a licensed care facility while you lived in your homestead, **do not check a box**. Also, do not check the "Licensed Home for the Aged" box if you live in subsidized senior citizen housing. See "Licensed Care Facilities" on page 5.

Line 11: Exemptions. Enter the number that applies to **you, your spouse, and your dependents** as of December 31, 2008.

a) Personal Exemption. Enter "1" if you are a single or married filing separate filer; "2" if you are married filing jointly.

b) Age 65 or older. You are considered age 65 the day before your 65th birthday.

c) Deaf, disabled or blind, qualified disabled veteran. You qualify for the deaf exemption if the primary way you receive messages is through a sense other than hearing (for example, lip reading or sign language).

You qualify for the disabled or blind exemption if you are hemiplegic, paraplegic, quadriplegic, or totally and permanently disabled. Blind means your better eye permanently has 20/200 vision or less with corrective lenses, or your peripheral field of vision is 20 degrees or less. Totally and permanently disabled means disabled as defined under Social Security Guidelines 42 USC

416. If you are age 65 or older, you may not claim an exemption as totally and permanently disabled.

Taxpayers may claim an extra exemption if (a) the taxpayer or spouse is a qualified disabled veteran, or (b) a dependent of the taxpayer is a qualified disabled veteran. To be eligible for the additional exemption an individual must be a veteran of the active military, naval, marine, coast guard, or air service who received an honorable or general discharge and has a disability incurred or aggravated in the line of duty as described in 38 USC 101(16). This additional exemption may not be claimed on more than one tax return.

d) Unemployment compensation. Enter "1" if 50 percent or more of your combined federal AGI is from unemployment compensation. Your AGI is from your U.S. 1040, 1040A, or 1040EZ.

h) Include children over age 18 who live with you.

Household Income

You must complete lines 13 through 31 on MI-1040CR-7 even if you filed a homestead property tax credit claim (MI-1040CR or MI-1040CR-2). Include income earned by both spouses if you are filing a joint claim. See "Household Income" on page 4. Gains realized on the sale of your residence regardless, of your age, must be included in your household income even if they are not taxable on your federal income tax return.

Line 12: If you claimed exemptions for children or dependent adults other than your spouse on lines 11e through 11h, enter the following information for each person claimed: name, relationship to you, Social Security number, and age in years. For children 12 months and under, enter one year. Attach an additional sheet if more space is needed.

Line 13: Enter all compensation received as an employee. Include strike pay, supplemental unemployment benefits (SUB pay), sick pay, or long-term disability benefits, including income protection insurance and any other amounts reported to you on Form W-2.

Line 15: Enter the total of the amounts from U.S. *Schedule C* (business income or loss), Form 4797 (other gain or loss), and *Schedule E* (rents, royalties, partnerships, S corporations, estates, and trusts). Include amounts from sources outside Michigan. Attach these schedules to your claim.

Line 16: Enter all annuity, retirement pension, and individual retirement account (IRA) benefits and the name of the payer. This should be the taxable amount shown on your U.S. Form 1099-R. If no taxable amount is shown on your U.S. Form 1099-R, use the amount required to be included in AGI. Enter zero if all of your

distribution is from your contributions made with income previously included in AGI. Include reimbursement payments such as an increase in a pension to pay for Medicare charges. Also include the total amount of any lump sum distribution including amounts reported on your U.S. Form 4972. Do not include recoveries of after-tax contributions or amounts rolled over into another plan (amounts rolled over into a Roth IRA must be included to the extent included in AGI).

You must include any part of a distribution from a Roth IRA that exceeds your total contributions to the Roth IRA regardless of whether this amount is included in AGI. Assume that all contributions to the Roth IRA are withdrawn first. **Note:** Losses from Roth IRAs cannot be deducted.

Line 17: Enter the amount from U.S. *Schedule F* (farm income or loss). Attach *Schedule F*.

Line 18: Enter net capital gains and losses. This is the total of short- and long-term gains, less short- and long-term losses from your U.S. *Schedule 1040D*, line 16 (for gains) or line 21 (for losses--cannot exceed \$3,000). Include gains realized on the sale of your residence regardless of your age or whether or not these gains are exempt from federal income tax.

Line 19: Enter alimony and other taxable income received. Describe other taxable income. Taxable income includes: the amount over \$300 of awards, prizes, lottery, bingo, and other gambling winnings; and farmland preservation tax credits, if not included in net farm income on line 17.

Line 20: Enter your Social Security, Supplemental Security Income (SSI), and/or Railroad Retirement benefits. Include death benefits and amounts received for minor children or other dependent adults who live with you. Report the amount actually received. Do **not** include the amount deducted for Medicare.

Line 21: Enter child support and all payments received as a foster parent. **Note:** If you received a *2008 Child Support Year-End Statement* (FEN-851) showing child support payments paid to the Friend of the Court, enter the child support portion here and attach a copy of the statement. Also see line 25 instructions below.

Line 23: Enter other nontaxable income. This includes: compensation for damages to character or for personal injury or sickness; an inheritance (except an inheritance from your spouse); proceeds of a life insurance policy paid on the death of the insured (except benefits from a policy on your spouse); death benefits paid by or on behalf of an employer; the value over \$300 in gifts of cash, merchandise, or expenses paid on your behalf (rent, taxes, utilities, food, medical care, etc.) from parents, relatives, or friends; minister's housing allowance; amounts paid directly to you as a scholarship, stipend,

grant, or GI bill benefits; and reimbursements from dependent care and/or medical care spending accounts. Also include such payments made on your behalf except government payments made directly to an educational institution or subsidized housing project.

Line 24: Enter service-connected disability compensation and pension benefits received from the Veterans Administration and workers' compensation benefits. Veterans receiving retirement benefits should enter their benefits on line 16.

Line 25: Enter the total payments made to your household by DHS and all other public assistance payments. Your *2008 Client Annual Statement* (DHS-1241) mailed by DHS in January 2009 will show your total DHS payments. Your statement(s) may include the following: FIP assistance, State Disability Assistance (SDA), Refugee Assistance, Repatriate Assistance, and vendor payments for shelter, heat, and utilities. **Note:** If you received Form FEN-851, subtract the amount of child support payments entered on line 21 from the total DHS payments and enter the difference here.

Line 28: Enter total adjustments from your U.S. Form *1040*, line 36, or U.S. Form *1040A*, line 20. Describe adjustments to income. These adjustments reduce household income and include some of the following:

- Payments to individual retirement accounts (IRAs), SEP, SIMPLE, or qualified plans
- Student loan interest deduction
- Moving expenses **into** or **within** Michigan can be included in Other Adjustments (MI-1040CR-7, line 28) to reduce household income. Moving expenses when moving **out** of Michigan cannot be included in Other Adjustments to reduce household income.
- Deduction for self-employment tax
- Self-employed health insurance deduction
- Penalty on early withdrawal of savings
- Alimony paid
- Jury duty pay you gave to your employer
- Any other adjustments to gross income included on line 36 of your 2008 U.S. Form *1040*.

Also enter the amount of a net operating loss (NOL) deduction. **Note:** A deduction for a carryback or carryforward of an NOL cannot exceed federal modified taxable income. Attach your MI-1045.

Line 29: Enter medical insurance or Health Maintenance Organization (HMO) premiums you paid for yourself and your family (**not Medicare**). Include medical insurance premiums paid through post-tax payroll deduction. Include the portion of auto insurance paid for medical coverage. Do not include any insurance premiums

deducted on line 28; amounts paid for income protection insurance, long-term care insurance, or life insurance; or amounts paid through pre-tax payroll deduction.

Line 31: Household Income is used to compute your credit(s).

Your Credit

There are two ways to compute a home heating credit: the standard credit and the alternate credit. If you are eligible to claim either credit, figure your credit both ways and claim the larger amount.

Lines 32 through 34: Standard credit. See Table A on page 15. Find the number of exemptions you are allowed and the corresponding income ceiling amount. If your household income is less than this amount, you are eligible to use this method to calculate your credit.

Example: You and your spouse have three dependent children, so you are allowed five exemptions. Your household income is \$15,000. This is less than the \$27,301 income ceiling for five exemptions. Complete the form using the standard credit method.

Part-year or resident owners, see page 5 to prorate your standard allowance.

Line 35: If your heat is included in your rent or your heat service is in someone else's name at the time you file this claim, you must reduce your computed standard credit by 50 percent (0.50). Multiply line 34 by 0.50. Enter this amount on lines 35 and 40.

Lines 36 through 39: Alternate credit. If your claim is for less than 12 months or your heat cost is included with your rent, you are not eligible to use this method. If your household income is less than the maximum income for your number of Michigan exemptions, you may claim this credit. See Table B on page 15.

Example: You are single, have one dependent child and your 70-year old father is also your dependent. You are allowed four exemptions. Your annual heat costs were \$1,100 and your household income is \$5,500. This is less than the \$21,373 maximum income for four exemptions.

Line 40: If you completed line 35, you **must** enter that amount here. Otherwise, enter the larger amount from line 34 or line 39.

Line 41: Multiply the amount on line 40 by 65 percent (0.65) (the percentage of federal home heating assistance funds available for this year) and enter here. This is the amount of your 2008 home heating credit.

Line 42: Indicate your residency status for tax year 2008. If you were a part-year resident during tax year 2008, complete the dates of residency for you and/or your spouse. You must then prorate your credit following the instructions on page 5 under "Part-year Resident Owner's or Renter's Standard Allowance." If you are a nonresident, you are not eligible for the home heating credit. Do not file this form.

Line 43: If your heat is provided by DTE Energy, Consumers Energy, or SEMCO Energy Gas, your home heating credit may be sent directly to your heat provider. If the credit amount exceeds your heat account balance, check this box to receive a refund from your heat provider for the overpayment, if eligible (see below). If not eligible, your excess refund will be applied toward future bills. If, after nine months, a refund balance still remains on account with your heat provider, your heat provider will issue a refund to you.

Eligibility requirements. You must have no outstanding balance with your heat provider **and** you must have not received heat assistance in the past 12 months.

Heat Provider Contact Information

Consumers Energy..... 1-800-477-5050
www.consumersenergy.com

DTE Energy 1-800-477-4747
www.my.dteenergy.com

SEMCO Energy Gas..... 1-800-624-2019
www.semcoenergygas.com

Forms contained in this booklet (pages 9 - 14) are **posted separately**. Select and print the form you need from the list below. Tables can be found on the next page.

<u>Forms</u>	<u>Page No.</u>
MI-1040CR-7, Home Heating Credit Claim	9-12
3174, Direct Deposit of Refund	13-14

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TABLE A
2008 Home Heating Credit Standard Allowance

Your Exemptions (from line 11i)	Standard Allowance	Income Ceiling
0 or 1	\$401	\$11,443
2	\$540	\$15,415
3	\$679	\$19,386
4	\$817	\$23,329
5	\$956	\$27,301
6	\$1,094	\$31,243
	+ \$139 for each exemption over 6	+ \$3,971 for each exemption over 6

TABLE B
Exemptions and Maximum Income for the Alternate Credit Computation

Your Exemptions (from line 11i)	Maximum Income
0 or 1	\$12,590
2	\$16,942
3	\$21,298
4 or more	\$21,373

COUNTY CODE TABLE

01 Alcona	22 Dickinson	43 Lake	64 Oceana
02 Alger	23 Eaton	44 Lapeer	65 Ogemaw
03 Allegan	24 Emmet	45 Leelanau	66 Ontonagon
04 Alpena	25 Genesee	46 Lenawee	67 Osceola
05 Antrim	26 Gladwin	47 Livingston	68 Oscoda
06 Arenac	27 Gogebic	48 Luce	69 Otsego
07 Baraga	28 Grand Traverse	49 Mackinac	70 Ottawa
08 Barry	29 Gratiot	50 Macomb	71 Presque Isle
09 Bay	30 Hillsdale	51 Manistee	72 Roscommon
10 Benzie	31 Houghton	52 Marquette	73 Saginaw
11 Berrien	32 Huron	53 Mason	74 St. Clair
12 Branch	33 Ingham	54 Mecosta	75 St. Joseph
13 Calhoun	34 Ionia	55 Menominee	76 Sanilac
14 Cass	35 Iosco	56 Midland	77 Schoolcraft
15 Charlevoix	36 Iron	57 Missaukee	78 Shiawassee
16 Cheboygan	37 Isabella	58 Monroe	79 Tuscola
17 Chippewa	38 Jackson	59 Montcalm	80 Van Buren
18 Clare	39 Kalamazoo	60 Montmorency	81 Washtenaw
19 Clinton	40 Kalkaska	61 Muskegon	82 Wayne
20 Crawford	41 Kent	62 Newaygo	83 Wexford
21 Delta	42 Keweenaw	63 Oakland	

Review this label. If the information is correct and your filing status is the same as last year (single, married filing jointly, or married filing separately), place the label on the address block of your tax return. **If any information is incorrect, do not use this label.** Write the correct information on the return. If you use a tax preparer, take this booklet to your preparer and ask him or her to use this label. Using this label will help shorten the processing time of your return.

Index

	<u>Page</u>
Alternate Credit.....	5
Claiming a Credit.....	3
Credit.....	8
Credit Payments.....	5
Deceased Claimants.....	4
Direct Deposit of Refund.....	1, 13
Farmers, Special Provisions.....	4
General Information.....	3
Household Income.....	4, 6
How to Contact Treasury.....	2
Important Information for All Claimants.....	3
Licensed Care Facilities.....	5
Line-By-Line Instructions.....	6
Part-year Resident Owner's or Renter's Standard Allowance.....	5
Shared Housing Standard Allowance.....	3, 5
Standard Credit.....	5
Tele-Help Service.....	2
Treasury Offices.....	16

Forms

3174, Direct Deposit of Refund.....	13
MI-1040CR-7, Home Heating Credit Claim ...	9

Help With Child Care Costs

If your family income is at or below levels established by the Michigan Department of Human Services (DHS), you may be eligible for help with child care costs. For example, a family of three with an income of less than \$23,880 may qualify for partial payment of child care costs. Contact any DHS office or your local Community Coordinated Child Care (4C) agency at 1-866-424-4532 for additional information and an application. If you need help finding child care, your local 4C agency can help.

Winter Protection Plan

If you are a low income or senior citizen customer of a natural gas or electric utility company, rural electric cooperative, or an alternative energy supplier and would like to participate in the Winter Protection Plan, a payment deferral program that provides winter shut off protection, contact your local energy supplier or the Michigan Public Service Commission at 1-800-292-9555 for details.

Low Interest Home Improvement Loans

Energy bills too high? The Michigan State Housing Development Authority (MSHDA) offers low interest home improvement loans (4 percent to 8 percent) to qualified homeowners. You can borrow up to \$25,000 without any equity, and add insulation, replace your furnace, install energy efficient windows, and pay for other eligible energy improvements. For more details, visit www.michigan.gov/mshda, then click on the Home Improvement link. You can also call (517) 373-8017.

Affordable Rental Housing

Looking for affordable rental housing? Go to www.MichiganHousingLocator.com. It is the best source for affordable rental housing across the State. It's a free resource for property owners and renters with over 240,000 unit listings.

Treasury Offices

Commonly used forms are available at Treasury offices listed below. Treasury office staff do not prepare tax returns.

DETROIT

Cadillac Place, Suite 2-200
3060 W. Grand Blvd.

DIMONDALE *

7285 Parsons Drive
(*NOT a mailing address)

ESCANABA

State Office Building, Room 7
305 Ludington Street
(open 8 - 12 only)

FLINT

State Office Building, 7th Floor
125 E. Union Street

GRAND RAPIDS

State Office Building, 2nd Floor
350 Ottawa Avenue, NW - Unit 17

STERLING HEIGHTS

41300 Dequindre Road, Suite 200

TRAVERSE CITY

701 S. Elmwood Avenue, 4th Floor
(open 8 - 12 only)