

Calculating the Homestead Credit

The Homestead Credit is calculated approximately as:

Actual property tax paid and/or 20% of rent paid
 minus
 3.5% of total household resources
 multiplied by
 60% (maximum of \$1200)

Monthly Rent	Total Household Resources					
	\$0	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000
\$300	\$432	\$222	\$12	\$0	\$0	\$0
\$400	\$576	\$366	\$156	\$0	\$0	\$0
\$500	\$720	\$510	\$300	\$90	\$0	\$0
\$600	\$864	\$654	\$444	\$234	\$24	\$0
\$700	\$1,008	\$798	\$588	\$378	\$168	\$0
\$800	\$1,152	\$942	\$732	\$522	\$312	\$0
\$900	\$1,200	\$1,086	\$876	\$666	\$456	\$0

This table is for illustration only and does not imply that you qualify for the Homestead Credit or any amount shown.



Household Resources

Household Resources Include, but are not limited to:

- Wages, salaries, tips (typically from a W-2 or 1098-MISC)
- Interest and dividend income
- Business income
- Nontaxable gain from the sale of a home
- Awards, prizes, lottery, bingo or gambling winnings
- Gifts of cash or goods received and all payments made on your behalf by relatives, friends and/or other individuals. (e.g. rent, taxes, utilities, medical expenses, tuition, etc.)
- Scholarships, grants, and G.I. Bill benefits. Get this amount from your 1098T as it is based on the tax year, not the academic year.



Household Resources

Household Resources do NOT include:

- Personal loans from family or friends (but loan terms must be documented)
- Inheritance or life insurance proceeds from a deceased spouse
- Credit Cards
- Personal Savings

- **Student Loans** (*makes the Michigan Homestead Property Tax Credit particularly valuable for medical students, dental students, and Intern year residents*)

