



Total Household Resources

Total Household Resources

Total household resources (THR) are defined as *all* income received by *all* persons of a household in a tax year while members of a household, increased by the following deductions from federal gross income:

- Any net business loss after netting all business income and loss
- Any net rental or royalty loss
- Any carryback or carryforward of a net operating loss

Eligibility for the Home Heating Credit (HHC) and Homestead Property Tax Credit (HPTC) is based on Total Household Resources, ***not*** Adjusted Gross Income.

- Some income that is included in Total Household Resources is not entered anywhere else.
- Michigan Intake, Part V - *Nontaxable Income*, lists the income a taxpayer may receive that is only necessary for HPTC and HHC.

Total Household Resources

- “Income” includes both spouses taxable and nontaxable income
 - Federal adjusted gross income (AGI) plus all income specifically excluded or exempt from the computation of federal AGI.
- “Household” is statutorily defined as a *claimant* and spouse
 - A claimant is a person who files a Homestead Property Tax Credit or Home Heating Credit. It includes a husband and wife if they are required to file a joint Michigan tax return even if they do not reside together, or They share a home, regardless of their filing status.
 - It does *not* include all persons living in the home.

THR Section on Michigan Intake

AAS Part V. Nontaxable Income – During the tax year did the taxpayer or spouse receive:

Totals

<input type="checkbox"/> Yes <input type="checkbox"/> No	1. Child Support? -----			\$ _____	
<input type="checkbox"/> Yes <input type="checkbox"/> No	2. A) Workers' Compensation? -----	\$ _____	}	\$ _____	
<input type="checkbox"/> Yes <input type="checkbox"/> No	B) VA (Dept. of Veterans Affairs) benefits? -----	\$ _____			
<input type="checkbox"/> Yes <input type="checkbox"/> No	3. FIP and/or other MDHHS (Michigan Department of Health & Human Services) benefits (excluding food stamps)? -			\$ _____	
	4. Additional Social Security benefits and/or Supplemental Security Income (SSI): <i>(In 2022, maximum SSI was \$841 per month, \$10,092 for the year if rec'd. all 12 months)</i>				
<input type="checkbox"/> Yes <input type="checkbox"/> No	A) SSI (taxpayer)? -----	\$ _____	}	\$ _____	
<input type="checkbox"/> Yes <input type="checkbox"/> No	B) SSI (spouse)? -----	\$ _____			
<input type="checkbox"/> Yes <input type="checkbox"/> No	C) SSI for a dependent? -----	\$ _____			\$ _____
<input type="checkbox"/> Yes <input type="checkbox"/> No	D) Social Security benefits for a dependent? -----	\$ _____			\$ _____
<input type="checkbox"/> Yes <input type="checkbox"/> No	5. Gifts or Assistance from family/friends/agencies? Describe: _____ <i>(Include the value over \$300 in gifts of cash or merchandise received, or expenses paid on taxpayer's behalf)</i>			\$ _____	
	6. Other Nontaxable Income:				
<input type="checkbox"/> Yes <input type="checkbox"/> No	A) State SSI (taxpayer)? (\$42 every three months from Michigan DHHS. If yes, enter \$168) ..	\$ _____	}	\$ _____	
<input type="checkbox"/> Yes <input type="checkbox"/> No	B) State SSI (spouse)? -----	\$ _____			
<input type="checkbox"/> Yes <input type="checkbox"/> No	C) State SSI for a dependent? -----	\$ _____			
<input type="checkbox"/> Yes <input type="checkbox"/> No	D) Other? Describe: _____	\$ _____			

Child Support

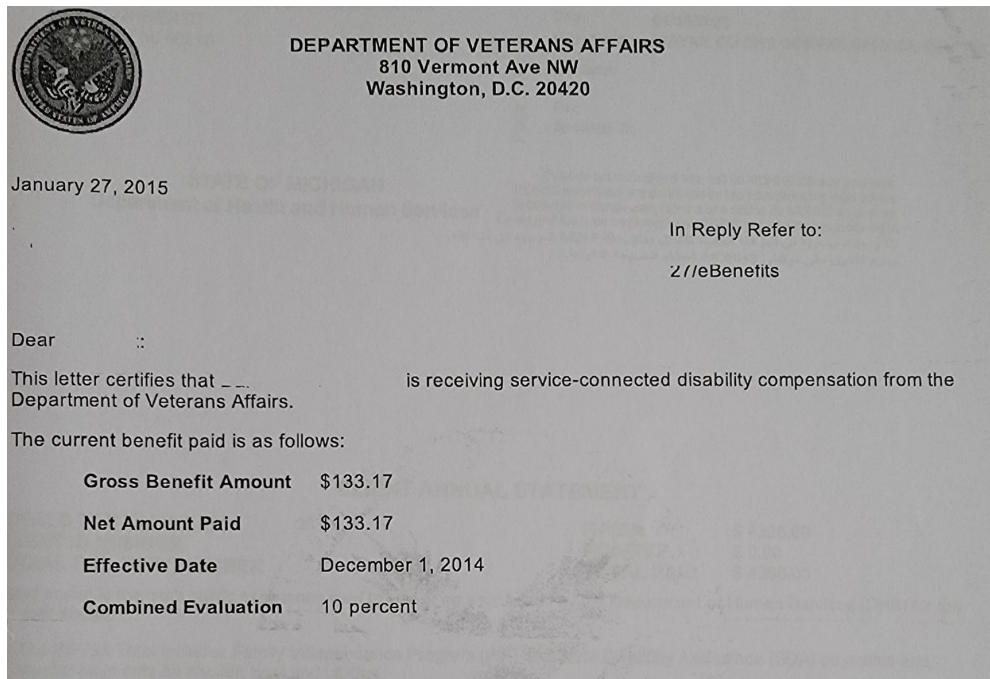
- Child support received is nontaxable to the recipient.
- Child support paid is not deductible.
- Child Support can be paid by a parent, through Friend of the Court (FOC), or through the Michigan Department of Health and Human Services (MDHHS).
- Clients may have documentation showing the amounts that were supposed to be received for child support, but it's not always correct so make sure you have a conversation with them asking what the actual amounts received were.
- Clients who no longer have dependents **can** still receive child support, so ask even if they are not claiming dependents.
- Source Document: **Statement from FOC or MDHHS, or taxpayer's records**

Workers' Compensation

- Cash benefits received from a work-related incident.
- Source Document: **Taxpayer's records**
 - Amounts received for workers' compensation will not be shown on a W-2 or other tax form.

VA (Dept. of Veterans Affairs) Benefits

- Letter received from VA for those receiving retirement benefits and service-connected disability compensation and pension benefits
- Benefits for a service-connected disability are based on a percentage
- Make sure to check the date on the letter



FIP and Other MDHHS Benefits

- **Michigan Family Independence Program (FIP)** provides temporary cash assistance to families with children and pregnant women to help them pay for living expenses such as rent, heat, utilities, clothing, food and personal care items
- Managing agency is Michigan Department of Health and Human Services (MDHHS)
- Who is eligible?
 - Must be a resident of Michigan, and a U.S. citizen, legal alien or a qualified alien
 - Must be unemployed or underemployed and have low or very low income
 - Must be one of the following:
 - Have a child 18 years of age or younger, or
 - Be pregnant, or
 - Be 18 years of age or younger and the head of your household

FIP and Other MDHHS Benefits

- Other MDHHS benefits include payments made under their cash assistance programs, including:
 - State Disability Assistance (SDA)
 - Refugee Assistance
 - Repatriate Assistance
 - Vendor payments for shelter, heat and utilities
- FIP and other cash assistance program payments will be reported on the ***Client Annual Statement*** (DHS-1241) from MDHHS
- Include all other public assistance payments such as state adoption subsidies. Clients will not have a reporting document for adoption subsidies received from MDHHS.
- Food assistance program benefits are **not** included anywhere on the return

FIP and Other MDHHS Benefits

- If a recipient of FIP also receives child support and received a *Custodial Party End of Year Statement* (FEN-851), see the credit claim instructions for what amounts to enter for child support and for FIP and other MDHHS benefits
- *Client Annual Statement* received by those receiving payments from MDHHS cash assistance programs
- A cash assistance statement looks very similar to the statement for food stamps.

WAYNE CO DHS CONNER SERVICE CENTER
4733 CONNER ST
DETROIT MI 48215

Case Name:
Case Number:
Date: 01/18/2021
MDHHS Office: WAYNE CO DHS CONNER SERVICE CENTER

Specialist:
Phone:
Fax:
Specialist ID:

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STATE OF MICHIGAN
Department of Health and Human Services

If you do not understand this, call an MDHHS office in your area.
MDHHS employees are prohibited by law from providing legal advice.
Si usted no entiende esto, llame a una oficina de MDHHS en su área.
La ley prohíbe a los empleados de MDHHS proporcionar asesoría legal.
إذا واجهت صعوبة في فهم هذا الطلب، فلتصل بمكتب MDHHS الموجود في منطقتك.
يحرم القانون على موظفي MDHHS إعطاء النصيحة القانونية.

CLIENT ANNUAL STATEMENT

TOTALS FOR TAX YEAR	2020	FIP/SA	\$ 4395.00
CLIENT ID NUMBER		RCA/REP	\$ 0.00
SOCIAL SECURITY NUMBER		TOTAL PAID	\$ 4395.00

Listed above is the cash public assistance paid to you or on your behalf by the Department of Human Services (DHS) for the year shown.

Supplemental Security Income (SSI)

Supplemental Security Income (SSI) is paid by the **Social Security Administration (SSA)** to individuals who have low income and limited financial resources, and are age 65 or older, blind, or disabled.

- SSI may be received by the taxpayer/spouse or their dependents.
- Individuals can receive both Social Security benefits and SSI if their Social Security benefit is low.
- SSI is different than Social Security Disability benefits (SSDI), but is often confused. A general rule to remember: SSI is paid on the first of the month, SSDI is paid on the third or some other date.

Supplemental Security Income (SSI)

- If someone received both SSI and Social Security benefits, and that is their only source of income (other than State SSI):
 - The total of these two sources of income is typically \$20 per month more than the maximum SSI an eligible individual would receive. In 2023, the maximum amount for an eligible recipient would be \$934 per month (\$914 + \$20).
- Example: A client brings in their 2023 Form SSA-1099, Social Security Benefits Statement, but isn't sure of the amount of their SSI for the year. Box 5 of the SSA-1099 shows \$7,656.
 - To determine their SSI:
 - $\$914 + 20 = \934
 - $\$934 \times 12 = \$11,208$.
 - $\$11,208 - 7,656 = \$3,552$ potential SSI for the year, or \$296 per month
 - A discussion with the client is warranted to verify that this was the amount they received on the 1st of each and every month in 2023.
 - If uncertain, ask the client to get a letter from the Social Security Administration stating the total SSI paid to them in the tax year.

Dependent's Social Security Benefits and SSI

- Include in total household resources any Social Security benefits and/or Supplemental Security Income received **for** a minor child or adult dependent who lived with the taxpayer
 - This is where the taxpayer (or spouse) is the payee
 - The entire amount is included in THR on the same line for Social Security benefits and SSI
- State SSI received **for** a dependent is included on the line for *Other nontaxable income*
- If Social Security benefits and/or SSI are paid directly to the dependent adult, it is not necessarily included in THR
 - Only include any amount that the dependent contributed to the filer's household and other expenses. Report it on the line for *Gifts or expenses paid on your behalf*.

State SSI

- Individuals receiving Supplemental Security Income (SSI) usually also receive State SSI
- State SSI is administered by the Michigan Department of Health and Human Services (MDHHS)
- Individuals typically get \$14 per month, which is paid quarterly in the amount of \$42 each March, June, September and December. The total for the year is \$168.
- Those receiving State SSI will not receive a year-end reporting document
- Report State SSI as *Other nontaxable income*. Do not report it on the line for Social Security and SSI or on the line for FIP and other MDHHS benefits

Gifts or Assistance from Family / Friends / Agencies

- Includes:
 - Gifts of cash or merchandise received
 - Expenses paid on behalf of taxpayer (or spouse, if filing a joint claim) by parents, relatives, or friends. Expenses include rent, taxes, utilities, food, medical care, etc.
- The value over \$300 is included in THR
- Do not include payments from government agencies made directly to third parties (i.e., educational institution or subsidized housing project)
- The question on the Michigan intake sheet should be asked of all taxpayers, not just the ones whose income does not substantiate living expenses

Income Included in THR

- The following items (nonexclusive list) are not listed as a line item on the claim forms, but they must be included in Total Household Resources:
 - Capital gains on the sale of main residence regardless if the gains are exempt from federal income tax (enter the excluded gain in the field for *Other nontaxable income*)
 - Compensation for damages to character or for personal injury or sickness
 - An inheritance (except an inheritance from a spouse)
 - Proceeds of a life insurance policy paid on death of the insured (except from the death of a spouse)
 - Death benefits paid by or on behalf of an employer
 - Housing allowance for ministers or clergy (out of scope for VITA)
 - Forgiveness of debt, even if excluded from AGI
 - Reimbursement from dependent care and/or medical care spending accounts

Other Nontaxable Income

- Nontaxable scholarships
 - Taxable scholarships included in AGI will carry forward to the Michigan credit claims
 - Nontaxable scholarships must also be included in THR for the recipient of the scholarship
- Forgiveness of Debt, even if excluded from AGI, must be included in total household resources
 - E.g., Cancelled debt on main home due to foreclosure or abandonment
- A net capital gain or loss included in AGI will carry forward to the Michigan credit claims
 - Any excluded gain realized from the sale of a main residence **must** also be included in total household resources

Other Nontaxable Income

- Cash assistance from the Department of Education for the Payment of Child Care
 - Parents who receive cash assistance from the Department of Education for the payment of child care must include the total for the tax year in total household resources
 - It is included in THR regardless of any payments made to the child caregiver

Income NOT Included in THR

- Total Household Resources do NOT include:
 - Payments received by participants in the foster grandparent or senior companion program
 - Energy Assistance grants or tax credits
 - Government payments to a third party (e.g., Medicaid payments to a doctor; tuition grants, including GI bill, paid directly to an educational institution by a federal or state agency; and most payments from The Step Forward Michigan program)
 - Money received from a government unit such as the Federal Emergency Management Agency (FEMA) to repair or improve the homestead
 - Surplus food or 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)