



Home Heating Credit

Filing for the Home Heating Credit

- Home Heating Credit is claimed on Form MI-1040CR-7
- Can be E-filed in TaxSlayer for most situations
- If Michigan return has to be paper filed, DO NOT staple the two-page Home Heating Credit Claim to the rest of the Michigan return. Staple the two-page claim, fold it and leave it loose in the same envelope with the Michigan return.
- Deadline to file the credit is September 30, 2025 (no extensions or exceptions)

What is the Home Heating Credit?

- The State of Michigan, helps pay some of your heating costs if you are a qualified Michigan homeowner or renter; through funds from a federal block grant.
- Based on a comparison between either the standard allowance or actual heating costs and total household resources

Who may claim a home heating credit?

- All of the following must apply:
 - Homestead must be in Michigan, and
 - Owned the home or were contracted to pay rent for the home where you lived.
 - Were NOT a full-time student who was claimed as a dependent on another person's return
 - Did NOT live in college- or university-operated housing for the entire year
 - Did NOT live in a licensed care facility for the entire year
 - Total household resources is within the limits in the Standard Allowance and Alternate Credit Computation tables

What is the Home Heating Credit?

- Eligibility Notes:
 - A dependent that was NOT a full-time student IS eligible to claim the credit
 - A manual claim would have to be prepared with zero personal exemptions and must include the amount of support received in total household resources
 - Any special exemptions can either be claimed by the dependent or the person claiming them

What is the Home Heating Credit?

- Eligibility Notes (continued):
 - An individual that lived in a licensed care facility for only part of the year may still be eligible for the credit for the other part of the year
 - Standard allowance must be prorated for the number of days the homestead was owned or rented and occupied
 - If one spouse is in a licensed care facility and the other spouse lives in the home, they may still qualify for a credit
 - File a joint credit claim and leave the question on the Home Heating Credit page in TaxSlayer that states, “If you lived in one of these CARE facilities for all of 2023, select one:” as N/A. (On MI-1040CR-7, line 15, no boxes should be checked.)

Additional Notes

- If the client's heat is included in their rent, they must find out the heat provider and heat type from their landlord.
- **ALWAYS** answer “**Yes**” for the last question on the Home Heating Credit page about whether the client is eligible to receive a refund from their heat provider for any overpayment to the heat account.

Household Members

- To comply with the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), the names, Social Security numbers, and status as a dependent and U.S. citizen or qualified alien for **ALL** household members must be reported on the MI-1040CR-7.
- Household members include:
 - All children claimed as dependents on the return
 - All adults claimed as dependents on the return
 - All other individuals living with you and not claimed on the return

Household Members

- For those that are not already claimed on the return:
 - Include individuals temporarily absent from the homestead due to illness or employment
 - Do not include individuals absent from the homestead for 90 consecutive days or more
 - Do not include individuals who are filing a separate form for their own home heating credit
- Important to Note:
 - If the SSN is not provided for a household member, the credit will be denied
 - Make sure that everyone who lived with the taxpayer during the tax year is listed on the federal Intake/Interview Sheet

Household Members

- If there are household members not already on the claim, not including a qualifying child not claimed as a dependent,
 - TaxSlayer does not have a way to enter the individual's name and information
 - A manual claim has to be prepared and paper filed
 - Make a Note in TaxSlayer

Computing the Home Heating Credit

- Two ways to compute the home heating credit: standard credit and the alternate credit
 - **Standard credit** computation uses standard allowances established by law based on the number of exemptions claimed
 - **Alternate credit** uses heating costs to compute the credit
 - **Eligibility** to use each credit: Total household resources must be within the income limits listed in Table A (standard credit) or Table B (alternate credit) found in the instructions
 - If eligible to claim either credit, figure the credit both ways and claim the larger amount

Alternate Credit

- Need the amount that was billed for heat from **November 1, 2023 through October 31, 2024**
 - Can be found on the December or January heat bills
- **NOT eligible** to use the alternate credit if:
 - Claimant was a part-year resident or claim is for less than 12 months
 - Heating costs were included in rent at the time the claim was filed
 - Claim is filed for a deceased taxpayer

Standard Credit Variations

- Four scenarios where the standard allowance from Table A is not used, but would have to be prorated or the share of the allowance would have to be calculated:
 - Part-year residents
 - Claims for a single deceased taxpayer
 - Homestead occupied less than 12 months
 - Shared housing by single adults

Standard Credit Variations

- **Part-year residents:**
 - Standard allowance prorated for number of days owned or rented and occupied Michigan homestead
 - TaxSlayer calculates the prorated standard allowance based on the dates of residency entered
- **Single deceased claimant:**
 - Standard allowance is prorated from January 1 to the date of death
 - TaxSlayer calculates the prorated standard allowance based on date of death entered in the return

Standard Credit Variations

- **Homestead occupied less than 12 months:**
 - Standard allowance is prorated for number of days owned or rented and occupied Michigan homestead
Example: Full-year resident but was an eligible renter for just a portion of the year
 - ***TaxSlayer*** calculates the prorated standard allowance based on dates of occupancy entered at the bottom of the Home Heating Credit page

Standard Credit Variations

- **When two or more single adults share a home and each has contracted to pay rent or owns a share of the home:**
 - Each person files a home heating credit based on their total household resources and their share of the standard allowance
 - The client must be contracted to pay rent or own a share of the home, otherwise they are not eligible for the credit
 - Enter the number of single occupants into TaxSlayer on Home Heating Credit page

Rules for Married, Divorced or Separated Taxpayers

- Married filing separately and
 - Did not share a homestead the entire tax year – each spouse may claim a credit based on their separate heating costs or exemptions and total household resources
 - Shared a homestead the entire tax year – entitled to one home heating credit and it must include the total household resources of both spouses
 - Taxpayer and spouse may choose how they want to divide the credit

For both scenarios, Form 5049 must be filed (covered later)

Rules for Married, Divorced or Separated Taxpayers

- Married filing separately or divorced taxpayers who shared a homestead for part of the year
 - Credit based on share of the heating costs or exemptions before separation, plus exemptions and heating costs after separation
 - A schedule must be attached showing the computation
 - Form 5049 must be filed with the claim
 - TaxSlayer – Unable to prepare this type of claim in the software. A manual claim must be filed; make a Note in TaxSlayer.

Rules for Married, Divorced or Separated Taxpayers

- Note: If taxpayers maintained separate homesteads for all or part of the year **and** file a joint federal or Michigan return, the home heating credit is based upon either the heating costs of only one home or the number of exemptions in each household. Total household resources must be the combined income of both spouses for the entire year.

Payment Process

- State law requires Michigan Treasury to issue the credit in the form of a State of Michigan Energy Draft that can only be used to pay heat bills
- If heat is provided by DTE Energy, Consumers Energy, or SEMCO Energy Gas, the credit may be sent directly to the heat provider
- If client receives FIP assistance, state disability assistance (SDA), or other MDHHS benefits or is enrolled with MDHHS for direct payment, the law requires the credit to be sent directly to the heat provider, who will then apply it to their account.
- If heat is included in rent *at the time the claim is filed*, the credit will be issued as a check rather than an energy draft.

Payment Process

- If an energy draft is received and heat is included in rent or heat service is in someone else's name (other than the landlord), return the draft with a note of explanation
 - Include a copy of the lease agreement(s) or property tax statements
 - Mail to: Michigan Department of Treasury, Customer Contact, P.O. Box 30757, Lansing, MI 48909
 - Treasury will review the explanation and, if appropriate, reissue the credit in the form of a check. It may take 120 days or more to receive a check.
- If heat is in someone else's name (other than the landlord), inform the client at time of tax preparation that they will receive an energy draft. And that they will need a copy of their lease agreement/property tax bills to include when they return the draft.