



Barn Report

A Dairy Keeper Resource

January 1, 2012

Report 12.004

Michigan Tax Highlights 2012

Michigan will be taxing some retirement income in 2012

We have been getting a number of calls from our clients regarding planning for the changes to Michigan's new tax laws. Here is a quick summary. Feel free to give us a call to discuss your particular case:

Starting in 2012, retirement income could be taxed depending on the retiree's age. For couples, the age of the older spouse applies.

Born before 1946? Public retirement is not taxed. Your private retirement income will not be taxed on amounts up to \$45,120 for single filers, and \$90,240 for joint filers.

Born between January 1, 1946 and December 31, 1952? Public retirement treated the same as private retirement income and only the first \$20,000 for single filers and the first \$40,000 for joint filers will be exempt.

Born after 1952? All retirement income, public, private, will be taxed until retiree turns 67, then the \$20,000 for single and the \$40,000 for joint filers, exemption applies. Some income phase outs apply also.

Energy Efficiency Tax Credits

The Non-Business Energy Property Credit is for homeowners installing energy efficient improvements such as insulation, new windows, and furnaces. The credit is more limited than in the past. Credit is 10% of the cost of the qualified improvements. This has a \$500 lifetime limit.

The Residential Energy Efficient Property Credit is for homeowners that invest in alternative energy equipment. The credit is 30% of what is spend on solar electric systems, solar hot water heaters, geothermal heat pumps, wind turbines, and fuel cell property. No cap exists on the amount of the credit

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