

## Instructions for Form 777

### Resident Credit for Tax Imposed by a Canadian Province

You will need your U.S. Form *1040*, all U.S. *1116* forms, *Canadian Federal Individual Income Tax Return* and Canadian Form *T-4* to complete your Michigan Form 777. Include copies of all of these forms with your Form MI-1040 return.

#### **Who May Claim This Credit**

To qualify for a credit using this form, you must:

- Be a resident or part-year resident of Michigan,
- Have income that was subject to income tax by both Michigan and a Canadian province, **and**
- File a Canadian return which shows provincial tax paid.

**NOTE:** The surtax for individuals who are not residents of Canada may not be used to compute a Michigan tax credit. If your Canadian return submitted with your MI-1040 return does not show provincial tax, you do not qualify for a Michigan tax credit.

#### **Credit Computation**

The maximum credit for tax imposed by a Canadian province is the smaller of:

- Michigan tax due on the Canadian income, **or**
- The provincial tax you did not claim for credit on your U.S. Form *1040*.

Credit is not allowed for:

- Canadian provincial tax unused in prior years but carried over to your **2025** U.S. Form *1116*.
- Canadian provincial tax unused in **2025** and claimed as a carryover deduction to future years.
- Taxes paid on income subtracted on line 13 of your MI-1040 (e.g., rental or business income from another state or Canada, part-year resident wages).
- Canadian federal tax, contributions to Canadian Pension Plan, or taxes paid to any other foreign country or subdivision of a foreign country, other than a province of Canada.

**NOTE:** If you reduce your U.S. income tax by a carryover of provincial tax, you must amend your prior year Michigan income tax return to reduce the credit computed on that year's return.

---

#### **Conversion Rate**

The conversion rate used on this form for the **2025** tax year is the conversion rate of **xx.xx%** (**0.xxxx**).

If you used a conversion rate on your **2025** U.S. Form *1116* other than **xx.xx%**, replace the rate in Part 1 of this form with the rate used on your **2025** U.S. Form *1116*.

---

#### **Line-by-Line Instructions**

Lines not listed are explained on the form.

**Line 1:** Enter your Canadian income taxable by Michigan. This includes, but is not limited to, salaries, wages, commissions and other employment income.

Part-year residents: Compensation reported on this line may include only the portion earned while a Michigan resident.

**Line 2:** If box 14 of Canadian Form *T-4* includes fringe benefits reported in your U.S. adjusted gross income (AGI), reduce the amount in box 14 by the fringe benefits amount included in AGI on your U.S. Form *1040*. Note: This reduction must be accompanied by verification from your employer.

**Line 12:** Enter contributions to a Canadian Pension Plan from boxes 16 and 17 on the Canadian Form *T-4* (maximum of **\$4,034**) or from line 42100 of the Canadian return.

Part-year residents must prorate the amount on this line. Divide Canadian salaries and wages earned as a Michigan resident by total Canadian salaries and wages earned. Then multiply the total contribution from boxes 16 and 17 by the resulting percentage.

**Line 13:** Multiply line 12 by **xx.xx%** (**0.xxxx**) and enter the result.

**Line 15:** Enter your Canadian income from line 4.

**Note:** Interest and dividends from Canada received by a Michigan resident are taxable by Michigan as Michigan sourced income.

**Line 29a:** Enter the portion of the U.S. foreign tax credit reported on U.S. Form *1040*, *Schedule 3*, line **1** that is based on Canadian federal tax, Canadian provincial tax, and contributions to Canadian Pension Plan paid or accrued in **2025**. The amount entered must not include the portion of the U.S. credit attributable to carryover of prior year tax and must not include Canadian taxes carried over to a year after **2025**. In computing the U.S. credit, it is presumed the Canadian federal income tax is claimed first.