2021 MICHIGAN Resident Credit for Tax Imposed by a Canadian Province

PART 1: CONVERSION OF CANADIAN WAGES AND TAXES TO UNITED STATES CURRENCY		under authority of Public Act 281 of 1967, as amended. Include with MI-1040. Type or print in Name(s) as shown on your MI-1040 (First, Middle Initial, Last)		Filer's Full Social Secu	rity Number	
1. Canadian income taxed by Michigan	Home	Home Address (Street, City, State, ZIP Code)		Spouse's Full Social Security Number		
1. Canadian income taxed by Michigan						
1. Canadian income taxed by Michigan	PART	1: CONVERSION OF CANADIAN WAGES AND TAXES TO UNIT	TED ST	ATES CURRENC	Y	
2. Fringe benefits included in Box 1 ⁴ of the T-4, not taxable in U.S. 2 00 3. Subtract line 2 from line 1					-	
3. Subtract line 2 from line 1. 4. Multiply line 3 by the conversion rate of 79.79% (0.7979) (see instructions) 5. Total Canadian income from line 15000 of your Canadian income tax return 6. Multiply line 5 by the conversion rate of 79.79% (0.7979) 7. Divide line 4 by line 6 (percentage of Canadian income taxed by Michigan to total Canadian income. 8. Multiply the Canadian federal tax (line 42000 of Canadian return) 8. Multiply line 8 by line 7. 10. Multiply line 8 by line 7. 11. Multiply line 8 by line 7. 12. Contribution to Canadian Pension Plan from Form 7-4, Boxes 16 and 17. 12. Contribution to Canadian Pension Plan from Form 7-4, Boxes 16 and 17. 13. Multiply line 1 by the conversion rate of 79.79% (0.7979) 14. Adjusted gross income from MI-1040, line 10. 15. Canadian income taxed by Michigan from line 4, above. 16. U. S. adjustments to Canadian wages (from U.S. Form 1040, Schedule 1, lines 11 through 23 and 25). 17. Subtract line 1 form line 14 for Michigan sourced income. 18. Subtract line 17 form line 14 for Michigan sourced income. 19. Add lines 17, 18 and 19. 20. Add lines 17, 18 and 19. 21. Subtractions from MI-1040, line 13. 22. Subtract line 17 form line 20 for income subject to tax. 23. Divide line 17 by line 22 for percentage of Canadian income to total income subject to tax. 24. Exemption allowance from MI-1040, line 15. 25. Subtract line 24 from line 22 for raxable income 26. Multiply line 26 by line 23 or Michigan tax rate of 4.25% (0.0425). 27. Multiply line 26 by line 26 or Michigan tax rate of 4.25% (0.0425). 28. Add lines 91 and 13 for total tax paid in Canadia. 29a. Canadian portion of credit, excluding carryovers, claimed on U.S. Form 1040. 29b. Canadian income taxed by Michigan from ill U.S. 1116 forms. 29c. Gross Canadian income tome from all U.S. 1176 forms. 29c. Gross Canadian income tome of the proper						
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12. Contribution to Canadian Pension Plan from Form 7-4, Boxes 16 and 17. 12. 00 13. Multiply line 12 by the conversion rate of 79.79% (0.7979) 13. PART 2: COMPUTATION OF MICHIGAN TAX 14. Adjusted gross income from MI-1040, line 10 14. 15. Canadian income taxed by Michigan from line 4, above 15. 000 16. U.S. adjustments to Canadian wages (from U.S. Form 1040, Schedule 1, lines 11 through 23 and 25) 16. 000 17. Subtract line 16 from line 15. 17. 18. Subtract line 17 from line 14 for Michigan sourced income 18. 19. Additions from MI-1040, line 11. 19. 20. Add lines 17, 18 and 19. 20. 20. 21. Subtract line 21 from line 20 for income subject to tax. 21. 22. Subtract line 21 from line 20 for income subject to tax. 22. 23. Divide line 17 by line 22 for percentage of Canadian income to total income subject to tax. 23. Who will be a subject to tax. 24. 25. Subtract line 24 from line 22 for taxable income 25. Multiply line 25 by the Michigan tax rate of 4.25% (0.0425) 26. 27. Multiply line 26 by line 23 for Michigan tax on Canadian province income 28. Add lines 9, 11 and 13 for total tax paid in Canada 28. 00. 29b. Canadian income taxed by Michigan from all U.S. 1116 forms 29b. 00. 29b. Canadian income taxed by Michigan from all U.S. 1116 forms 29c. 00. 29d. Divide line 29b by line 29c and enter percentage 29d. 29e. Multiply line 29b by line 29c and enter percentage 29d. 29e. Multiply line 29b by line 29d for adjusted amount claimed on U.S. Form 1040. 29e. 00. 30. Subtract line 29e from line 28 for amount available for credit on MI-1040. 30.		\$ by the conversion rate of 79.79% (0.7979)	10.	00		
13. Multiply line 12 by the conversion rate of 79.79% (0.7979)	11.	Multiply line 10 by line 7	<u></u>		11.	00
PART 2: COMPUTATION OF MICHIGAN TAX 14. Adjusted gross income from MI-1040, line 10						
14. Adjusted gross income from MI-1040, line 10 14. 15. Canadian income taxed by Michigan from line 4, above 15. 00 16. U.S. adjustments to Canadian wages (from U.S. Form 1040, Schedule 1, lines 11 through 23 and 25) 16. 00 17. Subtract line 16 from line 15 17. 18. 17. 18. Subtract line 17 from line 14 for Michigan sourced income 18. 19. 20. Add lines 17, 18 and 19 20. 20. 21. Subtractions from MI-1040, line 13 21. 22. 22. Subtract line 21 from line 20 for income subject to tax 22. 22. 23. Divide line 17 by line 22 for percentage of Canadian income to total income subject to tax 23. 46 24. Exemption allowance from MI-1040, line 15 24. 25. 26. 25. Subtract line 24 from line 22 for taxable income 25. 26. 26. Multiply line 25 by the Michigan tax rate of 4.25% (0.0425) 26. 27. 27. Multiply line 26 by line 23 for Michigan tax on Canadian province income 27. 28. Add lines 9, 11 and 13 for total tax paid in Canada 28. 00 29a. Canadian portion of credit, excluding carryovers, claimed on U.S. Form 1040, Schedule 3, line 1 (see instructions) 29a. 00 <td< td=""><td></td><td></td><td></td><td></td><td>13.</td><td>00</td></td<>					13.	00
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lines 11 through 23 and 25)	15.	Canadian income taxed by Michigan from line 4, above	15.	00		
17. Subtract line 16 from line 15	16.					
18. Subtract line 17 from line 14 for Michigan sourced income. 18. 19. Additions from MI-1040, line 11. 19. 20. Add lines 17, 18 and 19. 20. 21. Subtractions from MI-1040, line 13. 21. 22. Subtract line 21 from line 20 for income subject to tax. 22. 23. Divide line 17 by line 22 for percentage of Canadian income to total income subject to tax. 23. 24. Exemption allowance from MI-1040, line 15. 24. 25. Subtract line 24 from line 22 for taxable income 25. 26. Multiply line 25 by the Michigan tax rate of 4.25% (0.0425) 26. PART 3: ALLOWABLE CREDIT FOR TAX PAID TO CANADIAN PROVINCE(S) 27. 27. Multiply line 26 by line 23 for Michigan tax on Canadian province income 28. 28. Add lines 9, 11 and 13 for total tax paid in Canada. 28. 00 29. Adjustments to credit claimed on U.S. Form 1040: 29a. 00 29a. Canadian portion of credit, excluding carryovers, claimed on U.S. Form 1040, Schedule 3, line 1 (see instructions) 29a. 00 29b. Canadian income taxed by Michigan from all U.S. 1116 forms 29b. 00 29c. Gross Canadian income from all U.S. 1116 forms 29c. 00 29e. Multiply line 29a by line 29d for adjusted amount claimed on U.S. Form 1040 29		, ,	_			
19. Additions from MI-1040, line 11	17.				17.	00
20. Add lines 17, 18 and 19	18.	——————————————————————————————————————				00
21. Subtractions from MI-1040, line 13		•				00
22. Subtract line 21 from line 20 for income subject to tax						00
23. Divide line 17 by line 22 for percentage of Canadian income to total income subject to tax						00
total income subject to tax	22.		····		22.	00
24. Exemption allowance from MI-1040, line 15	23.					
25. Subtract line 24 from line 22 for taxable income		•	23.	[%]		
26. Multiply line 25 by the Michigan tax rate of 4.25% (0.0425)						00
PART 3: ALLOWABLE CREDIT FOR TAX PAID TO CANADIAN PROVINCE(S) 27. Multiply line 26 by line 23 for Michigan tax on Canadian province income						00
27. Multiply line 26 by line 23 for Michigan tax on Canadian province income					26.	00
28. Add lines 9, 11 and 13 for total tax paid in Canada			-	•	o [
29a. Canadian portion of credit, excluding carryovers, claimed on U.S. Form 1040, Schedule 3, line 1 (see instructions) 29a. 29b. Canadian income taxed by Michigan from all U.S. 1116 forms 29b. 29c. Gross Canadian income from all U.S. 1116 forms 29c. 29d. Divide line 29b by line 29c and enter percentage 29d. 29e. Multiply line 29a by line 29d for adjusted amount claimed on U.S. Form 1040 29e. 30. Subtract line 29e from line 28 for amount available for credit on MI-1040 30.		Multiply line 26 by line 23 for Michigan tax on Canadian province income			27.	00
29a. Canadian portion of credit, excluding carryovers, claimed on U.S. Form 1040, Schedule 3, line 1 (see instructions)			28.	[00]		
U.S. Form 1040, Schedule 3, line 1 (see instructions)	29.	•	Г			
29b. Canadian income taxed by Michigan from all U.S. 1116 forms			00			
29c. Gross Canadian income from all U.S. 1116 forms						
29d. Divide line 29b by line 29c and enter percentage		• •				
29e. Multiply line 29a by line 29d for adjusted amount claimed on U.S. Form 1040						
amount claimed on U.S. Form 1040			∠9a. _	%		
30. Subtract line 29e from line 28 for amount available for credit on MI-1040			202			
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32. Credit for tax paid to Canadian province (lesser of lines 27, 30 or 31). Enter here and on MI-1040, line 18b	32.				22	00

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 <u>not</u> 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 <u>not</u> 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 2021 U.S. Form *1116*.
- Canadian provincial tax unused in 2021 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 2021 tax year is the conversion rate of 79.79% (0.7979).

If you used a conversion rate on your 2021 U.S. Form *1116* other than 79.79%, replace the rate in Part 1 of this form with the rate used on your 2021 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 \$3,166.45) 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 79.79% (0.7979) 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 2021. 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 2021. In computing the U.S. credit, it is presumed the Canadian federal income tax is claimed first.