

## *Michigan Income Taxes Benefits – Michigan vs. Wisconsin*

### **MICHIGAN**

#### **Sales Taxes**

**State Sales Tax:** 6% (food and prescription drugs exempt; home heating fuels are taxed at 4%)

**Gasoline Tax:** 36.2 cents/gallon

**Diesel Fuel Tax:** 32.9 cents/gallon

### **MICHIGAN**

#### **Personal Income Taxes**

**Tax Rate Range:** Flat rate of 4.35% of federal adjusted gross income with modifications; some cities impose additional income taxes. Effective October 1, 2011, the rate will be reduced by 0.1% each year for the next four years until the tax rate is 3.95%. Beginning October 1, 2015, the rate is 3.9%.

### **MICHIGAN**

**Personal Exemptions:** Single - \$3,400; Married - \$6,800; Dependents - \$3,400; Persons 65 or older can claim an additional \$2,200 exemption.

**Standard Deduction:** None

**Medical/Dental Deduction:** Medical expenses in excess of 3% of household income are deductible.

**Federal Income Tax Deduction:** None

### **WISCONSIN**

#### **Sales Taxes**

**State Sales Tax:** 5% (food and prescription drugs exempt); County tax is 0.5%.

**Gasoline Tax:** 32.9 cents/gallon

**Diesel Fuel Tax:** 32.9 cents/gallon

### **WISCONSIN**

#### **Personal Income Taxes**

**Tax Rate Range:** Low - 4.6%; High - 6.75%

**Income Brackets:** Lowest - \$9,510; Highest - \$142,650

**Number of Brackets:** 4

### **WISCONSIN**

**Personal Exemptions:** Single - \$700; Married - \$1,400; Dependents - \$700; 65 or older - \$1,000.

**Additional Exemption:** Each taxpayer and spouse over 65 - \$250

**Standard Deduction:** Single - \$8,444 maximum (reduced as income rises); Married filing jointly - \$15,830 maximum (reduced as income rises); Deduction phases out to zero for single filers at \$86,500 and joint filers at \$97,818.

**Medical/Dental Deduction:** 5% credit for expenses in excess of standard deduction

**Federal Income Tax Deduction:** None

## **MICHIGAN**

**Retirement Income Taxes:** Social Security, military, federal, and state/local government pensions are exempt. Private pension income is exempt up to \$42,240 (individual filers) or \$84,480 (married filing jointly). These private pensions are reduced by the amount of any public pension deduction claimed. Taxpayers 65 or older may deduct interest, dividends, and capital gains up to \$9,420 (individual filers) or \$18,840 (married filing jointly). These deductions are reduced by any pension exemption taken. Federal and Michigan public pensions are totally exempt. Public pensions include benefits received from the federal civil service, State of Michigan public retirement systems and political subdivisions of Michigan, military retirement and Tier 2 railroad retirement. If the conditions of the plan under step one are met, then these payments are totally exempt from Michigan income tax. Michigan residents can treat the public pensions received from the following states as totally exempt: Alaska, Florida, Hawaii, Illinois, Massachusetts, Mississippi, Nevada, New Hampshire, Pennsylvania, South Dakota, Tennessee, Texas, Washington, and Wyoming. Michigan residents who receive public pensions from other states are subject to the private pension exemption limits. Michigan residents who receive public pensions from states not listed above are subject to the private pension exemption limits. Private pension subtractions are limited to \$42,240 on a single return and \$84,480 on joint returns for tax year 2007.

## **WISCONSIN**

**Retirement Income Taxes:** Generally the same amount of your pension and annuity income that is taxable for federal tax purposes is taxable by Wisconsin. No more than 50% of Social Security is taxable. However, after January 1, 2008, Social Security will no longer be taxable. Railroad Retirement benefits are not taxable. Certain Wisconsin state and local government retirees qualify for a tax exemption. Out-of-state government pensions are fully taxed. All retirement payments from the U.S. military employee retirement system, the Coast Guard, the commissioned corps of the National Oceanic and Atmospheric Administration and the Public Health Service are exempt. Retired persons whose income is less than \$10,000 (\$19,000 if married filing a joint return) are also eligible for a "working family's tax credit." This credit reduces or completely eliminates the Wisconsin income tax for persons, including retirees, who are full-year residents of Wisconsin. It is not necessary that you be employed, or that you have more than one person in your household, in order to claim this credit.

Sources – Retirement Living Information Center: <http://www.retirementliving.com/index.html>  
Michigan Department of the Treasury: <http://www.michigan.gov/taxes>  
Wisconsin Department of Revenue: <http://revenue.wi.gov/>

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