

First-Time Homebuyer Savings Account Program Overview

Public Acts 5 and 6 of 2022 (Pas 5 and 6) were signed into law on February 9, 2022, by Governor Gretchen Whitmer

The Michigan First-Time Homebuyer Savings Program allows an individual to open first-time homebuyer savings account with any financial institution authorized to do business in Michigan and allows for favorable state tax treatment for qualified contributions and withdrawals from these accounts. The first-time homebuyer savings account can be opened for oneself, but also on behalf of a qualified beneficiary like a child, grandchild, niece, nephew, and more. This document is an abbreviated version of the [notice](#) (Michigan.gov) provided by the Michigan Treasury on May 19, 2022, describing the program and tax treatment of contributions to and withdrawals from these types of accounts.

Use this document when visiting a financial institution to open a first-time homebuyer savings account or share it with friends, family, or colleagues who could be interested in taking advantage of this new tool and investing towards a first-time home purchase in Michigan.

How To Open a First-Time Homebuyer Savings Account

To open a first-time home buyer savings account, an account holder merely needs to create a new account with a financial institution authorized to do business in Michigan.

An account holder may open a savings, checking, or money market account at a financial institution that the holder will later designate as a first-time homebuyer account when filing a Michigan income tax return. The financial institution has no role or responsibility in designating the account as a first-time home buyer account. Rather, that designation occurs when the account holder so designates the account when filing their tax return.

Who is a First-Time Homebuyer?

A first-time homebuyer is a Michigan resident who has not owned or purchased (individually or jointly) a single-family residence during a period of 3 years before the date of the purchase of a Michigan single-family residence.

Who is an Account Holder?

An account holder is an individual who establishes, either individually or jointly with another individual with whom they file joint tax returns, an account with a financial institution for which the account holder claims first-time homebuyer savings account status on his or her income tax return.



Who is a Qualified Beneficiary?

A qualified beneficiary is a first-time homebuyer who is designated as the beneficiary of a first-time homebuyer savings account by the account holder. The account holder may be the qualified beneficiary of the account.

Which Financial Institutions May Be Used to Create a First-Time Homebuyer Savings Account?

A first-time homebuyer savings account can be established at any bank, trust company, savings institution, industrial loan association, consumer finance company, credit union, benefit association, insurance company, safe deposit company, money market mutual fund, broker, or other similar entity that is authorized to do business in Michigan.

Are Contributions to a First-Time Homebuyer Savings Account Tax Deductible?

Yes. Contributions made by a taxpayer to a first-time homebuyer account during the tax year may qualify for a deduction from Michigan taxable income to the extent they were not deducted in determining adjusted gross income (AGI). However, the contributions must be netted against qualified withdrawals made in the same year for a total deduction up to \$5,000 on a single return or \$10,000 on a jointly filed return.

Is Interest Earned on a First-Time Homebuyer Savings Account Deductible?

Yes, to the extent not deducted in determining AGI, interest earned in the tax year on an account is deductible. The account holder must submit with their MI-1040 income tax return account statements showing contributions and withdrawals made during that tax year, taxable interest or earnings on the account, and the Form 1099 issued by the financial institution for the account.

For What Tax Years May Deductions be Taken for Contributions to First-Time Homebuyer Savings Accounts?

Deductions for contributions by the account holder to first-time homebuyer savings accounts may be taken for tax years that begin on or after January 1, 2022, and through December 31, 2026.

Is There an Income Tax Form that must be Filed for a First-Time Homebuyer Savings Account?

Yes, a Michigan First-Time Home Buyer Savings Account income tax form must be completed and filed with the taxpayer's MI-1040. The Department is currently developing this form, which will be available on the Department's website (www.michigan.gov/taxes) by the close of 2022. The form will require the account holder's name, the name of the qualified beneficiary, the name of the financial institution and account number, the beginning and year-end balance of the account, and the amount of the deduction claimed for that tax year.

Find out more information and download this document by visiting GMARonline.com/First-Home-Savings

