

You May Be Eligible for a Tax Credit from the State

Introduction

For tax years beginning on or after January 1, 2001, an owner or renter of a principal residence located in Massachusetts who is age 65 or older, as of December 31, in any given year, may be eligible to claim a refundable credit against personal income taxes. Known as the "circuit breaker credit," this credit is based upon the actual real estate taxes or rent paid by a taxpayer eligible to claim the credit.

Income Threshold Amounts

A Massachusetts taxpayer 65 or older who owns or rents his or her principal residence is eligible for the circuit breaker credit if he or she meets certain requirements. For tax year 2018, the taxpayers "total income" cannot exceed \$58,000 for a single individual who is not the head of household, \$73,000 for a head of household, and \$88,000 for a husband and wife filing jointly.

Assessed Valuation Threshold Amount for Homeowners

For tax year 2018 the assessed valuation of the homeowner's principal residence may not exceed \$778,000. If the homeowner owns more than one acre of land, only the assessed value of the principal residence, together with land that immediately surrounds and is associated with that residence, not to exceed one acre, should be used in determining the eligibility of the taxpayer for the credit.

Renters

The credit is equal to the amount by which 25% of the rent actually paid by the taxpayer exceeds 10% of the taxpayer's total income, provided that such amount does not exceed the maximum credit amount. For the tax year 2012, the maximum credit amount is \$1,030.

Real Estate taxes paid = \$3,600 (25% x \$14,400) = \$3,600

- Less: 10% of total income = 10% x \$ 31,300 = (\$3,130)
- Total : \$470

Homeowner

The credit is equal to the amount by which the taxpayer's property tax payments in the current tax year, including water and sewer use charges paid to a municipality, but excluding any betterments, property tax abatements, or exemptions granted, exceeds 10% of the taxpayer's total income, provided that such amount does not exceed the maximum credit amount. For tax year 2018, the maximum credit amount is \$1,100.

Real Estate taxes paid = \$3,900

- Less: 10% of total income = 10% x \$30,000 = (\$3,000)

Total: \$790

For specific qualification requirements and applications contact the MA Department of Revenue or call their toll free number 1-800-392-6089 Monday through Friday, 10:00 am to 1:00 pm and 1:30 pm to 4:00 pm.

Or go to <https://www.mass.gov/orgs/massachusetts-department-of-revenue>