

Senior "Circuit Breaker" Tax Credit

You may be eligible for a refundable property tax credit!

By **Laura Feakes**, *Elder Services I & R Specialist*

Certain seniors who own or rent residential property are eligible for a refundable property tax credit – find out below if you qualify:

The Circuit Breaker (CB) tax credit is offered to older persons in Massachusetts to offset high property tax bills. This tax break is called the "circuit breaker" because it is triggered like an electrical circuit breaker, when property tax payments, together with half of your water and sewer expense exceeds 10% of a person's income for the same tax year. Even though the CB tax credit is based on your property tax payment, it is the state that pays you back - not your local city or town.

To be eligible for the credit for the 2023 tax year you must be at least 65 years of age before January 1, 2024, **own or rent a home or apartment** in Massachusetts and occupy it as your principal residence. Your 2023 total income cannot exceed \$69,000 for a single filer, \$86,000 for a head of household, or \$103,000 for married couples filing a joint return. For purposes of this credit, "total income" includes taxable income as well as exempt income such as social security, treasury bills, and public pensions. The assessed valuation of your property cannot be more than \$1,025,000. If the taxpayer owns more than one acre of land, only the assessed value of the principal residence, together with the 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. The maximum credit allowed for tax year 2023 is \$2,590, a significant increase from last year thanks to

a new tax relief package signed into law by the Governor.

If you rent, the law assumes that 25% of your rent goes toward property taxes. A formula, based on actual rent paid during the calendar year, is used to determine the amount of an elder tenant's CB credit. No credit is allowed if the taxpayer claims the married filing separate status, receives a federal or state rent subsidy, rents from a landlord who is not required to pay real estate taxes, or is the dependent of another taxpayer.

You claim the credit by submitting a completed Schedule CB Worksheet and Schedule CB, Circuit Break Credit, with a 2023 state income tax return. If you do not normally file a state return because you don't owe any state taxes, you still can take advantage of this tax break by filing a Form One plus the Schedule CB. Full-year resident taxpayers who have previously filed a Massachusetts return are eligible to file an income tax return and apply for the Senior Circuit Breaker Tax credit on MassTaxConnect for free. Or, if you're eligible, complete Schedule CB with your Mass state income tax return, using your tax software. You can also print out the forms found online and mail them to the Mass DOR. Any credit received by an eligible taxpayer is not considered income for the purposes of obtaining eligibility or benefits under other means-tested assistance programs including food, medical, housing, and energy assistance programs.

If you find yourself eligible, you can go back 3 tax years and claim the credit retroactively. For example, you have until April 17, 2024 to file for the circuit breaker tax rebate for 2020. If you filed a Form One, you must file a Form CA-6, which is an Application for

Abatement/Amended Return. Along with the amendment form, you submit a Schedule CB to calculate your credit. If you did not file Form 1, you must file Form 1 for that year now, together with Schedule CB. This must be completed within 3 years from the last day for filing the return, without regard to any extension of time to file.

For more information, you can go to the Mass. Dept of Revenue website, www.mass.gov/dor, where you can download forms and detailed instructions, including the brochure "Tax Tips for Seniors and Retirees" and "Massachusetts Tax Information for Seniors and Retirees".

Free tax preparation assistance may be available from early February until April 15th through the Tax-Aide Program sponsored by the AARP Foundation for all middle and low-income taxpayers, with special attention to those age 60 and older. Volunteers are trained in cooperation with the IRS and will assist in filling out tax forms and then filing them electronically. You do not need to be a member of AARP or a retiree to use this service. Berkshire County sites offering this service are generally local Senior Centers. The IRS' Volunteer Income Tax Assistance (VITA) sites also offer free basic tax return preparation for qualified individuals. Local VITA sites include Berkshire Community Action Council (bcacinc.org, Pittsfield 413-418-3685; North Adams 413-663-3014) and Berkshire Habitat for Humanity (berkshirehabitat.org/vita, 413-442-3181).

There are some other programs available if you feel burdened by property taxes. Massachusetts law allows cities and towns to give exemptions, deferrals or abatements to

seniors, the blind, veterans, and other eligible homeowners to help them pay their property tax bills. Seniors can also earn abatements through the Senior Property Tax Work-Off Program. Some of these programs are mandated by law, while others are by local option. Your board of assessors, as the local tax administrator, decides whether you qualify. To find out about the specific eligibility and application requirements in your city or town, you must contact your local board of assessors. For more information, see the DOR's Taxpayer's Guide to Local Property Tax Exemptions and Deferrals, www.mass.gov/lists/property-tax-forms-and-guides. If you do not have access to the internet, you can request a copy from Elder Services.

Elder Services Information and Referral (I & R) Department provides information about problems or issues relevant to seniors. I & R Specialists can be reached at 413-499-0524 or 1-800-544-5242.

DID YOU KNOW?

- In creating a password for your devices or accounts you should use at least 8 characters including one uppercase character, one lower case character, at least one number and at least one symbol.