



Circuit Breaker Law Gives Seniors Real Estate Tax Relief

There is a law that expands the state income tax credit for elders with high property taxes.

The “Circuit-Breaker” law allows elders to get a refundable state tax credit if their local property tax and water/sewer bills exceed more than 10% of their income. Elderly renters can also take advantage of this law if 25% of their annual rent exceeds 10% of their annual income. To figure how much the state may owe you, get a copy of Schedule CB by calling 1-800-392-6089 (press “1” to wait for an agent). Or, find it on the Internet at http://www.dor.state.ma.us/Forms/IncTax05/PDFs/sch_cb.pdf.

Even if you owe no state taxes, you can still get up to \$930 back. Some seniors may even be able to claim up to three years retroactively by contacting the Department of Revenue, which means you would be able to collect a check for as much as \$3,460. To figure out exactly how much you are owed by the state, you can receive a copy of the State Income Tax Schedule Circuit Breaker at your public library or by calling 1-800-392-6089.

The new law also increases the housing threshold every year. By indexing the housing threshold to property value increases, seniors will not be priced out of receiving this credit in future years solely because of the appreciation in the value of their home. Every year the income eligibility and the actual credit amount will go up by an inflation factor, but the qualifying home value will go up even faster. In 2009, the qualifying home value has been raised from \$772,000 to \$793,000.

Cities and towns have the option to lower the 8% rate of interest on deferred property tax bills to as low as 0%. Deferred taxes, plus interest, must eventually be paid, either when the owner dies, or the property is transferred.

To qualify, you must be a Massachusetts resident, 65 years of age or older and either own or rent residential property in the state as your primary residence. In addition, your annual income must be less than \$49,000 if you are a single filer, less than \$60,000 as head of the household, or less than \$74,000 if you are filing jointly.

Tax preparers don’t always know about this credit, so be sure to ask that they calculate your “Circuit Breaker” credit!