

What is the Circuit Breaker Tax Credit?

The Circuit Breaker Tax Credit is a state income tax credit for eligible Massachusetts residents age 65 or older who paid rent or real estate taxes during the tax year. Even though the credit is based on property taxes, it is the state government, not the city or town, that pays the credit.

The credit is for senior homeowners and renters who meet income limits and other eligibility requirements. Homeowners may claim the credit if they paid more than 10% of their total income for real estate taxes, including water and sewer debt charges. Renters can count 25% of their rent as real estate tax payments. If your credit is greater than the amount of income taxes you owe, the state will give you a refund for the difference. The maximum credit for tax year 2009 is \$960.

To qualify:

You or your spouse must be age 65 or older by the end of the tax year : If married, you must file jointly

You cannot be the dependent of another taxpayer

You must rent or own a home in Massachusetts that is your principal residence

If you are a homeowner, your property's assessed value cannot be greater than \$788,000 on January 1, 2009

If you are a renter, you cannot be getting a federal or state rent subsidy (such as Section 8), and your landlord must pay property taxes

You must meet the income limits

The amount you paid for real estate taxes must be greater than 10% of your total income

What are the income limits?

\$51,000 single

\$64,000 head of household

\$77,000 married filing jointly

"Total income" includes social security, retirement, pensions and annuities, cash public assistance, tax-exempt interest and dividends, and certain other income.

How do I calculate real estate tax payments?

Homeowners should include all real estate tax payments (minus any abatements or exemptions) actually paid during the tax year

Homeowners may also add 50% of the water and sewer charges paid during the year (unless they live in one of the following communities that includes water and sewer debt charges in the real estate taxes: Arlington, Avon, Easthampton, Hadley, Hatfield, Webster, and Winchester)

Renters should count 25% of the rent payments they actually paid during the tax year as real estate tax payments.

What benefits will I get?

The maximum tax credit you can get is \$960 for tax year 2009. The actual credit you will get depends on your income and your real estate tax payments.

If you did not claim the circuit breaker tax credit in previous years, you can go back and claim the credit now.

You are allowed to file back three years to claim the credit. The circuit breaker credit was started in 2001.

How do I apply?

You must file a Massachusetts state income tax return to claim the Circuit Breaker Credit, whether or not you normally file a state tax return. You must include Schedule CB, Circuit Breaker Credit, with Form 1.

If you do not wish to use paper forms, you may file electronically.

Where can I get help? You may go to any Tax Professional. Also, if you have income of less than \$40,000 married and \$15,000 single you may have it done for free by a Volunteer Tax Preparation Program through Citizens For Citizens, in Taunton, MA. Tel. # 508-823-6346. For more information please call Dighton Council on Aging at 508-823-0095