

Circuit Breaker Tax Credit

WHAT IS THE “CIRCUIT BREAKER”?

The Circuit Breaker Tax Credit provides up to \$820 in tax relief under the law that allows certain Massachusetts homeowners and tenants, age 65 or older, to claim a refundable credit on their 2004 state return for the real estate taxes they paid on property they own or rent. Qualifying taxpayers are eligible even if they do not pay or owe any state income taxes.

WHO IS ELIGIBLE?

To be eligible for the credit, a taxpayer must:

- Be a Massachusetts resident age 65 or older (if filing jointly, only one taxpayer must be age 65 or older)
- Own or rent residential property in Massachusetts as their primary residence
- Have an annual income of \$44,000 or less for a single filer; \$55,000 or less for a head of household; or \$66,000 or less for joint filers

WHO IS NOT ELIGIBLE?

- Married persons who do not file jointly for this credit
- Those who are dependent on another tax filer
- Those who receive federal or state rent subsidy directly or those who live in a property-tax exempt facility
- Those whose property is assessed at a value of \$441,000 or more as of January 1, 2004

HOW DO I CLAIM THE CREDIT?

Taxpayers who are eligible can claim the credit by submitting a completed Schedule CB with their 2004 state income tax return.

FOR MORE INFORMATION

CONTACT:

Tax Payer Service Line, 1-800-392-6089, for specific tax questions.

Mystic Valley Elder Services, 781-324-7705, for questions about aging.

TAX CREDIT WORKSHEET

For Homeowners:

Step 1: Determine Tax Credit Base

Your Property Tax (a) \$ _____
 + (plus) 50% of your
 water/sewer bill (b) \$ _____
 = (c) \$ _____

Step 2: Calculate Your Qualifying Income

Total Annual Income (d) \$ _____
(include all income exempt from state income tax, i.e. Social Security, state/municipal pensions, etc.)
 - (minus) Exemptions (e) \$ _____
(See 2003 Massachusetts state income tax return Form 1 booklet for total exemptions: line 2b for other dependents, line 2c for age 65+, line 2d for blindness)
 x (times) .10 = (f) \$ _____
 = (g) \$ _____

Step 3: Calculate Possible Credit*

Line (c) \$ _____
 - (minus) Line (g) \$ _____
 = **Possible Credit*** \$ _____

For Renters:

Step 1: Determine Tax Credit Base

Your Annual Rent (a) \$ _____
 x (times) 0.25 (b) \$ _____

Step 2: Calculate Your Qualifying Income

Use Step 2 above, enter amount in line (g) here:
 (c) \$ _____

Step 3: Calculate Possible Credit*

Line (b) \$ _____
 - (minus) Line (c) \$ _____
 = **Possible Credit*** \$ _____

* The maximum tax credit for the 2004 tax year is \$820. **This is NOT an official tax document.**