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TIR 17-8: Annual Update of Real Estate Tax Credit for Certain Persons Age 65 and Older

I. 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 at the close of the taxable 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. See G.L. c. 62, § 6(k), added by sections 80 and 81 of chapter 127 of the Acts of 1999. This Technical Information Release ("TIR") updates TIR 01-19, "Real Estate Tax Credit for Certain Persons Age 65 and Older," by providing the income and assessed valuation threshold amounts and the maximum credit amount for tax year 2017.

II. 2017 Income Threshold Amounts for Renters and Homeowners

A Massachusetts taxpayer age 65 or older that owns or rents his or her principal residence may qualify for the circuit breaker credit if he or she meets the eligibility requirements as stated in TIR 01-19.

Under G.L. c. 62, § 6(k)(4), for purposes of calculating the circuit breaker credit, total income and maximum credit thresholds are adjusted annually to reflect inflation for the calendar year in which the taxable year begins.

For tax year 2017, the taxpayer's "total income" cannot exceed \$57,000 for a single individual who is not the head of a household, \$72,000 for a head of household, and \$86,000 for married couples filing a joint return.

III. 2017 Assessed Valuation Threshold Amount for Homeowners

For tax year 2017, the assessed valuation, before the residential exemptions but after abatements, of the homeowner's principal residence may not exceed \$747,000. 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 Department annually adjusts the assessed value threshold limit by using a cost-of-housing adjustment that reflects the change in the average assessed value of single family homes in Massachusetts from the previous calendar year.

IV. Calculation of the Credit Available in 2017

A. Renters

In the case of a taxpayer who rents his or her principal residence, the credit is equal to the amount by which 25% of the rent actually paid by the taxpayer during the taxable year for the occupancy of the principal residence exceeds 10% of the taxpayer's total income for the taxable year, provided that such amount does not exceed the maximum credit amount. For tax year 2017, the maximum credit amount is \$1,080.

B. Homeowners

In the case of a taxpayer who owns his or her principal residence, 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 abatement or exemption granted, exceeds 10% of the taxpayer's total income, for the taxable year, provided that such amount does not exceed the maximum credit amount. For tax year 2017, the maximum credit amount is \$1,080.

[/s/Christopher C. Harding](#)

Christopher C. Harding
Commissioner of Revenue

CCH:RHF:jet

September 26, 2017

TIR 17-8

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