



TIR 12-8: 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 TIR updates TIR 01-19 by providing the income and assessed valuation threshold amounts and the maximum credit amount for tax year 2012.

II. 2012 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, Real Estate Tax Credit for Certain Persons Age 65 and Older.

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 2012, the taxpayer's "total income" cannot exceed \$53,000 for a single individual who is not the head of a household, \$67,000 for a head of household, and \$80,000 for married couples filing a joint return.

III. 2012 Assessed Valuation Threshold Amount for Homeowners

For tax year 2012, the assessed valuation, before the residential exemptions but after abatements, of the homeowner's principal residence may not exceed \$705,000. 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 2012

A. Renters

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 2012, the maximum credit amount is \$1,000.

B. Homeowners

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 2012, the maximum credit amount is \$1,000.

/s/Amy Pitter

Amy Pitter

Commissioner of Revenue

AP:MTF:jet

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FIRST NAME

M.I.

LAST NAME

SOCIAL SECURITY NUMBER

You, or your spouse if married filing jointly, must be at least 65 years of age before January 1, 2013 to qualify for this credit. Also, you must file as single, married filing jointly or head of household to qualify for this credit. If married filing separately, you do not qualify for this credit.

Schedule CB Circuit Breaker Credit. Enclose with Form 1 or Form 1-NR/PY. Do not cut or separate these schedules. 2012

ADDRESS OF PRINCIPAL RESIDENCE IN MASSACHUSETTS (DO NOT ENTER PO BOX) CITY/TOWN/POST OFFICE/FOREIGN COUNTRY STATE ZIP + 4

1 Living quarters status during 2012: Homeowner. Multi-use or multi-family property (see instructions) Yes No
Note: If you moved during the year, see reverse. Renter (if you received any federal and/or state rent subsidy, or you rent from a tax-exempt entity, you do not qualify for the Circuit Breaker Credit; see instructions)

2 Homeowners only, enter assessed value of principal residence as of January 1, 2012. If over \$705,000, you do not qualify for this credit. See instructions 2 00

INCOME CALCULATION

3 Massachusetts adjusted gross income (from line 20 of Schedule CB, line 3 worksheet on reverse) 3 00
4 Total Social Security benefits (see instructions) 4 00
5 Pensions/annuities/IRA/Keogh distributions not taxed on your Massachusetts tax return 5 00
6 Miscellaneous income, including cash public assistance 6 00
7 Massachusetts total income. Add lines 3 through 6 7 00
8 Exemptions from income (from Form 1, lines 2b through 2d or Form 1-NR/PY, lines 4b through 4d) 8 00
9 Qualifying income. Subtract line 8 from line 7. 9 00
You do not qualify for the Circuit Breaker Credit if you are filing as "Single," and line 9 is greater than \$53,000; or you are filing as "Head of household," and line 9 is greater than \$67,000; or you are filing as "Married filing jointly," and line 9 is greater than \$80,000.

CREDIT CALCULATION. If you filled in "Homeowner" in line 1, complete lines 10-17; if "Renter," skip to line 18.

10 Real estate taxes paid in calendar year 2012 for your principal residence (see instructions) 10 00
11 Adjustments to real estate taxes (from line 4 of Schedule CB, line 11 worksheet on reverse) 11 00
12 Subtract line 11 from line 10 12 00
13 Enter 50% (.50) of water and sewer use charges paid in 2012. 13 00
14 Add lines 12 and 13 14 00
15 Income threshold. Multiply line 9 by 10% (.10) 15 00
16 Subtract line 15 from line 14. If line 15 is equal to or greater than line 14, you do not qualify for this credit 16 00
17 Enter the lesser of line 16 or \$1,000 here and on Form 1, line 41 or Form 1-NR/PY, line 46. 17 00
18 Enter total amount of rent paid for your principal residence in 2012: a. 00 ÷ 4 = 18 00
Landlord's name and address
19 Income threshold. Multiply line 9 by 10% (.10) 19 00
20 Subtract line 19 from line 18. If line 19 is equal to or greater than line 18, you do not qualify for this credit 20 00
21 Enter the lesser of line 20 or \$1,000 here and on Form 1, line 41 or Form 1-NR/PY, line 46. 21 00

Schedule CB Worksheets

Schedule CB, Line 3 — Massachusetts Income Worksheet

Part 1. Complete only if you only have 5.25% income reported on Form 1, line 10 or Form 1-NR/PY, line 12 or partnership, trust or S corporation income not reported on Form 1 or Form 1-NR/PY. Otherwise, enter "0" on line 6 and go to Part 2.

1. Enter your total 5.25% income from Form 1, line 10 or Form 1-NR/PY, line 12. Not less than "0" _____
2. Enter the total of Schedule Y, lines 1 through 10. _____
3. Subtract line 2 from line 1. Not less than "0" _____
4. Enter total Massachusetts bank interest or the interest exemption amount, whichever is smaller, from Form 1, line 5a or line 5b or Form 1-NR/PY, line 7a or line 7b _____
5. Enter any income from a partnership, trust or S corporation not reported on Form 1 or Form 1-NR/PY _____

Note: If Form 1, line 10 or Form 1-NR/PY, line 12 is a loss, do not complete line 4 above. Instead, combine Form 1, line 10 or Form 1-NR/PY, line 12 with the smaller amount of total Massachusetts bank interest or the interest exemption amount. Enter the result in line 4 above, unless the result is a loss. If the result is a loss, enter "0."

6. Add lines 3 through 5 _____

Part 2. Complete only if you have interest income (including tax-exempt interest) other than from Massachusetts banks, dividend income, short-term capital gains, long-term gains on collectibles and installment sales. Otherwise, enter "0" on line 11 and go to Part 3.

7. Enter the amount from Schedule B, line 9. If there is no entry in Schedule B, line 9, enter the amount from Form 1, line 20 or Form 1-NR/PY, line 24. _____
8. Enter the amount from Schedule B, line 6. _____
9. Add lines 7 and 8. _____
10. Enter the amount from Schedule B, line 15. _____
11. Add lines 9 and 10. _____

Note: If you moved during the year you may have to complete separate computations for each residence that would qualify for the credit. On Schedule CB you should complete separate computations for each residence for lines 10 through 14 and/or line 18. The income threshold (line 15 or 19) should be subtracted from the total of these computations to determine if you qualify for the credit.

Part 3. Complete only if you have long-term capital gains or capital gain distributions. Otherwise, enter "0" on line 18 and go to Part 4.

12. Enter any gains (not including any losses) included in U.S. Schedule D, line 8, col. h _____
13. Enter any gains (not including any losses) included in U.S. Schedule D, line 9, col. h _____
14. Enter any gains (not including any losses) included in U.S. Schedule D, line 10, col. h _____
15. Enter any gains (not including any losses) included in U.S. Schedule D, line 11, col. h _____
16. Enter any gains (not including any losses) included in U.S. Schedule D, line 12, col. h _____
17. Enter any gains included in U.S. Schedule D, line 13, col. h. If U.S. Schedule D not filed, enter the amount from U.S. Form 1040, line 13 or 1040A, line 10 _____
18. Add lines 12 through 17 _____

Part 4. Massachusetts adjusted gross income.

19. Part-year residents, enter any income earned while a nonresident not included in lines 1 through 18 above. Not less than "0" _____
20. Add lines 6, 11, 18 and 19. Enter the result here and on Schedule CB, line 3 _____

* Add back any Abandoned Building Renovation deduction claimed on Schedule(s) C and/or E.

Schedule CB, Line 11 — Adjustments to Real Estate Taxes Paid Worksheet

1. Enter the amount of any real estate tax abatement, including senior work program, or exemption received in 2012. Do not exclude amounts if they were already reflected on your tax bill and you did not pay them _____
2. Enter any interest amount paid due to late real estate tax payments in 2012 _____
3. Enter the amount of any betterment or special assessment paid in 2012. _____
4. Add lines 1 through 3. Enter result here and on Schedule CB, line 11 _____