

A Few Tips for Tax Season

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I love being at Mirick O'Connell because when my elder clients inevitably call me at this time of year asking tax questions, I can always rely on the lawyers here who have focused on tax issues their entire lives instead of looking things up. Here are a few quick tips that are especially relevant to Frank and Mary and the many seniors like them:

- You probably have to file a federal income tax return. Under federal law, the filing requirement is not based on your income, but on the amount of your combined federal standard deduction and the deduction you get from being 65 or older. For 2020, if you're single, that amount is \$14,050; if you're married filing jointly, it is \$27,400.
- Up to 50% of Social Security payments are taxable if your 2020 income exceeds \$25,000 if single, \$32,000 if married, or up to 85% of the payments are taxable if your income exceeds \$34,000 if single, \$44,000 if married. In determining amount of income, add 50% of Social Security payments to your other income.
- You must file a Massachusetts income tax return if your income exceeds \$8,000.
- If your local real estate taxes (plus 50% of your water/sewer bill) exceeds 25% of your income, or if you're a tenant and your rent exceeds 25% of your income, you're probably entitled to get a check back from the Commonwealth of up to \$1,150 after filing state returns.



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- Certain improvements to your home, as well as payments to health care providers who helped you or your spouse, may be deductible as medical deductions. Small (grab-bars) and big (elevators) improvements you made to your home may be tax-deductible, as well as the costs of the aides that help you stay home. You should start thinking about the home improvements you want to make this year so you can deduct them next year. By paying for these with some of your IRA or other tax-deferred funds, you are effectively eliminating the tax on those funds.
- If your child is paying for those improvements or for extra care at home, and if that total cost was over 50% of your annual expenses, your child may be able to claim you as a dependent and take the medical deduction. That may be useful if you have previously given away some of your assets to your child (or to an irrevocable trust for his/her benefit) since your child's income, and therefore the effect of the tax benefit, may be much larger than it would be for you.

I will be discussing tax issues in more depth during this month's elder law virtual seminar, ALL ABOUT TAXES, which can be watched on Frank and Mary's YouTube channel, youtube.com/elderlawfrankandmary, and local cable stations, along with Frank and Mary's local cable TV shows, where my co-hosts and I address many common issues facing seniors and the resources available during the pandemic. As always, if you have any questions or would like additional information, please contact me at (508) 860-1470 or abergeon@mirickoconnell.com.