

The Circuit Breaker Tax Credit: A Reason to Possibly Look Forward to Filing Your Tax Return

March 2, 2020 | Arthur P. Bergeron | Articles

It is tax season again. You may be dreading it, or figuring you can ignore it because your income is low enough, especially if most of your income comes from Social Security.

But, here is a reason to look forward to filing, at least for your Massachusetts return – the Circuit Breaker tax credit. No, the Circuit Breaker has nothing to do with electricity (and most people can't remember how it got the name). It is a tax credit based on the actual real estate taxes paid on residential property you own or rent and occupy as your principal residence. It is designed to help seniors reduce their tax or rent bill.

Here is how it works. First, determine what your income is for 2019. For purposes of this tax credit, you have to add in Social Security and some other income that you could normally exclude. Once you have that figure, take 10% of it. Now add together the real estate taxes and 50% of the water and sewer bills you paid for your home in 2019. If that total exceeds 10% of your income, the Commonwealth of Massachusetts will reimburse you for the overage **dollar for dollar** up to \$1,130. This is not a deduction or a credit against tax money you may have paid to the Commonwealth in 2019. You can get up to \$1,130 back even if you paid or otherwise owe nothing in state income tax in 2019. And if you are just learning about this benefit, you may be happy to know that you can also amend your earlier returns (or file new ones) for 2018 and 2017 to get payments back for those years too.

If you don't own a home, you may still be entitled to reimbursement from

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the Commonwealth. Just figure out what you paid in rent for 2019. Take 25% of that. If that amount exceeds 10% of your income as calculated above, the Commonwealth will pay you the difference **dollar for dollar** up to \$1,130 for 2019 and slightly smaller amounts for 2018 and 2017.

There are a few limits to consider. You must be a Massachusetts resident. You must be 65 or older. You must file a Massachusetts income tax return. If you are single, your income as calculated above cannot exceed \$60,000 for 2019. If you are a “head of household”, it is \$75,000. If you are married, your joint income cannot exceed \$90,000. The assessed value of your home in 2019 cannot exceed \$808,000. If you can pass those hurdles, though, you should look into this. It may change the way you think about April 15th every year.

If you need more information on this, you can contact me at (508) 860-1470 or abergeron@mirickoconnell.com. You may also find Frank and Mary's YouTube channel to be a helpful resource, as I address many common issues facing seniors and their loved one. All of my cable TV shows, educational seminars and 10-minute elder law Q&A Fireside Chats are available at www.youtube.com/elderlawfrankandmary.