

Important information about the Senior Circuit Breaker Credit

Doing your taxes?

A senior from Carlisle shared this very important point for all those age 65 or over as you do your taxes (or have them done):

As you know, land is expensive in many Massachusetts communities and as a consequence real estate valuations are often quite high. Many folks might think that the \$693,000 real estate valuation threshold for the Circuit Breaker Credit would prohibit them being eligible. But what is generally unknown is that the Land portion of the valuation should be prorated, and depending on the size of the property one might end up with a lower than anticipated overall real estate value and thus might still be eligible for the CB credit.

...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.

Here is a typical example where an 860K Real Estate Tax bill would qualify for the credit: A homeowner could have an \$860,000 total real estate valuation, with the house at 500K and the land at 360K. If, however, that land was 4 acres in size, then using the state's formula the valuation would be \$500,000 for the house plus only \$90,000 for the land using the prorated calculation.

(Further important information, including a link to the Mass Dept of Revenue is on the next page)

See Section III of TIR 15-11: Annual Update of Real Estate Tax Credit for Certain Persons Age 65 and Older at

<http://www.mass.gov/dor/businesses/help-and-resources/legal-library/tirs/tirs-by-years/2015-releases/tir-15-11.html>

TIR 15-11: Annual Update of Real Estate Tax Credit for Certain Persons Age 65 and Older

III. 2015 Assessed Valuation Threshold Amount for Homeowners

For tax year 2015, the assessed valuation, before the residential exemptions but after abatements, of the homeowner's principal residence may not exceed \$693,000. 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 of Revenue 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.