

2002-02B

SENIOR CIRCUIT BREAKER INCOME TAX CREDIT

TO: Mayors, Selectmen, City/Town Managers/Executive Secretaries, Assessors and Collectors

DATE: January 2002

SUBJECT: Taxpayer Questions about New Senior Circuit Breaker Income Tax Credit

This *Bulletin* provides local officials with information so that they may assist seniors claim the new circuit breaker credit on their 2001 state income tax returns.

In January of 2000 and again in October of 2001, we discussed the circuit breaker tax credit in *City and Town*. This program, enacted in FY2000, was designed to provide property tax relief to low and moderate income seniors. People may apply for the credit when they file their 2001 tax returns between now and April 15th. As this is the first year the credit will be available and some information necessary to complete the form is based on local property tax values and tax payments, municipal officers should expect taxpayers to turn to them for help in filling out that section of the circuit breaker form.

Since municipal records constitute the only source of necessary information for taxpayers seeking the circuit breaker credit, we ask for your patience and cooperation in helping us to ensure that all qualifying taxpayers receive the full amount of the credit to which they are entitled. To assist you, we wish to make you aware of some of the issues you can expect to confront:

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1. The circuit breaker permits some taxpayers to include a portion of their water/sewer payments in the calculation of their property taxes.

Residents in most communities can include 50% of their 2001 payments for water/sewer in their calculation for the credit. Water/sewer officials should anticipate requests for their assistance. In seven communities – Arlington, Avon, Easthampton, Hadley, Hatfield, Webster and Winchester – the voters have accepted legislation which permitted the transfer of all water/sewer debt costs from local water/sewer use bills to the local property tax bills. *In those communities, therefore, the taxpayers should not include any portion of their water/sewer payments in the calculation for the credit.*

2. Only a proportional share of property tax and water/sewer payments may be claimed for certain properties.

Owners of multi-unit dwellings, land areas in excess of one acre and multi-purpose buildings may only claim the proportional share of the real estate tax payments, including water and sewer charges, which corresponds to the portion of the residence used and occupied as their principal residence. When determining that proportional share, only that portion of the property actually occupied by the taxpayer as his residence and the value of the first acre of land should be included. Assessors should expect taxpayers to seek their assistance in this allocation.

3. Collectors and water/sewer officers should expect to receive requests for assistance in calculating actual amounts paid in 2001.

People may be confused by the fact that they must use property tax and water/sewer payments from different fiscal years and that only amounts actually paid in calendar year 2001 should be included in the calculation.

If, as a municipal official, you have any questions relating to the property tax or water/sewer component of the circuit breaker, please contact the Local Services legal staff.

If you or any other taxpayer needs assistance in understanding anything on the form itself, please contact our Taxpayer Service line at 1-617-887-6367 or, toll-free in Massachusetts, 1-800-392-6089.

Please make this *Bulletin* available to your local council on aging, as well as to all other officers and agencies that provide assistance to your senior residents.