



Property Tax Credit Time

Q: Is the "circuit-breaker" property tax credit for the elderly still available?

A: Yes, if you are age 65 or older, you may be eligible for a state "refundable credit" to help pay for your local property taxes. This credit, known as the "circuit breaker," could save you up to \$870 when you file your state income taxes for 2006 this spring—even if you owe no state taxes. In fact, reading this column could be worth \$3,340 in credits.

The "circuit-breaker" is a tax credit elders can claim on their state income tax form for the property taxes they paid during the tax year on the residential property they own, or rent, as their principal residence. Your credit is based on how much your property taxes, including water and sewer charges, exceed 10% of your "total income" for the year. For renters, the credit is the amount by which 25% of your annual rent exceeds 10% of your total income for the taxable year.

For tax year 2006, the maximum credit allowed for both renters and homeowners is \$870. You apply for the credit on your state income tax Form 1, not from your local city or town assessors.

To be eligible, the taxpayer or spouse, if married filing jointly, must be 65 years of age or older by the end of 2006. The taxpayer's "total income" cannot exceed \$46,000 for a single filer, \$58,000 for a head of household, or \$70,000 for taxpayers filing jointly. For homeowners, the assessed valuation of your home as of January 1, 2006, cannot exceed \$684,000. The credit is based upon the actual real estate taxes or rent paid by a taxpayer.

You can't apply if: 1) you file "married filing separate" status; 2) you get a federal or state rent subsidy; 3) you rent from a landlord who is not required to pay real estate taxes, or 4) you are the dependent of another taxpayer.

If you file for the \$870 credit before April 15th, 2007, you can also claim up to an \$840 credit for 2005, \$820 for 2004, and \$810 for 2003. That's a total of \$3,340 in credits if a person has never used the circuit breaker before. For more background on this credit, call the state Department of Revenue at 800-392-6089, press "1" and then wait for customer service to answer. If you don't use a tax preparer, get a family member or friend to help you fill out the forms and Schedule CB on your tax form.