



Failure to **enclose** this schedule will delay the processing of your return.

FIRST NAME

M.I.

LAST NAME

SOCIAL SECURITY NUMBER

You, or your spouse if married filing jointly, must be at least 65 years of age before January 1, 2002 to qualify for this credit. Also, you must file as single, married filing jointly or head of household to qualify for this credit. If married filing separately, you do not qualify for this credit.

Schedule CB. Circuit Breaker Credit

Enclose with Form 1 or Form 1-NR/PY. Do not cut or separate these schedules.

2001

ADDRESS OF PRINCIPAL RESIDENCE IN MASSACHUSETTS (DO NOT ENTER PO BOX)

CITY/TOWN

STATE

ZIP + 4

- 1 Living quarters status during 2001: Homeowner Renter (if you received any federal and/or state rent subsidy, or you rent from a tax-exempt entity, you do not qualify for the Circuit Breaker Credit; see instructions)
Note: If you moved during the year, see reverse.
- 2 Homeowners only, enter assessed value of principal residence as of January 1, 2001. If over \$412,000, you do not qualify for this credit; see instructions ▶ 2

INCOME CALCULATION

- 3 Massachusetts income (from line 17 of worksheet on reverse) 3
- 4 Total Social Security benefits received 4
- 5 Pensions/annuities/IRA/Keogh distributions not taxed on your Massachusetts tax return 5
- 6 Cash public assistance 6
- 7 Massachusetts total income. Add lines 3 through 6 ▶ 7
- 8 Dependent(s) exemption amount (from Form 1, line 2b or Form 1-NR/PY, line 4b) 8
- 9 Age 65 or over exemption amount (from Form 1, line 2c or Form 1-NR/PY, line 4c) 9
- 10 Blindness exemption amount (from Form 1, line 2d or Form 1-NR/PY, line 4d) 10
- 11 Exemptions from income. Add lines 8 through 10 11
- 12 Qualifying income. Subtract line 11 from line 7. ▶ 12
You do **not** qualify for the Circuit Breaker Credit if you are filing as "Single," and line 12 is greater than \$41,000; or you are filing as "Head of household," and line 12 is greater than \$51,000; or you are filing as "Married filing jointly," and line 12 is greater than \$61,000.

CREDIT CALCULATION

- 13 **If you filled in "Homeowner" in line 1, complete lines 13–20; if "Renter," skip to line 21.**
Real estate taxes paid in calendar year 2001 for your principal residence. See instructions 13
- 14 Adjustments to real estate taxes (from line 4 of worksheet on reverse) 14
- 15 Subtract line 14 from line 13 15
- 16 If your principal residence is in Arlington, Avon, Easthampton, Hadley, Hatfield, Webster or Winchester, enter "0." Otherwise, enter 50% (.50) of water and sewer use charges paid in 2001 16
- 17 Add lines 15 and 16 17
- 18 Income threshold. Multiply line 12 by 10% (.10) 18
- 19 Subtract line 18 from line 17. If "0" or less, you do not qualify for this credit 19
- 20 Enter the lesser of line 19 or \$385 here and on Form 1, line 38 or Form 1-NR/PY, line 43 ▶ 20
- 21 **If you filled in "Renter" in line 1, complete lines 21–24.**
Enter total amount of rent paid for your principal residence in 2001: a. 21
Landlord's name and address _____
- 22 Income threshold. Multiply line 12 by 10% (.10) 22
- 23 Subtract line 22 from line 21. If "0" or less, you do not qualify for this credit 23
- 24 Enter the lesser of line 23 or \$385 here and on Form 1, line 38 or Form 1-NR/PY, line 43 ▶ 24

Schedule CB Worksheets

Schedule CB, line 3 — Massachusetts Income Worksheet

Part 1. Complete only if you only have 5.6% income reported on Form 1, line 10 or Form 1-NR/PY, line 12 or partnership or trust income not reported on Form 1 or Form 1-NR/PY. Otherwise, enter "0" on line 6 and go to Part 2.

1. Enter your total 5.6% income from Form 1, line 10 or Form 1-NR/PY, line 12.

Not less than "0" _____

2. Enter the total of Schedule Y, lines 1 through 5. _____

3. Subtract line 2 from line 1.

Not less than "0" _____

4. Enter total Massachusetts bank interest or the interest exemption amount, whichever is smaller, from Form 1, line 5a or line 5b or Form 1-NR/PY, line 7a or line 7b. _____

5. Enter any income from a partnership or trust not reported on Form 1 or Form 1-NR/PY _____

Note: If Form 1, line 10 or Form 1-NR/PY, line 12 is a loss, do not complete line 4 above. Instead, combine Form 1, line 10 with the smaller amount of total Massachusetts bank interest or the interest exemption amount. Enter the result in line 4 above, unless the result is a loss. If the result is a loss, enter "0."

6. Add lines 3 through 5. _____

Part 2. Complete only if you have interest income (including tax-exempt interest) other than from Massachusetts banks, dividend income, short-term capital gains, long-term gains on collectibles and installment sales. Otherwise, enter "0" on line 9 and go to Part 3.

7. Enter the amount from Schedule B, line 13. If there is no entry in Schedule B, line 13, enter the amount from Form 1, line 20 or Form 1-NR/PY, line 24 _____

8. Enter the amount from Schedule B, line 6. _____

9. Add lines 7 and 8 _____

Worksheet continues next column . . .

... Continued from previous column

Part 3. Complete only if you have long-term capital gains or capital gain distributions. Otherwise, enter "0" on line 15 and go to Part 4.

10. Enter any gains (not including any losses) included in U.S. Schedule D, line 8, column f. _____

11. Enter any gains (not including any losses) included in U.S. Schedule D, line 9, column f. _____

12. Enter any gains (not including any losses) included in U.S. Schedule D, line 11, column f. _____

13. Enter any gains (not including any losses) included in U.S. Schedule D, line 12, column f. _____

14. Enter any gains included in U.S. Schedule D, line 13, column f. If U.S. Schedule D not filed, enter the amount from U.S. Form 1040, line 13 or 1040A, line 10 _____

15. Add lines 10 through 14. _____

Part 4. Massachusetts total income.

16. Part-year residents, enter any income earned while a nonresident not included in lines 1–15 above. Not less than "0" _____

17. Add lines 6, 9, 15 and 16. Enter the result here and on Schedule CB, line 3. _____

*Add back any Abandoned Building Renovation deduction claimed on Schedule(s) C and/or E.

Schedule CB, line 14 — Adjustments to Real Estate Taxes Paid Worksheet

1. Enter the amount of any real estate tax abatement, including senior work program, or exemption received in 2001. Do not exclude amounts if they were already reflected on your tax bill and you did not pay them. _____

2. Enter any interest amount paid due to late real estate tax payments in 2001 _____

3. Enter the amount of any betterment or special assessment paid in 2001 _____

4. Add lines 1 through 3. Enter result here and on Schedule CB, line 14. _____

Note: If you moved during the year you may have to complete separate computations for each residence that would qualify for the credit. On Schedule CB you should complete separate computations for each residence for lines 13 through 17 and/or line 21. The income threshold (line 18 or 22) should be subtracted from the total of these computations to determine if you qualify for the credit.

Senior Circuit Breaker Tax Credit Instructions

What Is It?

For tax years beginning on or after January 1, 2001, senior citizens in Massachusetts may be eligible to claim a refundable credit on their state income taxes for the real estate taxes they paid on the Massachusetts residential property they own or rent and which they occupy as their principal residence. The maximum credit allowed is \$385 for the tax year beginning January 1, 2001.

Eligible taxpayers who own their property may claim a credit equal to the amount by which their property tax payments in tax year 2001 (excluding any exemptions and/or abatements), including water and sewer debt charges, exceed 10% of their "total income" for the same current tax year. Taxpayers residing in communities that do not include water and sewer debt service in their property tax assessments may claim, in addition to their property tax payments, 50% of the water and sewer use charges actually paid during the tax year when figuring their credit.

Renters may claim a credit in the amount by which 25% of their annual rental payment is more than 10% of their total income.

For purposes of the tax credit, a taxpayer's "total income" includes taxable income as well as exempt income such as social security, treasury bills and public pensions. For a complete list of what constitutes "total income," see TIR 01-19.

Who Is Eligible for the Credit?

To be eligible for the credit for the 2001 tax year, a taxpayer must be 65 years of age or older before January 1, 2002 (for joint filers, it is sufficient if one taxpayer is 65 years of age or older), must own or rent residential property in Massachusetts and occupy the property as his or her principal residence, and must not be the dependent of another taxpayer. The taxpayer's total income cannot exceed \$41,000 for a single filer who is not the head of a household, \$51,000 for a head of household, or \$61,000 for taxpayers filing jointly. No credit is allowed for a married taxpayer unless a joint return is filed. Moreover, the assessed valuation of the real estate cannot exceed \$412,000.

No credit is allowed if the taxpayer claims the "married filing separate" status, receives a federal or state rent subsidy, rents from a tax-exempt entity, or is the dependent of another taxpayer.

Is the Tax Credit Considered Income?

Tax credits received by eligible taxpayers are not considered income for the purpose of obtaining eligibility or benefits under other means-tested assistance programs including food, medical, housing, energy and educational assistance programs.

How Does a Taxpayer Claim the Credit?

Taxpayers who are eligible for the tax credit in the 2001 tax year can claim the credit by submitting a completed Schedule CB, Circuit Breaker Credit, with their 2001 state income tax return. Eligible taxpayers who do not normally file a state income tax return

may obtain a refund by filing a return with Schedule CB. As with all claimed tax credits and deductions, the taxpayer must keep all pertinent records, receipts and other documentation supporting his or her claim for the credit.

Name and Address

Enter your name and Social Security number as they appear on Form 1. Also, you must enter the address of your principal residence in Massachusetts for which this credit is being claimed. Do not enter a PO Box number.

1 Living Quarters Status During 2001

Be sure to fill in the appropriate oval. If you were a renter in 2001 and you received any federal and/or state subsidy, or you rent from a tax-exempt entity, you do not qualify for the Circuit Breaker Credit.

2 Assessed Value of Principal Residence as of January 1, 2001

Enter the amount of the assessed value of your principal residence as of January 1, 2001. If you own a multi-family home, mixed-use property, or 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. If the assessed value is over \$412,000, you do not qualify for the credit. Contact your local city or town's assessors' office if you have any questions in determining the amount of the assessed value of your principal residence as of January 1, 2001.

Income Calculation

Qualifying income for the Circuit Breaker Credit (Schedule CB, lines 3 through 12) is the taxpayer's Massachusetts adjusted gross income (AGI) as defined in MGL Ch. 62, sec. 2 increased by various amounts that may have been excluded or subtracted when originally calculating the taxpayer's AGI, less certain exemptions claimed by the taxpayer. Amounts added back to AGI in computing qualifying income include income from social security, retirement, pension or annuities, cash public assistance, tax-exempt interest and dividends, net capital losses, long-term capital losses, certain capital gains, income from a partnership or trust not otherwise included in the taxpayer's AGI, and gross receipts (for example, the return of capital or gifts) from any other source except the tax credit itself. The exemptions allowed which decrease the total income amount are those allowed for blindness, dependents and taxpayers who are at least age 65 by the end of the tax year.

Part-year residents, be sure to enter any income earned while a nonresident in line 16 of the Schedule CB, line 3 Massachusetts Income Worksheet.

4 Total Social Security Benefits Received

Enter in line 4 the amount of Social Security benefits received in 2001. Social Security benefits include retirement, disability, dependent, survivorship and Medicare.

5 Pension, Annuities, IRA/Keogh Distributions Not Taxed on Your Massachusetts Tax Return

Enter in line 5 the amount of pension, annuities, IRA/Keogh distributions not taxed on your Massachusetts Form 1. See Form 1, line 4 instructions, Pension and Annuities, for a list of exempt items that must be included in Schedule CB, line 5 as part of total income for the purposes of calculating the Circuit Breaker Credit.

6 Cash Public Assistance

Enter the amount of cash public assistance received during 2001.

12 Qualifying Income

Subtract line 11 from line 7. You do not qualify for the Circuit Breaker Credit if you are filing as "Single" and line 12 is greater than \$41,000; or if you are filing as "Head of household" and line 12 is greater than \$51,000; or if you are filing as "Married filing jointly" and line 12 is greater than \$61,000.

Credit Calculation

If you filled in the "Homeowner" oval in line 1, complete lines 13-20, if you filled in the "Renter" oval in line 1, go to line 21.

13 Real Estate Taxes Paid in Calendar Year 2001 For Your Principal Residence

Enter the amount of real estate taxes paid in calendar year 2001. Be sure to include real estate tax payments made pursuant to the Community Preservation Act, the Cape Cod Open Space Land Acquisition Program and/or paid to a tax-levying district.

Real estate taxes paid in a calendar or taxable year generally reflect taxes assessed for two different fiscal years. If a community collects taxes quarterly, a taxpayer may have made four payments during a calendar year. These payments are billed as due on the following dates: February 1, May 1, August 1, and November 1. If a community collects taxes semi-annually, a taxpayer may have made two payments during the calendar year. The first payment is billed as due on May 1 and the second as due on November 1, or thirty days after it is mailed, if the bill is mailed after October 1. If you own a multi-family home, mixed-use property, or your principal residence has a land area in excess of one acre, contact your local city or town's collector's office if you have any questions in determining the amount of real estate taxes paid in calendar year 2001 for your principal residence.

14 Adjustments to Real Estate Taxes Paid

Enter the amount from line 4 of the Adjustments to Real Estate Taxes Paid Worksheet for Schedule CB, line 14, on page 2 of Schedule CB. Adjustments to real estate taxes paid include:

- ▶ Abatements granted by local assessors or earned through the Senior Work Program*;
- ▶ Exemptions granted by cities or towns to qualifying veterans, surviving spouses, blind persons and the elderly*;
- ▶ Interest charges assessed due to delinquent payments; and
- ▶ Betterments or special assessments levied upon the property.

*Do not exclude this amount if it was already reflected on your tax bill and you did not pay it.

16 Water and Sewer Use Charges Paid in 2001

Taxpayers residing in communities that do not include water and sewer debt charges in the property tax assessments may include 50% of the actual water and sewer use charges paid during the taxable year. If your principal residence is in Arlington, Avon, Easthampton, Hadley, Hatfield, Webster or Winchester, enter "0."

If you own a multi-family home, mixed-use property, or your principal residence has a land area in excess of one acre, see TIR 01-19 for information on how to prorate water and sewer use charges.

18 Income Threshold

Multiply line 12 by 10% (.10). Enter the result in line 18.

19 Subtotal

Subtract line 18 from line 17. If "0" or less, you do not qualify for this credit.

20 Credit

Enter the lesser of line 19 or \$385 here and on Form 1, line 38 or Form 1-NR/PY, line 43.

21 Rent Paid for Your Principal Residence in 2001

Enter in line 21a the total amount of rent paid for your principal residence in 2001. Divide that amount by 4 (25%) and enter the result in line 21. In the space provided, be sure to enter your landlord's name and address. If you received any federal and/or state rent subsidy, or you rent from a tax-exempt entity, you do not qualify for the Circuit Breaker Credit.

22 Income Threshold

Multiply line 12 by 10% (.10). Enter the result in line 22.

23 Subtotal

Subtract line 22 from line 21. If "0" or less, you do not qualify for this credit.

24 Credit

Enter the lesser of line 23 or \$385 here and on Form 1, line 38 or Form 1-NR/PY, line 43.