

CHAPTER 7

PROPERTY TAX EXEMPTIONS MODULE

TOPICS AND OBJECTIVES

A. TOPICS

1. Introduction to exemptions.
2. Exemptions for charitable, fraternal, veterans' and religious organizations.
3. General requirements for personal exemptions.
4. Exemptions for seniors, surviving spouses and minors, veterans and blind persons.
5. Financial hardship exemption.
6. Tax deferrals for seniors and persons with temporary financial hardships.

B. OBJECTIVES

1. Participants will learn the definition of exemption.
2. Participants will learn about the important exemptions to property.
3. Participants will learn about exemptions for persons.

CHAPTER 7

PROPERTY TAX EXEMPTIONS MODULE

1.0 OVERVIEW AND DEFINITIONS

1.1 Exemptions

An exemption is a release or discharge from the obligation to pay all or a portion of a local property tax. Exemptions are established by the legislature for particular categories of property or persons and are generally found in G.L. c. 59, § 5. However, a few are contained in other general laws and some are provided by court decisions. Exemption is a privilege and any claimant must demonstrate that it clearly qualifies.

1.1.1 Exempt Properties

Properties that may qualify for exemption from local property taxes include public land and facilities, hospitals, schools, churches, and cultural institutions.

1.1.2 Exempt Persons

Persons who may qualify for exemptions include disabled veterans, blind persons, surviving spouses, and seniors. There are also tax deferrals for seniors and those experiencing a temporary financial hardship.

1.2 Qualification Date

Exempt status for real estate is determined as of July 1, which is the beginning of the fiscal year. Exempt status for personal property is determined as of the January 1 assessment date for the fiscal year. Ownership, occupancy, use, age or any other eligibility criteria must be met as of that date.¹

1.3 Procedural Requirements

There are varying application, or other filing requirements, that must be met depending on the type of exemption. Any procedural requirements that apply to the particular exemption must be met for the assessors to grant the exemption.

2.0 EXEMPT PROPERTIES

2.1 Overview

There are numerous categories of exempt real and personal property. Exemptions are usually dependent on ownership or property use. In some cases, the property may be exempt from property taxes, but taxed in some other manner. Table 1 summarizes the exemptions for property found in G.L. c. 59, § 5 and the basic procedural requirements for claiming the exemption. This section addresses the most frequently granted exemptions.

2.2 **Public Property**

Real and personal property owned by the United States is exempt, unless Congress has expressly authorized its taxation.² Property owned by the Commonwealth of Massachusetts,³ its political subdivisions⁴ and public authorities,⁵ and held for public purposes, is also exempt.

If government owned property is leased, occupied or used for business or non-public purposes, it can be taxed, but to the lessee, occupant or user, not the government owner.⁶

2.3 **Charitable Organizations (Clause 3)**

Property owned by, or held in trust for, a charitable organization may qualify for exemption.⁷

2.3.1 **Definition**

A charitable organization is a corporation, or trust, established for literary, benevolent, charitable, or temperance purposes. The organization must be organized for charitable purposes and must actually operate as a public charity. Non-profit status is not sufficient, nor is exempt status for state or federal tax purposes.

2.3.1.1 **Public Benefit**

A charitable organization's dominant purposes and activities must benefit an indefinite class of the public. Organizations that primarily benefit a limited group or only their members are not charities.

Examples

Non-profit private schools, colleges, universities, hospitals, museums and cultural facilities are charitable organizations because they benefit an indefinite class of the public.

Non-profit trade groups,⁸ professional associations or social clubs are not charitable organizations because they primarily benefit their members.

2.3.1.2 **Private Inurement**

A charitable organization cannot distribute its income or assets to officers, directors or shareholders or use the income for non-charitable purposes. The organization may pay reasonable salaries for services rendered.⁹ If the organization dissolves, its assets must be distributed to another charity.

2.3.2 **Exempt Property**

2.3.2.1 **Personal Property**

The organization's personal property is exempt regardless of use.

2.3.2.2 Real Property

The organization's real property is exempt only if:

- It is occupied by the organization or its officers for its charitable purposes,
- It is occupied by another charitable organization or its officers for its charitable purposes, or
- It was acquired by the organization with the intention of future relocation and charitable use. The organization has two years from the acquisition to construct a facility, or renovate the property, and occupy it. If it is not occupied for charitable use within that period, the property is taxable until it is occupied.

Examples

Properties not occupied for charitable purposes include:

- **Offices located in a non-profit hospital and used by doctors for the private practice of medicine. The doctors, not the organization or its officers, occupy them.¹⁰**
- **A parking garage used jointly by personnel, patients and visitors of a non-profit hospital and a private medical building is not fully occupied by the organization.¹¹**
- **Property used to publish a commercial newspaper, with the profits spent for charitable purposes, is not occupied and used directly for charitable purposes.¹²**
- **Subsidized housing owned by a charitable organization and rented below market to low-income elderly persons because the tenants, who have a possessory interest in their units, occupy their units, not the organization or its officers.¹³**

Properties occupied for charitable purposes include:

- **A group home, shelter or halfway house is occupied by the charitable organization because the residents do not have a possessory interest in the property and have little expectation of privacy.**
- **Housing for an officer or employee of the organization is occupied by the organization, not the officer or employee, if (1) the occupant pays minimal or no rent, (2) the occupancy is a condition of employment, and (3) the residency contributes substantially to the organization's mission.¹⁴ If the housing is for the officers or faculty of a charitable educational institution, it must also be contiguous to the principal location of the school.¹⁵**

Generally, all other real estate is taxable. This includes real estate leased to individuals and non-charitable entities, including governmental entities, or occupied or used for non-charitable purposes.

2.3.3 Procedural Filing Requirements

2.3.3.1 Initial Application

An organization seeking an exemption for personal property, or a particular parcel of real property, must apply to the assessors in the first fiscal year exempt status is claimed. An exemption application,¹⁶ or a standard abatement application,¹⁷ may be used. The application is due the same date as abatement applications for that fiscal year, *i.e.*, on or before the due date of the first installment of the actual tax bill.¹⁸

The organization must provide supporting documentation information to establish eligibility. This information may include, but is not limited to:

- Articles of incorporation, charter or declaration of trust.
- Organization by-laws.
- Identification of officers, directors or trustees.
- Description of charitable activities.
- Description of the use of the property, including use by all lessees or other occupants.

Once an exemption is granted for that property, no further application is required unless there is a change in organizational mission, occupancy or other eligibility factor.

2.3.3.2 Annual Return

A charitable organization owning property on January 1 that it claims is exempt for the fiscal year that begins on the next July 1 must file a property return¹⁹ with the assessors in order to receive an exemption. The return must be received in the assessors' office by March 1.²⁰ The assessors can extend that deadline if the organization applies and demonstrates a good reason for not filing on time. The latest date the filing deadline can be extended is the last day for filing an abatement application for the fiscal year to which the tax relates

If the organization is required to be registered with, and report annually to, the Public Charities Division of the Attorney General's Office, it must also include a copy of its most recent report with the annual return.²¹

2.4 Fraternal Organizations (Clauses 3 and 7)

2.4.1 Definition

A fraternal organization operates under the lodge system, or for the exclusive benefit of its members, and provides life, sick, accident or other benefits for members or their families.

2.4.2 Personal Property

All of the organization's personal property is exempt.²²

2.4.2 Real Property

The organization's real property is exempt only if the organization qualifies as a charitable organization and the property is occupied for charitable purposes. See Section 2.3 above. Only that portion of the space devoted to charitable purposes qualifies.²³

2.5 Veterans' Organizations (Clauses 5, 5A, 5B or 5C)**2.5.1 Exempt Property**

Real and personal property owned by, or held in trust for, an incorporated veterans' organization is exempt if the organization:

- Actually occupies and uses the property, and
- Devotes its net income from the property for charitable purposes.²⁴

2.5.2 Exemption Amount

The basic exemption is for up to \$200,000 worth of real and personal property.²⁵ By accepting a local option statute, a municipality may increase the exemption to \$400,000,²⁶ \$700,000²⁷ or \$1,500,000.²⁸

2.5.3 Annual Return

A veterans' organization owning property on January 1 that it claims is exempt for the fiscal year that begins on the next July 1 must file a property return²⁹ with the assessors in order to receive an exemption. The return must be received in the assessors' office by March 1.³⁰ The assessors can extend that deadline if the organization applies and demonstrates a good reason for not filing on time. The latest date the filing deadline can be extended is the last day for filing an abatement application for the fiscal year to which the tax relates.

2.6 Religious Organizations (Clauses 3, 10 and 11)**2.6.1 Personal Property**

All personal property owned by, or held in trust for use by, a religious organization for religious or charitable purposes is exempt.³¹

2.6.2 Real Property**2.6.2.1 House of Worship**

A church or house of religious worship owned by, or held in trust for the use of, any religious organization and used and occupied for religious services or instruction is exempt.³² The exemption also

applies to parking lots and halls used for religious classes and other church activities. The exemption is not affected by incidental or occasional use by an organization exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code for other purposes, but any portion regularly leased or occupied for other purposes is taxable. The exemption also applies to a portion of the property where the dominant purpose of that property is religious worship or instruction, or purposes connected with it.³³

2.6.2.2 Parsonage

A parsonage owned by, or held in irrevocable trust for the exclusive benefit of, a religious organization and used and occupied as a residence for clergy regularly conducting services for the organization is exempt.³⁴

2.6.2.3 Other Real Property

Other real property of a religious organization is taxable unless it qualifies for a charitable exemption. See Section 2.3 above.

Example

A religious organization operates an elementary school on a parcel adjacent to the church. The organization is organized for religious and charitable purposes and the school benefits an indefinite class. The religious organization qualifies for a charitable exemption for the school if the organization meets the procedural requirements for a Clause 3 charitable exemption.

2.6.3 Filing Requirements

Religious organizations do not have to meet any special filing requirements to obtain an exemption for their personal property, houses of worship and parsonages.

2.7 State Reimbursement

The Commonwealth reimburses municipalities for loss of tax revenue on some state owned property depending on the agency holding it and its use.³⁵ It does not reimburse municipalities for other exemptions for property.

3.0 EXEMPT PERSONS

3.1 Overview

There are several categories of individuals who may qualify for tax exemptions or deferrals on their domiciles because of their personal status. For each personal exemption, there are specific clauses, or local option clauses, in G.L. c. 59, § 5

that establish the exemption amount, eligibility requirements and state reimbursement procedures. Local option clauses are accepted by vote of the municipality's legislative body, except for the senior exemption under Clause 41C½, which is accepted by voter approval of a ballot question at a regular municipal election. Table 2 summarizes the local options for personal exemptions.

Sections 3.2, 3.11, 3.12 and 3.13 explain requirements and terms that apply to these exemptions and deferrals generally. Additional or unique requirements for particular exemptions are discussed in Sections 3.3 to 3.10.

3.2 General Eligibility Requirements

3.2.1 Qualification Date

Exempt status is determined as of July 1. A person must meet the ownership, domicile, age or any other eligibility criteria as of that date.³⁶

3.2.2 Annual Application

A person seeking a personal exemption or deferral for a fiscal year must apply to the assessors for that year. The application must be made on a DOR approved form. Personal exemption applications are due April 1, or three months after the actual bill for the year is mailed, whichever is later.³⁷

Taxpayers (or their authorized representatives) may have access to or copies of the personal exemption applications they submit. The only others who may inspect the applications are the assessors and their staff, DOR, other state and local officials in the performance of official duties, and designated private auditors.³⁸ The application includes any supporting documentation submitted to substantiate the claim. However, the exemption record book, which identifies the taxpayers granted exemptions and the exemption amounts, is a public record and is open to mandatory disclosure under the public records law.³⁹

3.2.3 Taxpayer Entitlement

Assessors must grant the exemption or deferral to all applicants who meet the eligibility requirements, unless the applicant is seeking a financial hardship exemption or hardship deferral where the assessors have discretion to establish eligibility criteria. See Sections 3.8 and 3.12 below. Applicants must provide any documentation that is necessary to demonstrate that they qualify.

Assessors have three months from the date they receive an application to grant or deny the exemption.⁴⁰ The three-month action period can be extended by written consent of the taxpayer. The application is deemed denied if the assessors do not act within the three month, or extended, action period.⁴¹

Applicants denied any exemption or deferral, except those for financial hardship, may appeal to the state Appellate Tax Board, or the county

commissioners if they live in a county where county government has not been abolished. The appeal must be filed within three months of the date the exemption was denied, or deemed denied if the assessors did not act.

3.2.4 Ownership

An applicant must have an ownership interest in the property on July 1. The applicant can be the sole owner or own the property with others. If there are multiple owners, some exemptions establish a minimum value that the applicant's ownership interest must meet to qualify, which is generally easily satisfied. Some exemptions also have durational ownership requirements, *i.e.*, the applicant must have owned the property, or other property in Massachusetts, for a period of time. Table 3 summarizes the basic ownership requirements for personal exemptions.

3.2.4.1 Life Estates

An applicant who holds a life estate in a property is the owner of that property for property tax purposes, including exemptions.⁴²

A life estate creates two interests in real estate: (1) a present, possessory interest, held by the life tenant, that has its duration measured by the life or lives of one or more persons, and (2) a future interest, held by the remainderman. The life tenant has the exclusive right to possession, use and enjoyment of the property and is considered the owner during the life estate. When the estate ends, the remainderman takes possession and is the owner.

3.2.4.2 Trusts

An applicant who holds a record legal interest and sufficient beneficial interest in a trust is the owner for exemption purposes of property that is part of the assets of that trust.⁴³ An applicant must be a trustee and beneficiary of the trust to satisfy this requirement.⁴⁴

A trust is a form of ownership in which one person holds legal title to property and has a fiduciary obligation to hold or use it for the benefit of another. A trust divides the interest in property into two interests: (1) a legal interest, held by the trustee, and (2) a beneficial interest, held by the beneficiary.

3.2.5 Domicile

An applicant must occupy the property as his or her domicile on July 1. Some exemptions also have durational domiciliary requirements, *i.e.*, the applicant must have been domiciled in the property, or other property in Massachusetts, for a period of time. Table 3 summarizes the basic domiciliary requirements for personal exemptions.

Domicile is the place where the applicant has his or her principal and legal home, is the place where family, social, civic and economic life is centered and where the applicant plans to return whenever he or she is away. Indicators of domicile include where the applicant votes, registers a car, spends most of his or her time, replies to the census, files tax returns from and has ties to the community, such as where the applicant's spouse and children live and where memberships in churches, clubs and social organizations, and where bank accounts, are maintained.

3.2.6 Status

3.2.6.1 Legal Blindness

A certificate of blindness or a current identification and certificate of blindness card from the Commission for the Blind establishes status as a legally blind person, or a doctor's statement. See Section 3.7 below.

3.2.6.2 Veteran

A certificate or benefit letter from the United States Department of Veterans Affairs (VA), or the branch of service from which the service person was discharged, establishes status as a disabled veteran. Other information regarding military service that affects eligibility for a veteran exemption, such as residency before enlistment, service period, military decorations and honorable discharge, is obtained from the service person's discharge papers or VA benefit letter. See Section 3.6 below.

3.2.6.3 Age

An applicant for an exemption or deferral with an age requirement may establish eligibility with a birth certificate, passport or other appropriate documentation. To qualify as a minor, an applicant must be less than 18 years old. An applicant for a senior exemption must be at least 70 years old, but for some exemptions, the age requirement may be reduced to 65 years old by local option. An applicant for a senior tax deferral must be at least 65 years old.

3.2.6.4 Surviving Spouse

A surviving spouse is a person who was married to the decedent at the time of his or her death and for most exemptions, has never remarried. For some exemptions for disabled veterans, remarriage does not affect survivorship status.

3.2.7 Financial Means

3.2.7.1 Gross Receipts

Some exemptions are available only to applicants who have limited income, or gross receipts, for the prior calendar year.

Gross receipts is defined as income from all sources and is broader

than taxable income for federal or state income tax purposes. It includes wages, salaries, bonuses, commissions, public and private pensions, social security, alimony, child support, lottery winnings, interest and dividend income, capital gains, life insurance proceeds, net income from business or rental property after deduction of related business expenses and losses, public assistance, disability payments, unemployment compensation, workman's compensation, regular cash or financial contributions or gifts from family or other persons outside the household, and any other income.

3.2.7.2 Whole Estate

Some exemptions are available only to applicants who have limited assets, or whole estate, as of July 1. Whole estate is defined as all assets to which the applicant has legal title and access as sole, joint owner or trustee that contribute to his or her total worth. It includes the cash on hand in checking and savings accounts, value of personal property, stocks, bonds, money market and individual retirement accounts or loans receivable, value of applicant's ownership interest in real estate, and balances of private pensions or 401(k) accounts once the applicant legally qualifies for distribution.

3.3 Senior Exemptions (Clauses 41, 41B, 41C and 41C½)

3.3.1 Eligibility

Seniors who are at least 70 years old, meet certain ownership and domiciliary requirements and whose annual gross receipts and whole estate are within certain limits may be eligible for a \$500 exemption under Clause 41, or local option Clauses 41B or 41C.⁴⁵ Seniors who are at least 70 years old, meet certain ownership and domiciliary requirements and whose annual gross receipts are within certain limits may be eligible for an exemption based on five percent of the average assessed valuation of residential property under local option Clauses 41C½.⁴⁶ Table 3 summarizes the ownership and domiciliary requirements for each clause.

Clause 41 applies only if a municipality has not accepted alternative Clauses 41B or 41C, which generally have higher income and whole estate limits, or alternative Clause 41C½, which has higher income limits and no whole estate limits. If a municipality has accepted more than one alternative, the most recently accepted alternative applies.

3.3.2 Financial Means

The gross receipts and whole estate limits for each clause are shown in Table 4.

If the applicant received any income from federal social security or railroad retirement, or from federal, Massachusetts or Massachusetts

political subdivision employee pensions, annuities or retirement plans, assessors are to deduct the Social Security deduction determined by DOR for the year when computing the applicant's gross receipts.

Excluded from the applicant's whole estate is the value of registered motor vehicles, cemetery plots, clothing and household furniture and effects at the applicant's domicile. Depending on the clause, the value of the applicant's domicile of no more than a three-family house may also be excluded.

The gross receipts and whole estate limits that apply to the particular clause the municipality uses may be increased each year by a cost of living adjustment (COLA) determined by DOR if the municipality accepts Clause 41D. This provision does not apply to Clause 41C½ because its gross receipts limits are automatically adjusted each year under another law. See Section 3.3.5 below.

3.3.3 Joint Ownership

If the applicant owns the property with anyone other than his or her spouse, each of those co-owners must meet the gross receipts and whole estate requirements for the applicant to qualify for exemption. An applicant who qualifies only receives an exemption equal to the percentage of his or her ownership interest in the property. This provision does not apply to alternative Clause 41C½. See Section 3.3.5 below.

Example

The applicant owns the domicile as a joint tenant with an adult child who is unable to work due to disability and meets the gross receipts and whole estate requirements. The applicant receives an exemption of \$250 (50% of \$500).

3.3.4 Clause 41C Eligibility Factor Options

In municipalities that have accepted alternative Clause 41C, the legislative body may vote to adjust the following eligibility factors:

- Reduce the eligibility age to 65 years old.
- Increase the exemption amount by up to 100 percent, *i.e.* up to \$1,000.
- Increase the applicant's gross receipts limit up to \$20,000 if single and \$30,000 if married.
- Increase the applicant's whole estate limit up to \$40,000 if single and \$55,000 if married.
- Increase the whole estate exclusion for the value of the applicant's domicile to no more than a four family house.

3.3.5 Clause 41C½ Eligibility Factor Options

The local option Clause 41C½ exemption for seniors is based on reduction of assessed valuation, no asset limit, and a gross receipts limit tied to the circuit breaker state income tax credit. In municipalities that have accepted alternative Clause 41C½, the legislative body may vote to adjust the following eligibility factors:

- Reduce the eligibility age to 65 years old.
- Increase the exemption amount by up to 20 percent of the average assessed valuation of residential property.
- Reduce the durational residency requirement to five years.

3.4 Senior, Minor Child with Deceased Parent and Surviving Spouse Exemptions (Clauses 17, 17C, 17C½ and 17D)

3.4.1 Eligibility

Seniors who are at least 70 years old, minor children with at least one deceased parent and surviving spouses, who have whole estates within certain limits, may be eligible for a \$175 exemption under Clause 17, or local option Clauses 17C, 17C½ or 17D.⁴⁷ Seniors who do not qualify for an exemption under the Clause 41s may qualify for a lesser exemption under the Clause 17s.

Clause 17 applies only if a municipality has not accepted alternative Clauses 17C, 17C½ or 17D, which generally have higher whole estate limits. If a municipality has accepted more than one alternative, the most recently accepted alternative applies.

3.4.2 Exemption Amount

The \$175 exemption amount may be increased each year by up to 100 percent of a COLA determined by DOR if the legislative body of the municipality (1) accepts the provision of G.L. c. 59, § 5 added by St. 1995, c. 181, and (2) fixes the percentage increase that will apply.

3.4.3 Ownership and Domiciliary Requirements

Seniors must also meet certain durational ownership and domiciliary requirements. Those requirements for each clause are found in Table 3. These requirements do not apply to minor children or surviving spouses.

3.4.4 Whole Estate

Table 5 summarizes the whole estate limits for each clause. Excluded from the applicant's whole estate is the value of cemetery plots, clothing, and household furniture and effects at the applicant's domicile. Also excluded is the unpaid balance of any mortgage on the applicant's domicile and other real property, and depending on the clause, a portion of the value of the domicile.

The whole estate limits that apply to the particular clause the municipality uses may be increased each year by a COLA determined by DOR if the municipality accepts Clause 17E.

3.5 Surviving Spouse and Minor Child of Firefighters and Police Officers Exemptions (Clauses 42 and 43)

3.5.1 Eligibility

Surviving spouses who have not remarried, and minor children, of firefighters or police officers killed in the line of duty are eligible for a full exemption.⁴⁸ Killed in the line of duty means death as a result of some violent act, or occurrence of violent external physical force to the body, while in the line of duty.

3.5.2 Joint Ownership

If the applicant owns the property with anyone who is not a surviving spouse or minor child of a firefighter or police officer killed in the line of duty, the applicant only receives an exemption equal to the percentage of his or her ownership interest in the property.

3.6 Veteran Exemptions (Clauses 22, 22A, 22B, 22C, 22D, 22E, 22F and 22H)

3.6.1 Eligibility

Peacetime and wartime veterans who meet certain domiciliary requirements and were not dishonorably discharged may be eligible for exemptions ranging from \$400 to the full tax under Clauses 22, 22A, 22B, 22C, 22E and 22F.⁴⁹ If the spouse, not the veteran, owns the veteran's domicile, the spouse may be eligible for the exemption instead. Some of the exemptions are available to surviving spouses of veterans or surviving spouses and parents of servicemembers. Some surviving spouses may receive the exemption even if they remarry. Table 7 summarizes who may apply for exemption under each clause. To be a veteran, the person must meet certain active duty service requirements.⁵⁰

3.6.2 Domicile

Veterans must (1) have been domiciled in Massachusetts at least six consecutive months before entering the service, or (2) have been domiciled in Massachusetts at least two years consecutive before qualifying for the exemption.

To qualify for a Clause 22D exemption, surviving spouses of active duty servicemembers, guardsmen on active duty or veterans who were killed or whose service connected injury or disease is the proximate cause of death as determined by the VA (1) must have been domiciled in Massachusetts for at least two consecutive years before applying for the exemption, or (2) their deceased spouse must have been domiciled in Massachusetts for at least six consecutive months before entering the service.

If the veteran, servicemember or guardsman was not domiciled in Massachusetts before entering the service, and the municipality has accepted St. 1993, c. 110, § 110, the veteran or surviving spouse will only

have to have been domiciled in the state at least one consecutive year before qualifying for the exemption.

3.6.3 Disability

An applicant must provide certification of the veteran's service connected disability from the VA or branch of service from which the person was discharged in the first year the exemption is sought. Veterans who qualify for a Clause 22E exemption must submit a current VA certification with each year's application. Once any other exemption is granted, the veteran does not have to include a certification with future applications unless the disability status changes. For applications by a surviving spouse of a disabled veteran, a certification of the veteran's disability at the time of death must be provided in the first year the exemption is sought only if the veteran was not receiving an exemption at that time.

3.6.4 Occupancy

For Clauses 22A, 22B, 22C, 22E and 22F exemptions, an applicant who owns a multi-family house only receives an exemption for the portion of the house the applicant occupies as his or her domicile.

Example

**The applicant owns a three-family house and occupies one unit.
The applicant receives 1/3 of the exemption.**

3.6.5 Exemption Amount

The exemption amounts will be increased each year by the COLA determined by DOR if the legislative body of the municipality accepts the provision of G.L. c. 59, § 5 Clause 22I.

3.7 Blind Exemptions (Clause 37 and 37A)

3.7.1 Eligibility

Persons who are legally blind may be eligible for an exemption under Clause 37 or local option Clause 37A.⁵¹ Clause 37 applies only if a municipality has not accepted alternative Clause 37A. Applicants must submit a current certificate of blindness or a current identification and certificate of blindness card from the Commission for the Blind with each year's application. In the first year an application for exemption is filed, a statement from a doctor certifying blindness according to the Commission's specifications may be substituted.

3.7.2 Exemption Amount

Eligible persons receive an exemption of \$437.50 under Clause 37, or \$500 under local option Clause 37A.

3.8 Financial Hardship Exemption (Clause 18)

3.8.1 Eligibility

Persons who do not have the financial means to pay their taxes because (1) they were called into active military service, or (2) are older and have a physical or mental illness, disability or impairment, may receive a partial or full exemption at the discretion of the assessors.⁵²

3.8.2 Exemption Policy

Assessors have the discretion to establish specific criteria for determining whether a taxpayer meets the statutory standard of financial hardship under Clause 18. They should establish appropriate policies and criteria to ensure that they treat similarly situated taxpayers fairly and equitably, while maintaining some flexibility to address unique situations.

3.8.3 Taxpayer Recourse

An applicant who disagrees with the assessors' decision on his or her application for a Clause 18 hardship exemption may bring a civil action for certiorari in the Superior Court or Supreme Judicial Court within 60 days of the assessors' decision. To prevail, the applicant must show that the assessors' decision was unlawful, or arbitrary or capricious.

3.9 Senior Tax Deferral (Clause 41A)

3.9.1 Eligibility

Seniors who are at least 65 years old, meet certain ownership and domiciliary requirements and whose annual gross receipts are within certain limits may be eligible to defer payment of their taxes.⁵³ The taxes, with interest, must be repaid when the property is sold or the taxpayer dies. The ownership and domiciliary requirements that apply to the deferral are found in Table 3.

3.9.2 Gross Receipts

An applicant, and spouse if married, must have gross receipts of \$20,000 or less. That limit may be increased to any amount up to the maximum income limit in the state circuit breaker tax credit for senior single taxpayers by vote of the municipality's legislative body. The gross receipts limits that apply to the deferral are found in Table 6.

3.9.3 Deferral Amount

An applicant that qualifies may defer all or part of the tax with the following limitations:

- **Annual deferral** - The annual deferral of an applicant who owns the property jointly with someone other than a spouse is limited to the same percentage of the tax as the applicant's ownership interest.
- **Total deferral** - The total deferral account, including interest, is limited to fifty percent of the applicant's proportionate share of the full and fair cash value of the property.

3.9.4 Deferral Agreement and Lien

In the first year a Clause 41A deferral is granted, the applicant must enter into a tax deferral and recovery agreement with the assessors. All co-owners, remaindermen and mortgagees must also sign the agreement for the deferral to take effect. The assessors then record a statement at the Registry of Deeds to continue and perfect the tax lien on the property and secure repayment of the deferred taxes.

3.9.5 Deferral Account

Taxes deferred under Clause 41A are treated as if secured by a tax title. In the first year a deferral is granted, the treasurer creates a modified tax title account for the parcel in the amount of the deferred taxes. The amount of the fee paid to record the assessors' statement of entry into a deferral and recovery agreement is added to those taxes. If the assessors grant a deferral in a subsequent year, the collector certifies the deferred taxes into the account.

3.9.6 Repayment

The deferred taxes, including accrued interest, are due when the property is sold or the taxpayer dies. The rate is eight percent, or a locally adopted lower rate voted by the legislative body of the city or town before July 1 beginning of the fiscal year to which the deferred tax relates. Interest accrues at 16 percent from the date the property is sold or the taxpayer dies. The treasurer issues a release of the lien upon payoff, as with a tax title redemption.

If the deferred taxes and accrued interest are not paid, the treasurer can institute foreclosure proceedings in Land Court six months after the death of the taxpayer or sale of the property.

3.10 Financial Hardship Tax Deferral (Clause 18A)

3.10.1 Eligibility

Persons who are having temporary financial difficulties and meet certain domiciliary requirements may receive a partial or full deferral at the discretion of the assessors.⁵⁴ The taxpayer may be of any age and the financial hardship may be due to any number of reasons, including a change to active military status. Table 3 summarizes the domiciliary requirements that apply to the Clause 18A deferral.

3.10.2 Deferral Policy

As with the Clause 18 hardship exemption, assessors have the discretion to establish specific criteria for determining eligibility for the deferral and they should establish appropriate policies to ensure fair and equitable treatment of taxpayers. See Section 3.8.2 above.

3.10.3 Taxpayer Recourse

Applicants who disagree with the assessors' decision on their application have the same recourse as Clause 18 hardship exemption applicants. See Section 3.8.3 above.

3.10.4 Deferral Period and Repayment

A Clause 18A hardship deferral can be granted for a maximum period of three consecutive years. At the end of that period, the deferred taxes must be repaid. The taxpayer may pay the deferred taxes, plus interest, in annual installments over a five-year period. The rate is eight percent, or a locally adopted lower rate voted by the legislative body of the city or town before July 1 beginning of the fiscal year to which the deferred tax relates. The first payment is due two years after the last year of the deferral.

3.10.5 Deferral Procedures

Other than the early repayment requirement, a Clause 18A hardship deferral operates in the same manner as the Clause 41A senior deferral. The taxpayer enters into a deferral agreement with the assessors in the first year, the assessors record a lien statement to ensure the community can collect the amount deferred if the taxpayer does not pay it, the collector establishes a deferral account, which has the same status as a tax title, and the treasurer issues the release of lien upon payoff, as with a tax title redemption. See Sections 3.9.3 to 3.9.6 above.

3.11 Optional National Guard and Reservist Exemption (Clause 56)

By local option, members of the Massachusetts National Guard and military reserves may qualify for an exemption of up to 100 percent of their real and personal property taxes.⁵⁵ The exemption applies only in a fiscal year in which the guard member or reservist is deployed overseas. Assessors have the discretion to establish specific eligibility criteria for the exemption. The exemption expires two years after acceptance unless the community's legislative body votes to extend it.

3.12 Optional Senior Exemption (Clause 57)

By local option and subject to annual appropriation by the community's legislative body, seniors who qualify for the Massachusetts income tax credit called the "circuit breaker" may qualify for an exemption.⁵⁶ The maximum exemption is the same amount as the tax credit received in the prior calendar year.

3.13 Optional Additional Exemption

By local option, a municipality may grant an additional exemption to all taxpayers who qualify for personal exemptions.⁵⁷ The additional exemption may be set at any percentage up to 100 percent of the personal exemption amount. The percentage increase must be uniform for all exemptions. The additional exemption cannot reduce the applicant's tax to less than the tax owed for the previous fiscal year or the tax owed in the current fiscal year on 10 percent of the fair cash value of the domicile.

Example

The municipality votes to adopt an additional optional exemption of 100% for the fiscal year. An applicant for a Clause 22 veterans' exemption would receive an exemption of \$400 and an additional exemption of up to \$400, for a total possible exemption of \$800.

The applicant's tax after exemption last year was \$2,000. This year's tax before exemption is \$2,900. The applicant receives an \$800 exemption (\$400 Clause 22 exemption and full \$400 additional exemption).

If this year's tax is \$2,700, however, the applicant would only receive an exemption of \$700 (\$400 Clause 22 exemption and \$300 additional exemption).

The legislative body must approve the additional exemption percentage before July 1 of the fiscal year it is first going to apply. Table 8 includes an additional example of the impact of the optional additional exemption on new and existing recipients of personal exemptions.

3.14 Optional Additional Exemption for Veterans

By local option, pursuant to Clause 22J, a municipality may grant an additional exemption to all taxpayers who qualify for a veteran personal exemption. The additional exemption may be set at any percentage up to 100 percent of the personal exemption amount. The percentage increase must be uniform for all veteran exemptions. The additional exemption cannot reduce the tax below the amount owed in the current fiscal year on 10 percent of the fair cash value of the domicile. Be aware of the following. Only the optional additional exemption described in Section 3.13 above shall apply in a community that has accepted it, and Clause 22J shall not be implemented in that case.

3.15 Multiple Exemptions

3.15.1 Taxpayers

A taxpayer who receives a personal exemption may not receive another exemption on the property with the exception of a Clause 18 hardship exemption or Clause 45 exemption for solar or wind-powered improvements to the property.⁵⁸ If a taxpayer qualifies for more than one personal exemption, the assessors should grant the exemption that provides the greatest benefit.

A taxpayer may receive a personal exemption and defer the balance of the tax if he or she also qualifies for a Clause 41A senior or Clause 18A financial hardship deferral.

3.15.2 Co-owners

If two or more co-owners of a property qualify for different exemptions, they may receive the exemption for which each co-owner qualifies.⁵⁹ If

they qualify for the same exemption, however, only one may receive it⁶⁰ with the following exceptions:

- **Clause 22 (veterans)** - If both spouses qualify, each receives the full exemption.
- **Clauses 41, 41B, 41C (seniors)** - If two or more co-owners who are not married to each other qualify, each will receive an exemption equal to the percentage of his or her ownership interest in the property.

3.16 **Minimum Tax**

No exemption can reduce the amount of tax paid to less than 10 percent of the total tax bill.⁶¹ If the application of any exemption would result in a tax of less than the 10 percent minimum due, the total exemption cannot be allowed.

Exceptions are (1) any Clause 18 hardship abatements, Clause 18A temporary hardship deferrals and Clause 41A senior deferrals and (2) any full exemptions, e.g., the full exemptions granted to paraplegic veterans, their spouses and their surviving spouses, the surviving spouses and minor children of firefighters or police officers killed in the line of duty, the surviving spouses of servicemembers,

guardsmen or veterans who died as a proximate result of injuries or disease or are missing in action and presumed dead as a result of active duty and by local option, the Massachusetts National Guard members and military reservists deployed overseas.

3.17 **State Reimbursement**

The Commonwealth reimburses municipalities for loss of tax revenue due to personal exemptions. Table 9 summarizes the reimbursements for the different exemptions.

Assessors must report the exemptions granted to DOR each year in order for their municipality to be reimbursed.⁶² The reports are submitted to the Municipal Databank. Assessors should submit the reports as soon as possible after all exemption applications have been processed, but the last day to submit for reimbursement is April 30. Reimbursements are subject to annual appropriation and any balances revert to the state's general fund.

¹ G.L. c. 59, § 5, first paragraph.

² G.L. c. 59, § 5, cl. 1.

³ G.L. c. 59, § 5, cl. 2.

⁴ *Tax Collector of North Reading v. Reading*, 366 Mass. 438 (1974); *Board of Gas and Electric Commissioners of Middleborough v. Board of Assessors of Lakeville*, 355 Mass. 387 (1969); *Collector of Taxes of Milton v. Boston*, 278 Mass. 274 (1932); *Middlesex County v. City of Waltham*, 278 Mass. 514 (1932); *Somerville v. Waltham*, 170 Mass. 160 (1898).

⁵ Generally found in enabling legislation creating authority.

⁶ G.L. c. 59, § 2B.

⁷ G.L. c. 59, § 5, cl. 3.

-
- ⁸ *Boston Chamber of Commerce v. Assessors of Boston*, 315 Mass. 712 (1944).
- ⁹ See *Fisher School v. Assessors of Boston*, 325 Mass. 529 (1950) regarding excessive salaries paid to conceal a distribution of profits; *Sturdy Memorial Foundation, Inc. Board of Assessors of North Attleborough*, 47 Mass. App. Ct. 519 (1999) regarding requirements for establishing salaries.
- ¹⁰ *Milton Hospital and Convalescent Home v. Board of Assessors of Milton*, 360 Mass. 63 (1971).
- ¹¹ *Lynn Hospital v. Board of Assessors of Lynn*, 383 Mass. 14 (1981).
- ¹² *Hairenik Association v. City of Boston*, 313 Mass. 274 (1943).
- ¹³ *Charlesbank Homes v. City of Boston*, 218 Mass. 14 (1914).
- ¹⁴ *Board of Assessors of New Braintree v. Pioneer Valley Academy, Inc.*, 355 Mass. 610 (1969); *Wheaton College v. Town of Norton*, 232 Mass. 141 (1919).
- ¹⁵ G.L. c. 59, § 5, cl. 3(e); *Bay Path College v. Board of Assessors of Longmeadow*, 57 Mass. App. Ct. 807 (2004).
- ¹⁶ State Tax Form 1B-3.
- ¹⁷ State Tax Form 128.
- ¹⁸ : G.L. c. 59, § 59; Also see Bulletin 2015-05B, *Abatement/Exemption Application and Payment Due Dates on Non-business Days*.
- ¹⁹ State Tax Form 3ABC.
- ²⁰ G.L. c. 59, § 29.
- ²¹ Form PC; G.L. c. 12, § 8F.
- ²² G.L. c. 59, § 5, cl. 7.
- ²³ *Assessors of Worcester v. Knights of Columbus Religious, Educational, Charitable & Benevolent Association of Worcester*, 329 Mass. 532 (1952).
- ²⁴ G.L. c. 59, § 5, cls. 5, 5A, 5B and 5C.
- ²⁵ G.L. c. 59, § 5, cl. 5.
- ²⁶ G.L. c. 59, § 5, cl. 5A.
- ²⁷ G.L. c. 59, § 5, cl. 5B.
- ²⁸ G.L. c. 59, § 5, cl. 5C.
- ²⁹ State Tax Form 3ABC.
- ³⁰ G.L. c. 59, § 29.
- ³¹ G.L. c. 59, § 5, cl. 10.
- ³² G.L. c. 59, § 5, cl. 11.
- ³³ *Shrine of Our Lady of La Salette Inc. v. Board of Assessors of Attleboro*, 476 Mass. 690 (2017).
- ³⁴ G.L. c. 59, § 5, cl. 11.
- ³⁵ G.L. c. 58, §§ 13-17.
- ³⁶ G.L. c. 59, § 5, first paragraph.
- ³⁷ G.L. c. 59, § 59; Also see Bulletin 2015-05B, *Abatement/Exemption Application and Payment Due Dates on Non-business Days*.
- ³⁸ G.L. c. 59, § 60.
- ³⁹ G.L. c. 59, § 60; G.L. c. 66, § 10.
- ⁴⁰ G.L. c. 59, § 64.
- ⁴¹ G.L. c. 59, § 64.
- ⁴² *Thayer v. Shorey*, 287 Mass. 76 (1934); *Breare v. Board of Assessors of Peabody*, 350 Mass. 391 (1966).
- ⁴³ *Kirby v. Board of Assessors of Medford*, 350 Mass. 386 (1966).
- ⁴⁴ Under local acceptance G.L. c. 59, § 5, Clause 22G, individuals who do not have legal title to their domiciles under a trust, conservatorship or other fiduciary arrangement for their benefit may still qualify for veteran exemptions.
- ⁴⁵ G.L. c. 59, § 5, cls. 41, 41B and 41C.
- ⁴⁶ G.L. c. 59, § 5, cl. 41C½.
- ⁴⁷ G.L. c. 59, § 5, cls. 17, 17C, 17C ½ and 17D.
- ⁴⁸ G.L. c. 59, § 5, cls. 42 and 43.
- ⁴⁹ G.L. c. 59, § 5, cls. 22, 22A, 22B, 22C, 22D and 22E.
- ⁵⁰ G.L. c. 4, § 7, cl. 43.
- ⁵¹ G.L. c. 59, § 5, cls. 37 and 37A.
- ⁵² G.L. c. 59, § 5, cl. 18.
- ⁵³ G.L. c. 59, § 5, cl. 41A.
- ⁵⁴ G.L. c. 59, § 5, cl. 18A.

⁵⁵ G.L. c. 59, § 5, cl. 56.

⁵⁶ G.L. c. 59, § 5, cl. 57.

⁵⁷ G.L. c. 59, § 5C½.

⁵⁸ G.L. c. 59, § 5, first paragraph.

⁵⁹ *Anthony J. DeCenzo v. Board of Assessors of Framingham*, 372 Mass. 523 (1977).

⁶⁰ *Sylvester v. Assessors of Braintree*, 344 Mass. 263 (1962).

⁶¹ G.L. c. 59, §§ 5C and 5C½.

⁶² Assessors' certification form, Form MDM-1 (all exemptions) and Form R-VP (veterans). (Submitted on DLS Gateway).

TABLE 1. Exempt Property and Filing Requirements

Type	Clause	Initial application	Annual filing
United States property	1	None	None
Commonwealth property	2	None	None
Charitable organizations	3	Form 1-B-3 or 128	3ABC
Horticultural and agricultural societies	4, 4A	None*	None
Veterans' organizations	5, 5A, 5B, 5C	None*	3ABC
Fraternal societies	7	None (personal property)* Form 1-B-3 or 128 (real property)	None (personal property) 3ABC (real property)
Religious organizations	10, 11	None*	None
Corporate personal property	16	Corporations register with Secretary of State's office Form 355Q/RD with DOR for manufacturing/research and development status	Form 2 (Form of list of taxable property)
Individual's personal property	20	None*	Form 2HF (Form of list of taxable property)
Livestock	21	None*	None
Classified forest land	26	Form CL-1	None
Manufactured housing located in licensed park	36	None*	None
Pollution abatement devices	44	Certification by DEP	None
Solar and wind devices	45	Form 128	None
Water power facilities	45A	Agreement with community	Gross income
Urban redevelopment corporations	47	Agreement with community	Corporate excise payment to the state
Classified recreational land	48	Form CL-1	Form CL-1
Classified agricultural and horticultural land	49	Form CL-1	Form CL-1
Residential improvements to house older persons	50	Form 97EH	Form 97EH
Economic development exemption	51	Agreement with community	None

* There is no specific application form to file initially, but if a tax bill is issued for a fiscal year that exemption is claimed, a timely filed abatement application (Form 128) must be filed.

TABLE 2. Local Option Personal Exemption Statutes¹ -**Require Acceptance/Action by Legislative Body**

Citation	Exemption Type	Effect
G.L. c. 59 § 5, Clause 17C, 17C½, 17D	Senior, Surviving Spouse, Minor Child of Deceased Parent	Supersedes Cl. 17, or previously accepted version Increases whole estate limit
G.L. c. 59 § 5, Clause 17E	Senior, Surviving Spouse, Minor Child of Deceased Parent	Increases whole estate limit automatically each year by COLA determined by DOR
G.L. c. 59, § 5, Clause 17F (previously G.L. c. 59 § 5, provision added by St. 1995, c. 181 as last paragraph of c. 59, § 5)	Senior, Surviving Spouse, Minor Child of Deceased Parent	Increases exemption amount annually by any % up to COLA determined by DOR Legislative body must also vote to fix % increase
G.L. c. 59, § 5, Clause 18A	Hardship deferral	Legislative body may vote to reduce interest below 8%
G.L. c. 59, § 5, provision added by St. 1993, c. 110, §110 (last paragraph of c. 59, § 5, Clause 22F)	Veteran	Reduces residency requirement for veterans who were not domiciled in Massachusetts 6 months before entering the service from 2 to 1 year before application - Applies to all veteran exemptions, except Clause 22H
G.L. c. 59, § 5, Clause 22G	Veteran	Exempts persons otherwise eligible for a Clause 22, 22A, 22B, 22C, 22D, 22E or 22F exemption when legal title is held by a trustee, conservator or other fiduciary for the person's benefit
G.L. c. 59, § 5, Clause 22H	Veteran	Exempts surviving parents or guardians of active duty military personnel (including National guardsmen on active duty) or veterans who (1) died as a proximate result of injuries sustained or diseases during active duty, or (2) went missing in action and are presumed to have died. (Beginning in FY2020)
G.L. c. 59, § 5, Clause 22I	Veteran	Increases all veteran exemption amounts annually by the COLA determined by DOR
G.L. c. 59, § 5, Clause 22J	Veteran	Increases all veteran exemption amounts by up to percentage (not to exceed 100%) voted by legislative body before July1 of the fiscal year the percentage first applies
G.L. c. 59, § 5, Clause 37A	Blind person	Supersedes Cl. 37 Increases amount of exemption to \$500
G.L. c. 59, § 5, Clause 41A	Senior deferral	Legislative body may vote to: <ul style="list-style-type: none"> • Increase gross receipts limit up to income single seniors who are not heads of households may have to qualify for the "circuit breaker" state income tax credit • Reduce interest below 8%
G.L. c. 59, § 5, Clause 41B, 41C	Senior	Supersedes Cl. 41, or previously accepted version Increases gross receipts and whole estate limits
G.L. c. 59, § 5, Clause 41C	Senior	Legislative body may vote to: <ul style="list-style-type: none"> • Reduce eligibility age to 65 • Increase exemption amount by up to 100% • Increase gross receipts limit up to \$20,000 single and \$30,000 married • Increase whole estate limit up to \$40,000 single and \$55,000 married • Exclude value of up to 4 family home from whole estate
G.L. c. 59, § 5, Clause 41C½	Senior	Legislative body may vote to: <ul style="list-style-type: none"> • Reduce eligibility age to 65 • Increase exemption % up to 20%

¹ If a local option statute has been accepted, any later amendments apply without further acceptance unless the legislation expressly provides otherwise.

		<ul style="list-style-type: none"> • Reduce durational residency requirement to 5 years • Adjust income limits to apply to combined household income
G.L. c. 59, § 5, Clause 41D	Senior	Increases Clause 41, 41B or 41C gross receipts and whole estate limits automatically each year by COLA determined by DOR

Citation	Exemption Type	Effect
G.L. c. 59, § 5, Clause 50	Senior	Exempts value of improvements to residential property made to provide housing for person 60 or older who is not the owner
G.L. c. 59, § 5, Clause 52	Senior	Exempts amount of taxes that exceed higher water/sewer bills up to \$200 (only in community adopting water/debt shift under G.L. c. 59, § 21C(n))
G.L. c. 59, § 5, Clause 53	Residential	Exempts amount of taxes that exceed higher sewer bills up to \$300 for homeowners not connected to sewer system (only in community adopting sewer debt shift under G.L. c. 59, § 21C(n))
G.L. c. 59, § 5, Clause 55	Personal	Makes units leased to and occupied by members of cooperatives deemed owned by members
G.L. c. 59, § 5, Clause 56	Deployed Guardsmen & Reservists	Exempts up to 100% of property taxes assessed to Massachusetts national guardsmen and reservists deployed overseas
G.L. c. 59, § 5, Clause 57	Senior	Exempts seniors up to amount of “circuit breaker” state income tax credit received for domicile
G.L. c. 59, § 5C	Residential	Makes units leased to and occupied by members of cooperatives deemed owned by members
G.L. c. 59, § 5C½	Personal	Increases all personal exemption amounts by up to percentage (not to exceed 100%) voted by legislative body before the July 1 of the fiscal year the percentage first applies

Require Acceptance by Voter Approval of Ballot Question

Citation	Exemption Type	Effect
G.L. c. 59, § 5, Clause 41C½	Senior	<p>Supersedes Cl. 41, or previously accepted version</p> <p>Bases exemption on 5% of average residential value</p> <p>Increases gross receipts limit – tied to state senior circuit breaker limits which increase yearly</p> <p>Eliminates whole estate limit</p>

TABLE 3. Exempt Persons - Ownership and Domiciliary Requirements

Type	Clause	Amount	Multiple Owners Pro-rata Amount	Minimum Ownership Interest	Durational Ownership ¹	Durational Domiciliary ²
BLIND	37 37A	\$437.50 \$500	None	\$5,000	None	None
HARDSHIP	18	Any	None	None	None	None
	18A (deferral)	Any	Total deferral account may not exceed 50% of applicant's ownership share of the property's value	None	None	Domiciled in MA for the 10 consecutive years before the exemption year
SENIOR	17, 17C, 17C½	\$175	None	\$2,000	Owned and occupied the property as domicile for any 10 years	See durational ownership
	17D	\$175	None	\$2,000	Owned and occupied the property as domicile for any 5 years	See durational ownership
	41	\$500	% of applicant's interest if any co-owner is not spouse	\$4,000	None	None
	41B 41C	\$500 \$500 ³	% of applicant's interest if any co-owner is not spouse	\$4,000	Owned and occupied the property, or any other MA property, as domicile for any 5 years	Domiciled in MA for the 10 consecutive years before the exemption year
	41C½	Up to 5% of the average assessed valuation of residential property ⁴			Owned and occupied the property, or any other MA property, as domicile for any 5 years	Domiciled in MA for the 10 consecutive years before the exemption year
	41A (deferral)	Any	Total deferral account may not exceed 50% of applicant's ownership share of the property's value	None	Owned and occupied the property, or any other MA property, as domicile for any 5 years	Domiciled in MA for the 10 consecutive years before the exemption year

¹ In addition to general requirement that taxpayer own property on July 1.² In addition to general requirement that taxpayer occupy the property as domicile on July 1.³ May be increased up to \$1,000 by legislative body of municipality.⁴ May be increased up to 20% by legislative body of municipality

Type	Clause	Amount	Multiple Owners Pro-rata Amount	Minimum Ownership Interest	Durational Ownership ¹	Durational Domiciliary ²
SURVIVOR	17, 17C, 17C½, 17D	\$175	None	\$2,000	None	None
	42, 43	Full	% of applicant's interest if any co-owner is not surviving spouse/minor	None	None	None
VETERAN	22	\$400	None	\$2,000	None	Domiciled in MA for the 6 consecutive months before entering the service OR Domiciled in MA for the 5 consecutive years (2 consecutive years beginning in FY2020) (or if alternative local option accepted, 1 consecutive year) before the exemption year
	22A	\$750	None	\$4,000	None	Same as 22
	22B	\$1250	None	\$8,000	None	Same as 22
	22C	\$1500	None	\$10,000	None	Same as 22
	22D	Full	None	None	None	Domiciled in MA for the 2 consecutive years (2 consecutive years beginning in FY2020) (or if alternative local option accepted, 1 consecutive year) before the exemption year OR deceased spouse domiciled in MA for the 6 consecutive months before entering the service
	22E	\$1000	None	\$6,000	None	Same as 22
	22F	Full	None	None	None	Same as 22
	22H	Full	None	None	None	Domiciled in MA for 5 <u>consecutive</u> years before applying OR deceased soldier domiciled in MA for 6 <u>consecutive</u> months before entering the service

¹ In addition to general requirement that taxpayer own property on July 1.

² In addition to general requirement that taxpayer occupy the property as domicile on July 1.

**TABLE 4. Exempt Persons –Financial Means
Seniors under Clauses 41, 41B, 41C and 41C½**

	Clause 41	Local Option Clause 41B	Local Option Clause 41C	Local Option Clause 41C1/2												
Gross Receipts Limit <u>Deductions:</u> (1) <u>Applicant</u> – Minimum Social Security/ Retirement Allowance (set by DOR annually) ¹ (2) <u>Applicant & Co-owner not Spouse</u> - Business expenses or losses (<i>i.e.</i> , only net profits/rental income included) If applicant/non-spousal co-owner is married, combined income of applicant and spouse/co-owner and spouse cannot exceed married limit ²	<u>Applicant & Each Co-owner not Spouse</u> \$6,000 Single \$7,000 Married	<u>Applicant & Each Co-owner not Spouse</u> \$10,000 Single \$12,000 Married	<u>Applicant & Each Co-owner not Spouse</u> \$13,000 Single \$15,000 Married <u>Allowable adjustment Applicant Only</u> Up to \$20,000 Single Up to \$30,000 Married	<u>Applicant Single/Married</u> Income limit under “circuit breaker” state income tax credit for single person who is not head of household <u>Allowable adjustment Applicant & Other Household Members</u> Combined gross receipts of household members cannot exceed limit under “circuit breaker” state income tax credit for (1) married couple if household is couple, and (2) head of household if household is applicant and person other than applicant’s spouse												
Whole Estate Limit ³ <u>Deductions:</u> <u>Applicant & Co-owner not Spouse</u> - Registered vehicles, cemetery plots, household furniture/effects at domicile and clothing If applicant/non-spousal co-owner is married, combined assets of applicant and spouse/co-owner and spouse cannot exceed married limit	<u>Applicant Deducts own Home (Except Any Income Producing Portion) & Each Co-owner not Spouse Includes own Home</u> <table><tr><td><u>Applicant</u></td><td><u>Each Co-owner not Spouse</u></td></tr><tr><td>\$17,000 Single</td><td>\$12,000 Single</td></tr><tr><td>\$20,000 Married</td><td>\$15,000 Married</td></tr></table> <u>Applicant & Co-owner not Spouse each Includes own Home</u> <table><tr><td><u>Applicant</u></td><td><u>Each Co-owner not Spouse</u></td></tr><tr><td>\$40,000 Single</td><td>\$12,000 Single</td></tr><tr><td>\$45,000 Married</td><td>\$15,000 Married</td></tr></table>	<u>Applicant</u>	<u>Each Co-owner not Spouse</u>	\$17,000 Single	\$12,000 Single	\$20,000 Married	\$15,000 Married	<u>Applicant</u>	<u>Each Co-owner not Spouse</u>	\$40,000 Single	\$12,000 Single	\$45,000 Married	\$15,000 Married	<u>Applicant & Co-owner not Spouse each Deduct own Home (Except Income Producing Portion)</u> <u>Applicant & Each Co-owner not Spouse</u> \$20,000 Single \$23,000 Married	<u>Applicant & Each Co-owner not Spouse each Deduct own Home (Up to 3 Family)</u> <u>Applicant & Each Co-owner not Spouse</u> \$28,000 Single \$30,000 Married <u>Allowable adjustment Applicant Deducts Home (Up to 4 Family)</u> <u>Applicant Only</u> \$40,000 Single \$55,000 Married	No Limit
<u>Applicant</u>	<u>Each Co-owner not Spouse</u>															
\$17,000 Single	\$12,000 Single															
\$20,000 Married	\$15,000 Married															
<u>Applicant</u>	<u>Each Co-owner not Spouse</u>															
\$40,000 Single	\$12,000 Single															
\$45,000 Married	\$15,000 Married															
Annual Inflation Adjustments (COLA)	Social security/retirement deduction limit automatically increased annually as determined by DOR Clause 41, 41B and 41C gross receipts and whole estate limits automatically increased annually by COLA determined by DOR if legislative body has voted to accept G.L. c. 59, § 5(41D). Clause 41C½ gross receipts limits automatically increased annually by COLA determined by DOR for senior circuit breaker income tax under G.L. c. 62, § 6(k)(3).															

¹ Does not apply to Clause 41C½.

² Does not apply to Clause 41C½.

³ Does not apply to Clause 41C½.

**TABLE 5. Exempt Persons – Whole Estate
Seniors, Surviving Spouses, Minor Children of Deceased
Parent under Clauses 17, 17C, 17C½ and 17D**

	Clause 17	Local Option Clause 17C	Local Option Clause 17C½	Local Option Clause 17D
Whole Estate Limit <u>Deductions:</u> Cemetery plots, household furniture/effects at domicile and clothing	\$20,000 <u>Deduct:</u> \$ Unpaid mortgage on applicant's real estate (up to value of included real estate)	\$40,000 <u>Deduct:</u> \$60,000 in value of domicile \$ Unpaid mortgage on applicant's other real estate (up to value of included real estate)	\$40,000 <u>Deduct:</u> \$150,000 in value of domicile \$ Unpaid mortgage on applicant's other real estate (up to value of included real estate)	\$40,000 <u>Deduct:</u> \$ Value of domicile (up to 3 family) \$ Unpaid mortgage on applicant's other real estate (up to value of included real estate)
Annual Inflation Adjustments (COLA)	Whole estate limit automatically increased annually by COLA determined by DOR if legislative body has voted to accept G.L. c. 59, § 5(17E). Exemption amount increased annually by any % up to COLA determined by DOR if legislative body has voted to (1) accept G.L. c. 59, § 5 provision added by St. 1995, c. 181 <u>and</u> (2) fix % increase			

**TABLE 6. Deferred Taxes – Gross Receipts Limits
Seniors under Clause 41A**

	Clause 41A Limit	Local Option Limit
<p>Gross Receipts Limit</p> <p><u>Deductions:</u></p> <p><u>Applicant & Spouse</u> - Business expenses or losses (<i>i.e.</i>, only net profits/rental income included)</p> <p>If applicant married, combined income of both spouses must be within limit</p>	\$20,000	Up to income limit for senior who is not head of household under “circuit breaker” state income tax credit
Annual Inflation Adjustments (COLA)	<p>Local option limit fixed by legislative body vote as \$ amount up to, or % of, circuit breaker limit.</p> <p>Circuit breaker limit adjusted annually by COLA determined by DOR under G.L. c. 62, § 6(k).</p>	

TABLE 7. Exempt Persons – Applicants
Veterans under Clauses 22, 22A, 22B, 22C, 22D, 22E, 22F,
22G and 22H

CLAUSE	TYPE	AMOUNT ¹	VETERAN	SPOUSE	SURVIVING SPOUSE	SURVIVING PARENT
22(a)	Veterans with minimum 10% service connected disability	\$400	X			
22(b)	Veterans of certain pre-World War I conflicts	\$400	X			
22(c)	Veterans awarded purple hearts	\$400	X			
22(d)	Spouses (when property is owned by spouse, not veteran) and surviving spouses of Clause 22(a) – (c) veterans or of soldiers and sailors who died serving in certain 22(b) pre-World War I conflicts	\$400		X	Until remarriage	
22(e)	Gold star parents	\$400				X
22(f)	Surviving spouses of World War I veterans whose whole estate, less mortgage balance on property, does not exceed \$20,000	\$400			Until remarriage	
22A	Veterans who lost, or had permanent loss of use of, one hand, foot or eye in the line of duty or who were awarded the Congressional Medal of Honor, Distinguished Service Cross, Navy Cross or Air Force Cross (and Prisoners of War beginning in FY2020)	\$750	X	X	X	
22B	Veterans who lost, or had permanent loss of use of, two hands, feet or eyes in the line of duty	\$1250	X	X	X	

¹ With the exception of Clauses 22(a-f) and 22D, if the property is greater than a single-family house, the applicant receives an exemption for only that portion that corresponds to the segment occupied.

CLAUSE	TYPE	AMOUNT ¹	VETERAN	SPOUSE	SURVIVING SPOUSE	SURVIVING PARENT
22C	Veterans with 100% disability in the line of duty and whose domicile is specially adapted housing acquired with assistance from VA	\$1500	X	X	X	
22D	Surviving spouses (who have never remarried) of active duty military personnel (including National guardsmen on active duty) or veterans who (1) died as a proximate result of injuries sustained or diseases during active duty, or (2) are missing in action and presumed to have died	Full			Until remarriage	
22E	Veterans with 100% disability in the line of duty (annual certificate required)	\$1000	X	X	X	
22F	Paraplegic veterans Veterans with 100% disability for service-connected blindness	Full	X	X	X	
22G	If accepted, persons otherwise eligible for a Clause 22, 22A, 22B, 22C, 22D, 22E or 22F exemption when legal title is held by a trustee, conservator or other fiduciary for the person's benefit	400-Full	X	X	X	X
22H	If accepted, surviving parents or guardians of active duty military personnel (including National guardsmen on active duty) or veterans who (1) died as a proximate result of injuries sustained or diseases during active duty, or (2) went missing in action and are presumed to have died. (Beginning in FY2020)	Full				X

¹ With the exception of Clauses 22(a-f) and 22D, if the property is greater than a single-family house, the applicant receives an exemption for only that portion that corresponds to the segment occupied.

TABLE 8. Exempt Persons – Optional Additional Exemption Pursuant to G.L. c. 59, § 5C1/2

EXAMPLE

Assumes Adopted for First Use in FY2020

Impact on Existing Personal Exemption Recipients

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Assessed Tax	\$1000	\$1050	\$1075	\$1100	1200	1300	1400	1500
Personal Exemption (Clause 22)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)
Net Tax After Exemption	600	650	675	700	800	900	1000	1100
Additional Exemption Voted (100%)		400	400	400	400	400	400	400
Additional Exemption Allowed		(50)	(75)	(100)	(200)	(300)	(400)	(400)
Amount Due¹	600	600	600	600	600	600	600	700

Impact on New Personal Exemption Recipients

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Assessed Tax	\$1000	\$1050	\$1075	\$1100	1200	1300	1400	1500
Personal Exemption (Clause 22)	0	(400)	(400)	(400)	(400)	(400)	(400)	(400)
Net Tax After Exemption	1000	650	675	700	800	900	1000	1100
Additional Exemption Voted (100%)		400	400	400	400	400	400	400
Additional Exemption Allowed		(0)	(25)	(50)	(150)	(250)	(350)	(400)
Amount Due²	1000	650	650	650	650	650	650	700

¹ Cannot be less than tax on 10% of domicile's assessed valuation

² Cannot be less than tax on 10% of domicile's assessed valuation

TABLE 9. Exempt Persons – State Reimbursements¹

Type	Clause	Exemption Amount	Reimbursement Amount
BLIND	37	\$437.50	\$87.50 per exemption
	37A	\$500	\$87.50 per exemption
HARDSHIP	18	Any	None
SENIOR, SURVIVING SPOUSE, SURVIVING MINOR CHILDREN	17	\$175	\$175 per exemption
	17C, 17C½, 17D	\$175	Total amount reimbursed in last year Clause 17 used
SENIOR	41	\$500	\$500 per exemption
	41B, 41C	\$500	\$500 per exemption, up to the number of exemptions granted in the last year Clause 41 used
	41C½	5% of average assessed valuation of residential property ²	Amount granted up to \$500 per exemption, up to the number of exemptions granted in the last year Clause 41 used
SURVIVING SPOUSE, SURVIVING MINOR CHILDREN OF FIREFIGHTERS AND POLICE OFFICERS	42, 43	Full	None
VETERAN³	22	\$400	\$225 per exemption
	22A	\$750	\$575 per exemption
	22B	\$1250	\$1075 per exemption
	22C	\$1500	\$1325 per exemption
	22D	Full	Exemption granted
	22E	\$1000	\$825 per exemption
	22F	Full	All but \$175 of exemption granted

¹ Subject to annual appropriation.

² May be increased up to 20% by legislative body of municipality.

³ If Clause 22A, 22B, 22C and 22E granted on multi-family property, limited to amount over reimbursement granted to applicant.

ADDITIONAL RESOURCES PROPERTY TAX EXEMPTIONS

The following are additional resources on Property Tax Exemptions produced by DLS that are available on our website: www.mass.gov/dls.

- ***DLSLAW Library*** – A searchable data base of DLS Informational Guideline Releases (IGRs), Local Finance Opinions (LFOs) and Bulletins that is accessed by clicking the “Search DLSLAW Library” link appearing under “Public Reports and Databases” on the [DLS Gateway](http://www.mass.gov/dls) login page.
- ***Informational Guideline Releases (IGRs)*** – Specific **IGRs** that explain the policies and procedures regarding specific property tax exemptions or deferrals include:
 - 88-233 Processing Exemptions for Hardship Exemption (Clause 18) (October)
 - 91-209 Exemption Eligibility of Property Held in Trust (July)
 - 02-209 Clause 41C Exemption Options (September)
 - 08-208 Property Tax Deferral for Seniors (Clause 41A) (September)
 - 11-209 Temporary Financial Hardship Property Tax Deferral (Clause 18A) (February)
 - 15-210 Optional Additional Real Estate Exemption (March)
 - 17- 12 Clause 41C½ Property Tax Exemption For Seniors (April)
 - 17-18 Clause 22D Property Tax Exemption for Surviving Spouses of Active Duty Personnel and Veterans (July)
 - 17-19 Clause 22F Property Tax Exemption for Paraplegic and Blind Veterans (July)
- ***Social Security Deduction (Clauses 41, 41B and 41C)*** – Annual IGR notifying assessors of amount to be deducted from gross receipts for certain applicants.
- ***Optional Cost of Living Adjustment (Clauses 17, 17C, 17C½, 17D, 17E, 41, 41B, 41C and 41D)*** – Annual IGR notifying assessors of cost of living adjustment to be used in municipalities adopting certain local options that allow adjustments in exemption amount, gross receipts or whole estate.
- ***Bulletins*** – Specific *Bulletins* that advise about new legislation or other issues regarding exemptions or deferrals include:
 - 2001-08B Acceptance of Small Personal Property Account Exemption
 - 2016-06B Revised Abatement, Exemption and Deferral Forms and Taxpayer Fact Sheet
 - 2009-19B Veteran Exemptions
 - 2013-06B Local Option Exemptions for Research and Development Companies and Disregarded Limited Liability Companies

- 2015-02B Local Option Personal Exemptions (Clauses 56 and 57)
 - 2015-05B Abatement/Exemption Application and Payment Due Dates on Non-business Days
 - 2017-06B Revised Exemption Applications and Taxpayer Fact Sheets
 - 2024-5 HERO Act Chapter 178 of the Acts of 2024
-
- [Fact Sheets](#) – Brochures designed for distribution to taxpayers about exemptions for charitable and religious organizations and for seniors, blind persons, disabled veterans, surviving spouses and minor children with deceased parent.
 - ***Request for Reimbursement Forms*** – Forms used by assessors to obtain any state reimbursement for personal exemptions they grant. (Submitted in DLS Gateway)
 - ***Local Finance Opinions*** –Local Finance Opinions (LFO) [2022-2 Exemption Eligibility When Property Is Held in Trust](#)