

REP. KATE HOGAN'S SENIOR NEWS



Tax Programs and Updates for Seniors

As we begin the 2020 tax filing process, I'd like to share information on deductibles and exemptions especially for residents aged 65+, as well as updates on recent changes in federal law that could impact your taxes this year.

Senior Circuit Breaker Tax Credit: Whether you rent or own your primary residence in Massachusetts, income-eligible seniors can receive meaningful relief on their property taxes with a credit calculated based on your real estate tax bill. To see whether you meet the eligibility requirements or watch a helpful video tutorial, visit: <https://www.mass.gov/how-to/apply-for-the-circuit-breaker-credit>

Senior Property Tax Work-Off: There is another interesting pathway to tax relief for civic-minded seniors. The Property Tax Work Off program invites seniors to volunteer in their community in exchange for a break in their property taxes. This program is popular, so contact the Council on Aging (COA) to learn more about applying.

Property Tax Deferral: Residents 65 years or older can defer all or a portion of their taxes at a rate of 5% interest. In order to qualify, residents must have lived in Massachusetts for the past ten years and owned/occupied their home for the last five years. Gross annual income must not exceed \$40,000.

Publication 554: This is a booklet that explains all of the benefits available to seniors at the federal level and what the eligibilities are. You can download a copy of Publication 554 at <https://www.irs.gov/forms-pubs/about-publication-554>, or call Rep. Hogan's District Director Karen Freker at 617-722-2130 for a copy.

Recent federal legislation affecting taxes:

Stimulus payments: The year-end relief and spending package just signed into law includes a second round of stimulus checks, which, like the first, isn't taxable.

Medical-expense deductions: The December law enacted a permanent threshold of 7.5% of adjusted gross income for deducting medical expenses. Without the change, the AGI threshold would have risen to 10%. Relatively few taxpayers take this write-off because their expenses don't exceed the threshold. But the deduction covers a wide range of unreimbursed costs when it does apply, and it's valuable to people who have very large medical expenses, such as from nursing-home care. For a list of allowed expenses, see IRS Publication 502.

Retirement-plan withdrawals: The new law has a permanent provision allowing victims of officially declared disasters such as hurricanes and fires to make withdrawals up to \$100,000 of IRA and 401(k) assets. These withdrawals can then be included in taxable income or restored to the account over as long as three years. For people younger than 59 1/2 who take such payouts, the 10% penalty on early withdrawals doesn't apply.

I hope you find this information and these resources helpful as you begin preparing for tax season. Please do not hesitate to contact my office or the COA if you need assistance taking advantage of some of these programs.

Contact Rep. Hogan: If you need assistance or would like to contact me, please call me at (617) 722-2199 or email me at Kate.Hogan@mahouse.gov.

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