



Massachusetts Tax Differences



Massachusetts Summary



- Health insurance requirements
 - Penalty for no health insurance
- Income differences
 - Alimony
 - Social security
 - Interest from Mass banks
- Personal exemptions
- Rental deduction
- Circuit breaker credit
- Unemployment TY21

General rule: Mass. does not adopt federal personal income tax law changes made after January 1, 2005

Massachusetts Health Insurance requirements



- Required for taxpayers age 18 and over
- Reported on Mass Schedule HC, Health Care Information
- Taxpayers will receive Form 1099-HC from their insurer
- Taxpayers must have MCC (Minimum Creditable Coverage)
 - Most insurances qualify. Health Safety Net does not.
- A penalty will be assessed for taxpayers who did not have health insurance for 2020, unless
 - There was a 3 month or less gap in coverage
 - Insurance was considered unaffordable
 - Taxpayers experienced a hardship during 2020 that prevented them from obtaining affordable health insurance
- See Mass Schedule HC instructions for more information

Massachusetts Health Insurance Poverty level

- Taxpayer is automatically exempt from the penalty if their AGI (adjusted gross income) is below the 150% Federal Poverty Level

Table 1: Federal Poverty Level, Annual Income Standards

Family size*	150% FPL
1	\$18,735
2	\$25,365
3	\$31,995
4	\$38,625
5	\$45,255
6	\$51,885
7	\$58,515
8	\$65,145
additional	+\$ 6,630

Massachusetts Health Insurance in TaxSlayer

- In TaxSlayer, click on “State Section”
 - Click on “Health Care Information Schedule HC”



MA Schedule HC - Health Care Information

NO

YES

The Massachusetts health care reform law requires most residents, 18 and over, with access to affordable health insurance to obtain it. Would you like to complete MA Schedule HC now?

Massachusetts Health Insurance in TaxSlayer

- Edit Basic Questions



Massachusetts Return

Health Care Information Schedule HC

BACK

The Massachusetts health care reform law requires most residents, 18 and over, with access to affordable health insurance to obtain it. Complete the following sections to accurately report your health care coverage. Incorrect or incomplete information will result in a delay in your return.

Basic Questions

EDIT

Health Insurance Plan Information

EDIT

Months Covered

EDIT

Exemption Questions

BEGIN

Affordability Questions

BEGIN

Massachusetts Health Insurance in TaxSlayer

- Enter the information for each question



Massachusetts Return

Basic Questions

BACK

CONTINUE

Complete the following and continue to Health Insurance Plan Information unless you selected **NO MCC/None** below, then go to Exemption Questions.

Are you 18 years old or over and a resident or part-year resident of Massachusetts.

Yes ▾

Indicate the time period that you were enrolled in a Minimum Creditable Coverage (MCC) health insurance plan(s). If NO MCC/NONE skip to Exemption Questions.

No MCC/None ▾

BACK

CONTINUE

Massachusetts Health Insurance in TaxSlayer

- Enter the information from the form 1099-HC
- Enter months covered ONLY if not covered all year
- Enter exemption and affordability questions ONLY if needed

Health Insurance Plan Information

BACK

Health insurance plan(s) that met the Minimum Creditable Coverage (MCC) requirements in which you were

Did you have MassHealth, Commonwealth Care or Commonwealth Care Bridge?

No

Did you have Medicare?

No

Did you have U.S. Military coverage, including Veterans Administration and Tri-Care?

No

Taxpayer - Did you have Private insurance?

No

Taxpayer - Did you have another government program (do not include Health Safety Net)?

No

Complete the following ONLY if you have Private Insurance or another government program

Taxpayer - If you were NOT issued a Form MA 1099-HC, select YES

No

Taxpayer - Name of the insurance company or administrator, box 1, Form MA 1099-HC

Taxpayer - Federal Identification Number of insurance company, box 2, Form MA 1099-HC (do not enter dashes)

12-3456789

Taxpayer - Subscriber Number, box 5, Form MA 1099-HC

If you have more than one Form MA 1099-HC or additional providers to report, enter here

Massachusetts Affordability Questions



- Did your employer offer affordable health insurance?
 - Use the worksheet provided in the instructions for Mass Schedule HC
 - Taxpayer must know the *monthly health insurance premium* that would cover the taxpayer, spouse, and dependent children that is offered through their employer
 - Use the affordability tables in the instructions

Table 3: Affordability

Individual or Married Filing Separately (no dependents)		2019
a. Federal adjusted gross income		b. Affordable premium as a percentage of income
From	To	
\$ 0	\$18,210	0.00%
\$18,211	\$24,280	2.90%
\$24,281	\$30,350	4.20%
\$30,351	\$36,420	5.00%
\$36,421	\$42,490	7.45%
\$42,491	\$48,560	7.60%
\$48,561	—	8.00%

Married Filing Jointly with no dependents or Head of Household/ Married Filing Separately with one dependent		2019
a. Federal adjusted gross income		b. Affordable premium as a percentage of income
From	To	
\$ 0	\$24,690	0.00%
\$24,691	\$32,920	4.30%
\$32,921	\$41,150	6.20%
\$41,151	\$49,380	7.35%
\$49,381	\$57,610	7.45%
\$57,611	\$65,840	7.60%
\$65,841	—	8.00%

Massachusetts Affordability Questions

- Are you eligible for government-subsidized health insurance?
- Generally, the taxpayer is eligible if income is less than 300% Federal Poverty Level

Table 2: Income at 300% of the Federal Poverty Level 2019

Family size*	Income
1	\$ 36,420
2	\$ 49,380
3	\$ 62,340
4	\$ 75,300
5	\$ 88,260
6	\$101,220
7	\$114,180
8	\$127,140

Massachusetts Affordability Questions

- Are you able to afford private health insurance?
- Find the monthly premium amount from Table 4
- Compare with the affordability % from Table 3
- Use the worksheets in Schedule HC instructions

Table 4: Premiums **2019**

Region 1. Berkshire, Franklin and Hampshire Counties			
Age	Individual ¹	Married couple (no dependents)	Family ²
0–30	\$231	\$461	\$596
31–34	\$250	\$500	\$639
35–39	\$257	\$513	\$652
40–44	\$275	\$549	\$688
45–49	\$314	\$627	\$766
50–54	\$364	\$728	\$868
55+	\$375	\$750	\$889



Massachusetts Penalty Exemptions

- The penalty can be appealed if the taxpayer experienced a hardship

Complete this section ONLY if you...
had no health insurance for all of 2020, or
did not have health insurance that met the MCC requirements for all of 2020, or
did not have health insurance that met the MCC requirements for 4 consecutive months

Religious Exemption: Are you claiming an exemption from the requirement to purchase health insurance based on your sincerely held religious beliefs?

If you are claiming a religious exemption, did you receive medical health care during the taxable year?

Certificate of Exemption: If you are not claiming a religious exemption, have you obtained a Certificate of Exemption issued by the Health Insurance Connector?

If you obtained a Certificate of Exemption issued by the Health Insurance Connector, enter the certificate number.

Do you wish to appeal the tax penalty?

Massachusetts Penalty Exemptions

- To establish a hardship, taxpayer must be able to show that, during 2020, the taxpayer
 - A. Was homeless, more than 30 days in arrears in rent or mortgage payments, or received an eviction or foreclosure notice;
 - B. Received a shut-off notice, was shut off, or was refused the delivery of essential utilities
 - Several more situations on the Schedule HC instructions.
- To make the appeal, simply put “yes” in the box
 - No penalty will be assessed pending the outcome
 - Massachusetts Health Connector will send a follow-up letter, asking taxpayer to state their grounds for appeal in writing, and submit supporting documentation.



Massachusetts Health Insurance Summary



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- A penalty will be assessed for taxpayers who did not have health insurance for 2020, unless
 - There was a 3 month or less gap in coverage
 - Insurance was considered unaffordable
 - Taxpayers experienced a hardship during 2020 that prevented them from obtaining affordable health insurance
- Health insurance information must be entered in TaxSlayer
- TaxSlayer calculates the amount of the penalty
- Q & A ...

Massachusetts Tax Differences



- Filing requirement:
 - Income over \$8,000
- Income tax rate for 2020 – 5%
 - Flat, not progressive
- Personal exemptions
 - Single \$4,400; MFJ \$8,800; HOH \$6,800
 - Dependents \$1,000 per dependent
- Income differences - Nontaxable in Massachusetts:
 - Social Security income
 - Retirement income from Mass and US governments
 - First \$100 (\$200 for MFJ) of interest from Mass banks

Massachusetts Tax Differences



- Deductions
- Alimony
 - Massachusetts did not adopt the Federal changes to Alimony Income
 - Massachusetts income will include alimony payments received, even if the divorce was after 2018
 - Massachusetts will allow alimony to be deducted by the payor, even if the divorce was after 2018
- Rental Deduction
 - Limited to \$3,000 (\$1,500 for MFS)
- Commuter Deduction
 - E-Z Pass, MBTA transit or commuter rail not already reimbursed

Massachusetts Tax Differences



- Rental Deduction in TaxSlayer

Other Deductions

BACK

CONTINUE

Below are other deductions allowed by Massachusetts. Enter all that apply.

Child under age 13, or disabled dependent/spouse care expenses

BEGIN

College Tuition Deduction

BEGIN

Allowable employee business expenses

BEGIN

Rental Deduction

\$ 9300

Massachusetts Circuit Breaker Credit



- Who is eligible
 - Age 65+ (either spouse)
 - Own or rent their primary home in Massachusetts
 - Income limits
 - \$61,000 - Single
 - \$76,000 - Head of household
 - \$92,000 - Married filing jointly
- Who is not eligible
 - Married filing separately or a dependent
 - Receive federal/state rent subsidy or rents from a tax-exempt entity
 - Assessed value of home is more than \$848,000

Massachusetts Circuit Breaker Credit



- How much is the credit for homeowners
 - Property tax payments, together with half of water and sewer expense, that exceeds 10% of total Massachusetts income
- How much is the credit for renters
 - 25% of annual rent payments, that exceeds 10% of total Massachusetts income
- What is considered Massachusetts income?
 - Massachusetts taxable income
 - Plus social security, nontaxable retirement and interest, cash public assistance
- Maximum credit for 2020 is \$1,150

Massachusetts Circuit Breaker Credit



- Things to be aware of:
- This is a refundable tax credit!
- Prepaid tax payments can be included only if a real estate tax bill has been received
- Only 1 acre of land allowed
 - If taxpayer owns more than 1 acre, the real estate tax paid must be pro-rated

Unemployment

- As a result of a recent state law change, taxpayers with household income not more than 200% of the federal poverty level may deduct up to \$10,200 of unemployment benefits from their taxable income on their 2020 and 2021 tax returns for each eligible individual.
- Automatically calculated in Tax Slayer



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