CHAPTER 7
PROPERTY TAX EXEMPTIONS
AGENDA AND OBJECTIVES

A. PRESENTATION TOPICS

1. Introduction to exemptions.
2. Exemptions for charitable, fraternal, veterans' and religious organizations.

QUIZ

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.

QUIZ

B. SESSION 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

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 of those 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 subdivisions[4] 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 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 while it operates 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 because 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, which used its profits 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 return[19] 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] $700,000[27] 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 return[29] 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 relates30 days after the mailing of the tax bills for the fiscal year.

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.

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.[33]

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 church is organized for religious and charitable purposes and education benefits an indefinite class. The church qualifies for a charitable exemption on the property if it meets the procedural requirements for the 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.[34] 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 locally adopted optional 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 referendum 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.[35]

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 December 15, or three months after the actual bill for the year is mailed, whichever is later.[36]

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.[37] 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.[38]

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 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.[39] 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.[40]

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.[41]

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.[42] An applicant must be a trustee and beneficiary of the trust to satisfy this requirement.

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 from the state 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.[43] 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.[44] 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

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.[45] 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 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.[46] 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 and 22F)

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.[47] 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 6 summarizes who may apply for exemption under each clause. To be a veteran, the person must meet certain active duty service requirements.[48]

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 five years consecutive before applying for the exemption.

To qualify for a Clause 22D exemption, surviving spouses of servicemembers or guardsmen who were killed, or are missing in action and presumed to have been killed, in combat, or died as a proximate result of injuries sustained or diseases contracted in a combat zone (1) must have been domiciled in Massachusetts for at least five consecutive years before applying for the exemption, or (2) their spouse must have been domiciled in Massachusetts for at least six consecutive months before entering the service.

If the veteran, servicemember or guardsmen 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 applying 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, 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 occupied portion.

Example

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

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.[49] Clause 37 applies only if a municipality has not accepted alternative Clause 37A. Applicants must submit a current certificate 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.[50]

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.[51] 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.

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.[52] 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.[53] The exemption applies apply 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.[54] 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.[55] 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.

3.14 Multiple Exemptions

3.14.1 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.[56] 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.

3.14.2 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.[57] If they qualify for the same exemption, however, only one may receive it[58] with the following exceptions:

- **<u>Clause 22 (veterans</u>**) - If both spouses qualify, each receives the full exemption.

- **<u>Clauses 41, 41B, 41C (seniors)</u>** - 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.

3.15 Minimum Tax

No exemption can reduce the amount of tax paid to less than 10 percent of the total tax bill.[59] 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 or guardsmen who died as a proximate result of injuries or disease sustained in a combat zone or are presumed dead due to service in a combat zone and by local option, the Massachusetts National Guard members and military reservists deployed overseas.

3.16 State Reimbursement

The Commonwealth reimburses municipalities for loss of tax revenue due to personal exemptions. Table 7 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.[60] 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 August 20. Reimbursements are subject to annual appropriation and any balances revert to the state's general fund on August 30.

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[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] State Tax 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] G.L. c. 59, § 5, cl. 11.
[34] G.L. c. 58, §§ 13-17.
[35] G.L. c. 59, § 5, first paragraph.
[36] G.L. c. 59, § 59: Also see **Bulletin 2015-05B, Abatement/Exemption Application and Payment Due Dates on Non-business Days**.
[37] G.L. c. 59, § 60.
[38] G.L. c. 59, § 60; G.L. c. 66, § 10.
[39] G.L. c. 59, § 64
[40] G.L. c. 59, § 64.
[41] *Thayer v. Shorey*, 287 Mass. 76 (1934).
[42] *Kirby v. Board of Assessors of Medford*, 350 Mass. 386 (1966).
[43] G.L. c. 59, § 5, cls. 41, 41B and 41C.
[44] G.L. c. 59, § 5, cl. 41C½.
[45] G.L. c. 59, § 5, cls. 17, 17C, 17C ½ and 17D.
[46] G.L. c. 59, § 5, cls. 42 and 43.
[47] G.L. c. 59, § 5, cls. 22, 22A, 22B, 22C, 22D and 22E.
[48] G.L. c. 4, § 7, cl. 43.
[49] G.L. c. 59, § 5, cls. 37 and 37A.
[50] G.L. c. 59, § 5, cl. 18.
[51] G.L. c. 59, § 5, cl. 41A.
[52] G.L. c. 59, § 5, cl. 18A.
[53] G.L. c. 59, § 5, cl. 56.
[54] G.L. c. 59, § 5, cl. 57.
[55] G.L. c. 59, § 5C½.

[56] G.L c. 59, § 5, first paragraph.
[57] *Anthony J. DeCenzo v. Board of Assessors of Framingham*, 372 Mass. 523 (1977).
[58] *Sylvester v. Assessors of Braintree*, 344 Mass. 263 (1962).
[59] G.L. c. 59, §§ 5C and 5C½.
[60] 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 Statutes[1] -

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, provision added by St. 1995, c. 181 (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 5 to 1 year before application - Applies to all veteran exemptions (Clauses 22, 22A-22F)
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: • 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: • 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: • Reduce eligibility age to 65 • Increase exemption % up to 20% • 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
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))

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

Citation	Exemption Type	Effect
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 July1 of the fiscal year the percentage first applies

Require Acceptance by Referendum/Action by Legislative Body

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

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 10 **consecutive** years before application date
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 10 **consecutive** years before application date[4]
	41C½	Up to 5% of the average assessed valuation of residential property[5]			Owned and occupied the property, or any other MA property, as domicile for **any** 5 years	Domiciled in MA for 10 **consecutive** years before application date[6]
	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 10 **consecutive** years before application date[7]

[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] Surviving spouses who inherit the property only have to have occupied the property, or other MA property, for any five years.
[5] May be increased up to 20% by legislative body of municipality
[6] Surviving spouses who inherit the property only have to have occupied the property, or other MA property, for any five years.
[7] Surviving spouses who inherit the property only have to have occupied the property, or other MA property, for any five years.

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 6 **consecutive** months before entering the service **OR** Domiciled in MA for 5 **consecutive** years (or if alternative local option accepted, 1 **consecutive** year) before application date
	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 5 **consecutive** years (or if alternative local option accepted, 1 **consecutive** year) before application date **OR** deceased spouse domiciled in MA for 6 **consecutive** months before entering the service
	22E	$1000	None	$6,000	None	Same as 22
	22F	Full	None	None	None	Same as 22

[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 ***Deductions:*** (1) Applicant – Minimum Social Security/ Retirement Allowance (set by DOR annually)[1] (2) Applicant & Co-owner not Spouse - Business expenses or losses (*i.e.*, 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]	Applicant & Each Co-owner not Spouse $6,000 Single $7,000 Married	Applicant & Each Co-owner not Spouse $10,000 Single $12,000 Married	Applicant & Each Co-owner not Spouse $13,000 Single $15,000 Married **Allowable adjustment** Applicant Only Up to $20,000 Single Up to $30,000 Married	Applicant Single/Married Income limit under "circuit breaker" state income tax credit for single person who is not head of household **Allowable adjustment** Applicant & Other Household Members 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] ***Deductions:*** Applicant & Co-owner not Spouse - 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	Applicant Deducts own Home (Except Any Income Producing Portion) & Each Co-owner not Spouse Includes own Home Applicant: $17,000 Single, $20,000 Married Each Co-owner not Spouse: $12,000 Single, $15,000 Married Applicant & Co-owner not Spouse each Includes own Home Applicant: $40,000 Single, $45,000 Married Each Co-owner not Spouse: $12,000 Single, $15,000 Married	Applicant & Co-owner not Spouse each Deduct own Home (Except Income Producing Portion) Applicant & Each Co-owner not Spouse $20,000 Single $23,000 Married	Applicant & Each Co-owner not Spouse each Deduct own Home (Up to 3 Family) Applicant & Each Co-owner not Spouse $28,000 Single $30,000 Married **Allowable adjustment** Applicant Deducts Home (Up to 4 Family) Applicant Only $40,000 Single $55,000 Married	No Limit
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 under Clauses 17, 17C, 17C½ and 17D

	Clause 17	Local Option Clause 17C	Local Option Clause 17C½	Local Option Clause 17D
Whole Estate Limit ***Deductions:*** Cemetery plots, household furniture/effects at domicile and clothing	$20,000 Deduct: $ Unpaid mortgage on applicant's real estate (up to value of included real estate)	$40,000 Deduct: $60,000 in value of domicile $ Unpaid mortgage on applicant's other real estate (up to value of included real estate)	$40,000 Deduct: $150,000 in value of domicile $ Unpaid mortgage on applicant's other real estate (up to value of included real estate)	$40,000 Deduct: $ 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 and (2) fix % increase			

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

	Clause 41A Limit	Local Option Limit
Gross Receipts Limit ***Deductions:*** Applicant & Spouse - Business expenses or losses (*i.e.*, only net profits/rental income included) If applicant married, combined income of both spouses must be within limit	$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)	**Local option limit** fixed by legislative body vote as $ amount up to, or % of, circuit breaker limit. **Circuit breaker limit** adjusted annually by COLA determined by DOR under G.L. c. 62, § 6(k).	

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

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	$750	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
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	
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) who, on or after September 11, 2001, (1) were killed, or went missing in action and are presumed to have been killed, in a combat zone, or (2) died as a proximate result of injuries sustained or diseases contracted in a combat zone	Full			Until remarriage	
22E	Veterans with 100% disability in the line of duty (annual certificate required)	$1000	X	X	X	
22F	Paraplegic veterans	Full	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.

TABLE 8. Exempt Persons – State Reimbursements[1]

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
VETERAN[3]	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**.

- ***Informational Guideline Releases (IGRs)*** – Guidelines that explain the policies and procedures regarding specific 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)
    - 15-208 Clause 22F Property Tax Exemption for Paraplegic Veterans (March)
    - 15-209 Clause 41C½ Property Tax Exemption For Seniors (March)
    - 15-210 Optional Additional Real Estate Exemption (March)

- ***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*** – Bulletins that advise about new legislation or other issues regarding exemptions or deferrals include:
    - 2001-08B Acceptance of Small Personal Property Account Exemption
    - 2006-15B Local Tax Exemptions for Veterans
    - 2009-18B Abatement, Exemption and Deferral Applications and Certificates
    - 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

- ***Request for Reimbursement Forms*** – Forms used by assessors to obtain any state reimbursement for personal exemptions they grant. (Submitted in DLS Gateway).

- ***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.

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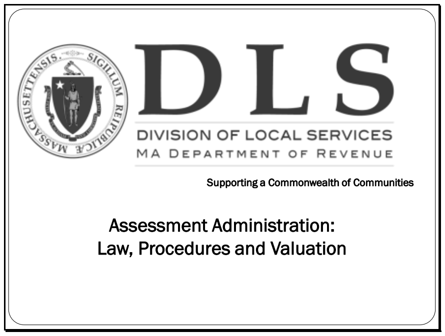

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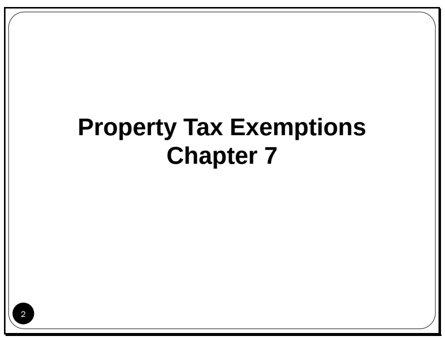

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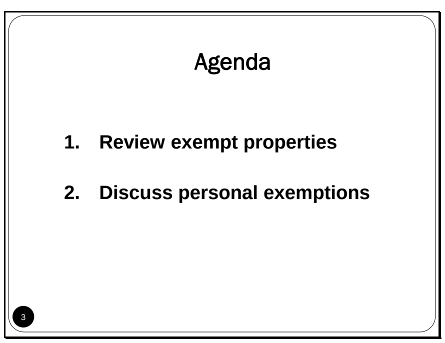

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Exempt Properties

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Overview

At the end of this section, you will be able to identify which items listed below are exempt from taxation

- **Private schools**
- **Church property**
- **Garage for a minister**
- **Non-profit insurance library**
- **Yacht club**
- **Land acquired for future construction of a church**

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Property Exemptions

Clause 3
Definition of Charitable Organization

Literary, benevolent, charitable or scientific institution or temperance society

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Slide 7

Property Exemptions

Non-Exempt

- **Chamber of Commerce**
- **Non-profit Insurance Library**
- **Yacht Club**

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Property Exemptions

Out of state charities

Supreme Judicial Court ruled denial of the exemption would be a violation of the Equal Protection Clause of the 14th amendment

Mary C. Wheeler School, Inc.
v.
Assessors of Seekonk

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Property Exemptions

Tests for Charitable Exemptions

- **An ownership-occupancy test**
- **An income and profits test**
- **An assets test upon dissolution**
- **Procedural filing requirements**

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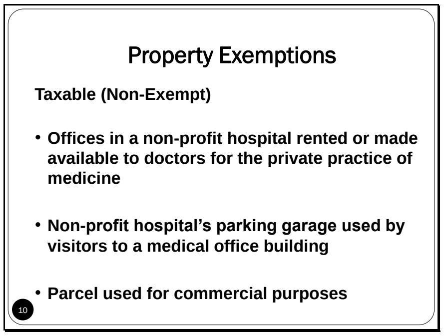

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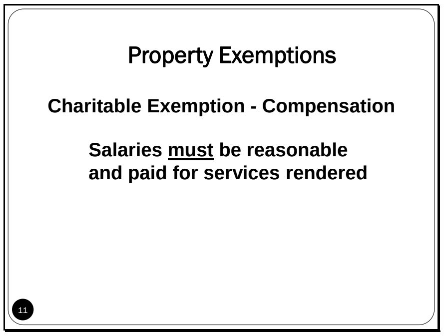

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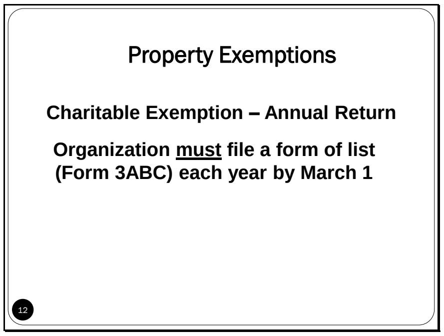

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Property Exemptions

Housing – Apartments

Not Exempt

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Slide 14

Property Exemptions

Housing – Assisted Living

Not Exempt

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Property Exemptions

Housing – Group Homes

Exempt

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Slide 16

Property Exemptions

Hotels

Exempt if Built under Chapter 121A

Pays alternative excise

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Property Exemptions

Housing - Test for Private School

- **Minimal or no rent**
- **Residency as condition of employment**
- **Occupancy for mission of organization**

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Property Exemptions

Fraternal Organizations

Organization must be formed for <u>both</u> fraternal and charitable purposes <u>and</u> satisfy Clause 3 tests

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Property Exemptions

Fraternal Organizations

Knights of Columbus v. Assessors of Worcester

Supreme Judicial Court announced a test to determine the exemption

The exemption is based on a percentage of space devoted to charitable purposes

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Property Exemptions

Veterans' Organizations

May be Exempt
Up to a certain dollar amount

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Property Exemptions

Veterans' Organizations

Exemption Amounts

• **Clause 5**	**$ 200,000**
• **Clause 5A**	**$ 400,000**
• **Clause 5B**	**$ 700,000**
• **Clause 5C**	**$1,500,000**

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Property Exemptions

Tests for Veterans' Organizations

- **Parcel must be used and occupied**
- **Net income used for charitable purposes**
- **Must annually file Form 3ABC**

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Property Exemptions

Religious Organizations

Exempt

- **Church**
- **Parsonage**
- **Church parking lot**
- **Garage for Minister**

Non-Exempt

- **Land for future construction of church**

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Property Exemptions

Clause 3 - Removal Period

Charitable organization has two years from acquisition of a property to relocate to it and parcel is exempt for that two year period

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Property Exemptions

There are
NO
state reimbursements for exemptions to property

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Property Exemptions

Clause 11 – Occasional or incidental use

Occasional or incidental use of church by an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code does not lead to loss of exemption by the church

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Property Exemptions

Test your knowledge
Which of the following is exempt for taxation?

1. **Private Schools**
2. **Church property**
3. **Garage for a minister**
4. **Non-profit insurance library**
5. **Yacht club**
6. **Land acquired for future construction of a church**

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Property Exemptions

Test your knowledge

Which of the following is exempt for taxation?

1. Private Schools - YES
2. Church property - YES
3. Garage for a minister - YES
4. Non-profit insurance library - NO
5. Yacht club - NO
6. Land acquired for future construction of a church - NO

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Property Exemptions

Summary

- Government
- Charities
- Fraternal
- Social Clubs
- Religious Organizations

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Personal Exemptions

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Personal Exemptions

Assessors have no discretion except for those seeking hardship under Clause 18 or Clause 18A

July 1 Qualification Date

Applications

- **Provided by Assessors**
- **Due date is December 15 <u>or</u> 3 months <u>after</u> actual bills are mailed, if later**

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Personal Exemptions

Applications

- **Annual filing requirement**
- **Not open to public inspection**
- **Record books are public**

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Personal Exemptions

Requirements for all Personal Exemptions

1.Ownership
Applicant must own the property

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Personal Exemptions

Additional Eligibility Requirements

Certain statutes require certificates

- **Disabled veterans file a certificate from the United States Department of Veterans Affairs or branch of service**
- **Blind persons file a certificate from the Massachusetts Commission for the Blind**

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Personal Exemptions

Ownership: Life Estate

Example

Mother deeds house to child but reserves the right to reside on premises for rest of her life

Life Tenant is the Assessed Owner

Life Tenant is Eligible to qualify for Exemption

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Personal Exemptions

Ownership: Trust

To qualify the taxpayer MUST hold:

- **Legal Title (Trustee)**
- **Sufficient Beneficial Interest**

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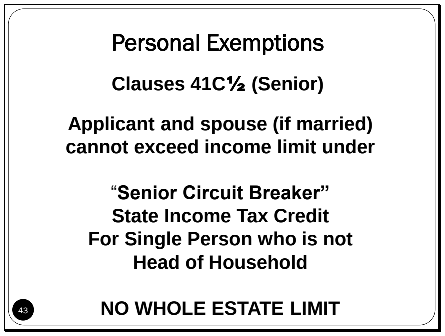

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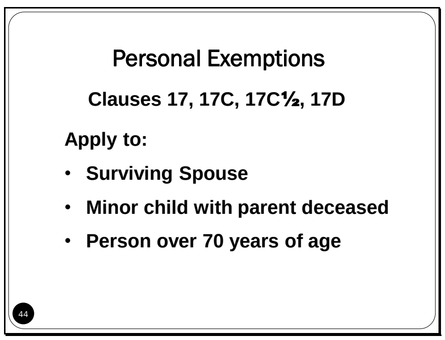

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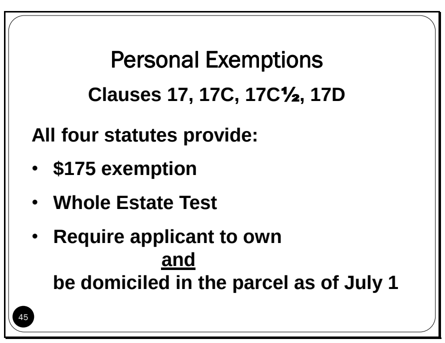

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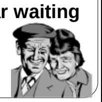
Personal Exemptions

Clauses 17, 17C, 17C½, 17D

If seeking as a Senior

- **Must have Owned and Occupied that Property as Domicile for 10 years**
- **For Clause 17D, there is a 5 year waiting period**



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Personal Exemptions

Clause 17D

The applicant's whole estate minus the mortgage cannot exceed $40,000

Excluded from the whole estate is domicile up to a 3 family house

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Personal Exemptions

 **Clauses 42 and 43** 

Firefighters and Police Officers

- **Clause 42 – Total exemption to surviving spouse**
- **Clause 43 – Total exemption to surviving minor children**

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Personal Exemptions

Clause 22 (Veterans)

Exemption amount $400

Applicants

- **Disability rating of 10% or more**
- **Purple Heart**
- **Gold Star Mothers and Fathers**
- **Spouse & Surviving Spouse of Clause 22 Veterans**

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Personal Exemptions

Clause 22E (100% Disabled Veterans)

Exemption amount $1,000

Applicants

- **100% Service Connected Disability with required certificate (annual)**
- **Available to Veterans, their spouses and surviving spouses**

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Personal Exemptions

Clause 22F (Paraplegic Veterans Exemption)

Total Exemption

Must bring Certificate from VA at the time of initial filing

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Personal Exemptions

Clause 37 and 37A (Blind)

Requirements:

- **Legally Blind**
- **Own and Occupy Property as Domicile**

Exemption Amounts:
Clause 37 $437.50 (Basic)
Clause 37A $500.00 (Local Option)

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Personal Exemptions

Clause 18 (Hardship)

Requirement:

Applicant MUST be so aged, so infirm, and so poverty stricken as to be unable to contribute to the public charges

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Personal Exemptions

Clause 18A (Hardship Deferral)

- **Person having *temporary* financial difficulties can defer all or a portion of their taxes for up to 3 years at 8% simple interest**
- **By local option, the interest rate can be reduced below 8%**
- **Taxpayer must enter into *written agreement***
- **Taxpayer has *up to 5 years* to repay**

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Personal Exemptions

Clauses 18 and 18A (Hardship)

- **Cannot appeal to the Appellate Tax Board**
- **Can appeal to Superior Court or Supreme Judicial Court**

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Personal Exemptions

Additional Optional Exemption Example
Now Codified as M.G.L. c. 59, § 5C½

Example
Adopt a 60% additional optional exemption
Taxpayer receives a $500 exemption
(maximum $800)

This year's tax bill	**= $2,300**
Last year's tax bill	**= $1,700**
Maximum exemption	**= $ 600**

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Personal Exemptions

Multiple Exemptions

DeCenzo v. Assessors of Framingham
Husband- Veterans Exemption
Wife- Blind Exemption

Exception to the *DeCenzo* case:
Both spouses who are veterans may each receive a Clause 22 exemption

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Personal Exemptions

Multiple Owners Under Clause 41C Where An Owner Is not Married to a Co-Owner

Under Clause 41, 41B and 41C, if property is owned by multiple owners:

Each co-owner can receive proportionate amount of the $500 exemption based on each owner's percentage of ownership in the property

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Personal Exemptions

Multiple Exemptions

Generally one exemption per person except where otherwise noted in state statute

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Personal Exemptions

Commonwealth Reimbursement

The state will reimburse communities for revenue lost due to personal exemptions

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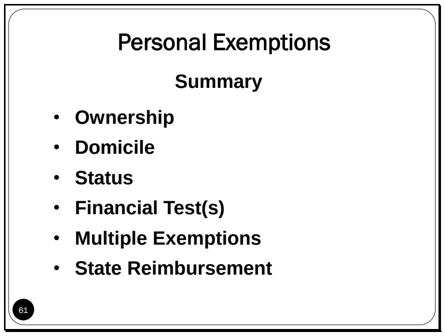
Personal Exemptions
Summary
• Ownership
• Domicile
• Status
• Financial Test(s)
• Multiple Exemptions
• State Reimbursement
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QUIZ 1
EXEMPTIONS FOR PROPERTY

Answer the following questions about exemptions for property.

1. A non-profit corporation provides apartments to tenants at below market rents. Is the parcel exempt?

2. A religious organization owns a church and a parsonage. Is the religious organization required to file a form of list (Form 3ABC) annually?

3. Are forms of list (Form 2, Form 2HF, Form 2MT and Form 3ABC) open to public inspection?

4. A Chapter 180 non-profit corporation operates a group home for the disabled. Is the property exempt?

5. Is an incorporated organization of veterans required to file a Form 3ABC each year?

6. The Knights of Columbus own a hall in town. Is the parcel exempt from real estate tax?

7. A Chapter 180 non-profit school purchases a building in June 2016. The school plans extensive renovation. The school will relocate to the site no more than two years after acquisition. Will the parcel be exempt for FY 2017?

8. Is a parsonage exempt even if it is not located in the same community as the house of public worship?

9. Are mobile homes located in mobile home parks and subject to the monthly license fee under G.L. c. 140, § 32G exempt from local property taxes?

10. A Chapter 180 non-profit corporation operates a day care center. Is the parcel exempt?

11. A taxpayer installed a greenhouse, thermopane windows and solar panels for his house. Which items, if any, are eligible for exemption under Clause 45?

12. Is the personal property of a fraternal organization exempt?

13. A parsonage is rented to a family and the rental income is used by the church to pay the minister's salary. The minister lives in his own home. Is the parsonage exempt?

14. A charitable corporation owns a building that is leased to a governmental agency. Is the parcel exempt?

15. A non-profit hospital owns a medical office building that contains offices leased to physicians or made available to them for the private practice of medicine. Is the medical office building exempt?

16. The Eastern States Exposition, an incorporated agricultural society, operates its real estate for agricultural exhibits. One of its buildings, however, is leased for non-agricultural purposes to produce revenue. Is the parcel totally exempt?

17. A religious organization purchases vacant land in April 2016. A committee is raising funds for a new church. Is the parcel exempt for Fiscal Year 2017?

18. A private high school owns faculty houses adjacent to the principal location of the school. Is the faculty housing exempt?

19. A Rhode Island non-profit school owns athletic fields in Massachusetts. Is this land eligible for a Clause 3 charitable exemption?

20. Are houses of religious worship and parsonages totally exempt?

QUIZ 2
EXEMPTIONS FOR PERSONS

Answer the following questions about exemptions for persons.

1. What are the three statutory tests for a Clause 18 hardship exemption?

2. Can a taxpayer who is denied a Clause 18 hardship exemption appeal to the Appellate Tax Board?

3. Can a resident in a nursing home continue to receive a Clause 41C elderly exemption on the home he continues to own?

4. Can the surviving spouse of a Clause 22E veteran continue to receive the Clause 22E exemption after the death of the veteran?

5. Is the granting of a Clause 41A deferral completely discretionary with the assessors?

6. Can a taxpayer who receives a veteran's exemption also defer the balance of his real estate taxes?

7. Is a veteran who received the Distinguished Flying Cross eligible for a veteran's exemption?

8. Are exemption applications open to public inspection?

9. What are the disability requirements for a Clause 22E exemption?

10. A taxpayer who received a veteran's exemption for many years conveyed the house to his children but retained a life estate. Can the taxpayer continue to receive the exemption?

11. Must a Clause 17D elderly exemption applicant include in the whole estate all money held individually, jointly or as a trustee?

12. In order to avoid probate, a veteran decided to place his property in trust. A new deed and a declaration of trust were recorded. The veteran's son is sole trustee. Can the veteran continue to receive a Clause 22 exemption?

13. Is an applicant for a Clause 17D surviving spouse exemption, who claims ownership under a will that has not been probated, eligible to receive the exemption?

14. A brother and sister own a house as joint tenants. The brother is a disabled veteran and the sister is over seventy years old. If each qualifies, can the assessors grant personal exemptions to the two owners who applied under different clauses (Clause 22 and Clause 17D)?

15. A taxpayer entered military service from New York. He was discharged and moved to Massachusetts in April 2015. In what fiscal year can the taxpayer first receive a veteran's exemption?

16. If the surviving spouse of a police officer or firefighter killed in the line of duty remarries, can the Clause 42 exemption still be granted?

17. For estate planning reasons, an elderly couple added their daughter's name to the deed in May 2016. Could the parents continue to receive the Clause 41C exemption for Fiscal Year 2017?

18. A taxpayer who qualifies for a personal exemption dies shortly after the start of the fiscal year. Who, if anyone, can file for the personal exemption?

19. A couple have lived and owned property in Massachusetts for six years. The husband turned 70 in June 2016. He applies for a Clause 41C exemption. Is he eligible for exemption?

20. Can a taxpayer who is not a U.S. citizen receive a personal exemption?

QUIZ 1 ANSWERS
EXEMPTIONS FOR PROPERTY

1. A non-profit corporation provides apartments to tenants at below market rents. Is the parcel exempt?

   No. Even if the corporation is a charity for Clause 3 exemption, it does not occupy the property. The tenants have a property interest in their units and are the occupants.

2. A religious organization owns a church and a parsonage. Is the religious organization required to file a form of list (Form 3ABC) annually?

   No. That requirement does not apply to churches and parsonages exempt under Clause 11.

3. Are forms of list (Form 2, Form 2HF, Form 2MT and Form 3ABC) open to public inspection?

   The personal property schedules are exempt from disclosure under G.L. c. 59, § 32.

4. A Chapter 180 non-profit corporation operates a group home for the disabled. Is the property exempt?

   Yes. This is a charitable purpose and the organization occupies the property since there is supervision of the residents, who have no expectation of privacy or interest in the property.

5. Is an incorporated organization of veterans required to file a Form 3ABC each year?

   Yes. Clauses 5, 5A, 5B and 5C require an annual return.

6. The Knights of Columbus own a hall in town. Is the parcel exempt from real estate tax?

   Only that part the organization can demonstrate is occupied for charitable purposes, rather than social and fraternal purposes.

7. A Chapter 180 non-profit school purchases a building in June 2016. The school plans extensive renovation. The school will relocate to the site no more than two years after acquisition. Will the parcel be exempt for FY 2017?

   Yes. Under Clause 3, a charitable organization may receive an exemption for two years from acquisition of a property in order to make it suitable for occupancy.

8. Is a parsonage exempt even if it is not located in the same community as the house of public worship?

   Yes. *Assessors of Boston v. Old South Society in Boston*, 314 Mass. 364 (1943).

9. Are mobile homes located in mobile home parks and subject to the monthly license fee under G.L. c. 140, § 32G exempt from local property taxes?

   Yes. Clause 36 expressly exempts them, but those homes with the characteristics of conventional homes are taxable as real estate. *Ellis v. Board of Assessors of Acushnet,* 358 Mass. 473 (1970).

10. A Chapter 180 non-profit corporation operates a day care center. Is the parcel exempt?

    Yes. Providing day care is a charitable purpose.

11. A taxpayer installed a greenhouse, thermopane windows and solar panels for his house. Which items, if any, are eligible for exemption under Clause 45?

The solar panels. Clause 45 exempt solar equipment used to provide energy needs of the house and items that serve dual purposes, energy and structural, do not qualify.

12. Is the personal property of a fraternal organization exempt?

Yes. Clause 7 exempts all of fraternal organization's personalty.

13. A parsonage is rented to a family and the rental income is used by the church to pay the minister's salary. The minister lives in his own home. Is the parsonage exempt?

No. It is not being used as the residence of a clergy person.

14. A charitable corporation owns a building that is leased to a governmental agency. Is the parcel exempt?

No. Clause 3 requires that the property be occupied by the charity that owns it, or by another charity.

15. A non-profit hospital owns a medical office building that contains offices leased to physicians or made available to them for the private practice of medicine. Is the medical office building exempt?

No. The doctors, not the charity, occupy the offices.

16. The Eastern States Exposition, an incorporated agricultural society, operates its real estate for agricultural exhibits. One of its buildings, however, is leased for non-agricultural purposes to produce revenue. Is the parcel totally exempt?

No. Clause 4A does not exempt any of the society's property that produces revenue from use for other purposes.

17. A religious organization purchases vacant land in April 2016. A committee is raising funds for a new church. Is the parcel exempt for Fiscal Year 2017?

    No. Unlike Clause 3 for charities, the Clause 11 exemption for churches does not have a grace period. Some construction must be underway on the edifice as of July 1 to qualify for exemption.

18. A private high school owns faculty houses adjacent to the principal location of the school. Is the faculty housing exempt?

    Yes if the following three criteria are met.
    (1) The housing is provided as a means of adjusting the employee's compensation so that any rent paid is nominal and not intended to produce income for the institution.
    (2) The residency is a condition of employment.
    (3) The residency is essential to the success and efficiency of the institution.

19. A Rhode Island non-profit school owns athletic fields in Massachusetts. Is this land eligible for a Clause 3 charitable exemption?

    Yes. Foreign charities may qualify for a Clause 3 exemption.

20. Are houses of religious worship and parsonages totally exempt?

    Yes, so long as use of any portion by others is limited to occasional or incidental use by an organization that qualifies as a 501(c)(3) tax-exempt organization under federal law.

QUIZ 2 ANSWERS
EXEMPTIONS FOR PERSONS

1. What are the three statutory tests for a Clause 18 hardship exemption?

   The taxpayer must be (1) an older person who (2) suffers from some physical or mental illness, disability or impairment and (3) does not have the financial resources to pay the taxes.

   A Clause 18 exemption may also be given to a taxpayer who does not have the financial resources to pay the taxes because of a change to active military status (not initial enlistment).

2. Can a taxpayer who is denied a Clause 18 hardship exemption appeal to the Appellate Tax Board?

   No. The taxpayer's remedy is to file a civil action in the Superior Court or Supreme Judicial Court. This action must be brought within 60 days of the decision.

3. Can a resident in a nursing home continue to receive a Clause 41C elderly exemption on the home he continues to own?

   Yes. If the person has not evidenced the intent to change his domicile and the property is not being rented or used in a manner inconsistent with deemed occupancy of the taxpayer.

4. Can the surviving spouse of a Clause 22E veteran continue to receive the Clause 22E exemption after the death of the veteran?

   Yes, even if the spouse remarries.

5. Is the granting of a Clause 41A deferral completely discretionary with the assessors?

No. It must be granted if the taxpayer meets the qualifications.

6. Can a taxpayer who receives a veteran's exemption also defer the balance of his real estate taxes?

   Yes. Any taxpayer who receives a personal exemption and who qualifies for a deferral may defer the balance.

7. Is a veteran who received the Distinguished Flying Cross eligible for a veteran's exemption?

   No. Clause 22A grants exemptions to those who received the Congressional Medal of Honor, Distinguished Service Cross, Navy Cross or Air Force Cross.

8. Are exemption applications open to public inspection?

   Generally, no. They are exempt from disclosure under G.L. c. 59, § 60. However, the taxpayer (or taxpayer's authorized representative) can view, or obtain a copy of, the application the taxpayer filed with the assessors.

9. What are the disability requirements for a Clause 22E exemption?

   The veteran must have a 100% disability rating.

10. A taxpayer who received a veteran's exemption for many years conveyed the house to his children but retained a life estate. Can the taxpayer continue to receive the exemption?

    Yes. As a life tenant, he is the owner of the property for exemption purposes.

11. Must a Clause 17D elderly exemption applicant include in the whole estate all money held individually, jointly or as a trustee?

    Yes. The applicant has legal title to those monies and must report them.

12. In order to avoid probate, a veteran decided to place his property in trust. A new deed and a declaration of trust were recorded. The veteran's son is sole trustee. Can the veteran continue to receive a Clause 22 exemption?

    No. To own the property for exemption purposes, the applicant must be a trustee and have a sufficient beneficial interest in the property.

13. Is an applicant for a Clause 17D surviving spouse exemption, who claims ownership under a will that has not been probated, eligible to receive the exemption?

    No. Once the will is allowed, the applicant would be the record owner of the property as of the date of the decedent's death.

14. A brother and sister own a house as joint tenants. The brother is a disabled veteran and the sister is over seventy years old. If each qualifies, can the assessors grant personal exemptions to the two owners who applied under different clauses (Clause 22 and Clause 17D)?

    Yes. In *DeCenzo v. Assessors of Framingham*, the Supreme Judicial Court ruled that co-owners who qualified for different exemptions may each receive their exemption.

15. A taxpayer entered military service from New York. He was discharged and moved to Massachusetts in April 2015. In what fiscal year can the taxpayer first receive a veteran's exemption?

Fiscal Year 2021, unless the community has adopted a local option reducing the five year waiting period to one year. In that case, he may receive it in Fiscal Year 2017.

16. If the surviving spouse of a police officer or firefighter killed in the line of duty remarries, can the Clause 42 exemption still be granted?

    No. The exemption ends upon remarriage.

17. For estate planning reasons, an elderly couple added their daughter's name to the deed in May 2016. Could the parents continue to receive the Clause 41C exemption in Fiscal Year 2017?

    Only if the daughter also meets the income and assets qualifications. If she does, the parents would only receive an exemption proportionate to their ownership interest.

18. A taxpayer who qualifies for a personal exemption dies shortly after the start of the fiscal year. Who, if anyone, can file for the personal exemption?

    The executor or administrator of the taxpayer's estate.

19. A couple have lived and owned property in Massachusetts for six years. The husband turned 70 in June 2016. He applies for a Clause 41C exemption for Fiscal Year 2017. Is he eligible for exemption?

    The taxpayer does not meet the 10 year durational residency requirement of Clause 41C. He does meet the 5 year durational residency requirement for 17D and would qualify if he satisfies the whole estate requirement.

20. Can a taxpayer who is not a U.S. citizen receive a personal exemption?

Yes. Citizenship is not a statutory prerequisite for a personal exemption.