

TAXAWAY

Relevant MA tax law changes for 2023

Child and Family Tax Credit

Changed in 2021 from a deduction to an equivalent refundable credit and limited to two dependents. Now increases to \$310 for each child under 13, disabled dependent, dependent 65/over, with no limit. (2024 credit will increase to \$440 per.)

Rent deduction

Max deduction increases from 3K to 4K. (Filing separately, increases 1.5K to 2K.)

Commuter deduction

Not limited to monthly T passes, now includes all MBTA fares. In addition to the fast lane pass, commuter boats fares, bike share memberships, cost of bikes used for commuting. Same \$750 maximum.

Charitable deduction

Regardless whether itemizing on the Federal return, cash contributions that can be substantiated.

Deduction for MA gambling losses

Losses up to net winnings from MA gaming establishments/racing simulcasts (not MA lottery losses.)

Short-term capital gains

Tax on the sale of stock/assets held under a year decreases from 12% to 8½%.

Earned Income Credit

Increases from 30% to 40% of the Federal earned income credit.

Employer Assistance for Student Loan Repayments

Any taxable employer payments above the \$5250 tax-free amount can be deducted.

Senior Circuit Breaker Credit

Increases the maximum credit from \$1500 to \$2590.

High Income Surcharge Tax

4% surcharge tax on taxable income over 1M (annually adjusted for inflation).

Estate Tax Filing Requirement

Increases from 1M to 2M value of assets when required to file.
