

MA H4104: An Act to improve the Commonwealth's competitiveness, affordability and equity

Signed into law by Governor Maura Healey: Oct 4, 2023

This is an overview of some key provisions in MA H4104.

Rental Deduction - Form 1

Effective 01/01/2023: Rent deduction cap is increased to **\$4,000** from \$3,000.

Net taxpayer savings: \$50

Senior Circuit Breaker (CB) Credit - Schedule CB:

Effective 01/01/2023: Maximum credit for 2023 is **\$2,400**, increased from \$1,170 in 2022. This is a refundable tax credit.

Child & Dependent Care Credits - Form 1

2023: The credit per dependent is **\$310**, increased from \$180 in 2022

2024: The credit per dependent is **\$440**

There is now no limit to the number of dependents. Previously the credit was limited to 2 dependents.

Earned Income Tax Credit (EITC) - Form 1

Effective 01/01/2023: The MA EITC credit is increased to **40%** from 30% of the Federal EITC credit.

Lead Paint Abatement - Schedule LP & Schedule CMS

Effective 01/01/2023: The lead paint abatement credit is increased to **\$3,000** from \$1,500. The emergency lead management plan credit is increased to **\$1,000** from \$500.

Title V (Septic Credit) - Schedule SC & Schedule CMS

Effective 01/01/2023: The maximum annual septic credit is increased to **\$4,000** from \$1,500. The maximum aggregate credit is increased to **\$18,000** from \$6,000. Total expense limit is now **\$30,000** vs. \$15,000 with a **60%** allowable credit vs. 40%. (Ex. $\$30,000 \times 60\% = \$18,000$ credit @ up to \$4,000 per year for up to 5 years; the unused portion carries forward)

Short-term Capital Gains Tax - Schedule B

Effective 01/01/2023: The short-term capital gains tax rate is decreased to **8.5%** from 12%.

Estate Tax - Form M-706

Effective 01/01/2023: The estate allowance is increased to \$2M from \$1M and there is no tax due on the first \$2M for any estate greater than \$2M. This eliminates the “cliff” effect.