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The State of Maine has a new program to help you pay your property taxes or rent. The program is called the “Property Tax Fairness Credit” (PTFC) program. This replaces the “Circuit Breaker” program.

The "Property Tax Fairness Credit" Program: Who can get help?

Here are the basic rules for tax year 2014 going forward:

- You must own your own home **or pay rent**.
- You were a Maine resident during any part of the tax year.
- Your household “adjusted gross income” is not more than:
 - \$33,333 a year for a household of 1 (filing as single individual),
 - \$43,333 for a household of 2 (filing jointly or as head of household with 2 personal exemptions), or
 - \$53,333 for a household of 3 or more (filing jointly or as head of household with 3 or more personal exemptions).

These amounts will go up slightly each year due to annual cost-of-living adjustments.

- You paid property tax on your home in Maine that was more than 6% of your adjusted gross income, OR you paid rent that was more than 40% of your adjusted gross income.

When can I apply?

It is best to apply during the tax season (January 1 – April 15) each year.

But the Maine Tax Code allows you to claim a tax refund for up to 3 years after the normal tax filing deadline. So if you believe that you qualify for this credit for past tax years, you can still file. Keep in mind that this program started on January 1, 2014. So you cannot make claims for tax years prior to 2013; the credit didn't exist before that. Also, if you do have taxable income and owe back taxes, beware that by filing late, you may owe penalties on taxes you owe.

How do I apply?

You will need to file Maine Income Tax Form 1040ME and the Property Tax Fairness Credit form (Schedule PTFC) to claim your credit.

If you do not normally file an income tax return, you can still apply. You can file these two tax forms to get your credit, even if you owe no taxes.

Where can I get help?

During the tax season, you can get [free tax filing help](#) [1] at centers throughout the state. Again, you do not need to owe taxes in order to file for the credit. This includes people who are not required to file a tax return because your income is so low, or because your only income is SSI, TANF or some other means-tested benefit.

If your only income is social security, social security disability, SSI, or railroad retirement income, you can follow a simplified procedure. Follow the instructions on the Schedule PTFC form.

You can download the forms you need from the Maine Revenue Service website:

- 1040ME booklet (link to be posted before 1/1/2015)
- Schedule PTFC form (link to be posted before 1/1/2015)

Or you can request that hard copies of the forms be mailed to you. Call the forms line at 207-624-7894 (leave your name and mailing address) or write to: Maine Revenue Services, PO Box 9107, Augusta, ME 04332-9107. For help filing for the new tax credit at any time of the year, you can contact [Maine Revenue Services](#) [2] at 207-626-8475 weekdays 8:00 am – 5:00 pm or visit Maine Revenue Services at 51 Commerce Drive, Augusta, ME 04330. [More information here.](#) [2]

How is my refund calculated?

Homeowner:

The benefit is based on any property tax amount that is more than 6% of your adjusted gross income. Your credit is 50% of that amount. In 2015 the most you can get is \$600 (\$900 if you or your spouse is 65 years of age or older).

For example, if your household adjusted gross income is \$30,000 for you and your spouse (with no children in the home), your property taxes would need to be higher than \$1,800 to get any help. If your property taxes were \$3,000, with income of \$30,000, you would get a \$400 credit. This is 50% of the difference between 6% of your income (\$1800) and the property tax cap for your size household (\$2600).

Renters:

The formula is the same for renters, except that your "property tax amount" is deemed to be 15% of the rent you paid during the tax year. So, consider a household of the same size and income (married couple with \$30,000, no dependent children). Their annual rental amount is \$20,000. Their credit would also be \$400. They can claim 15% of their rent (\$3000), up to a cap of \$2600. Out of that \$2600, they can claim the amount that exceeds 6% of their income. ($\$2600 - \$1800 = \$800$) Their credit equals half of that amount, or \$400.

More details for renters

- You may qualify even if you receive rent subsidies (such as a Section 8 voucher). But your rent must be at least 40% of your income.
- The rental amount used does not include amounts paid for utilities, furniture rental, or other add-on charges. Only the amount charged for the basic "right of occupancy" is counted.

- The tax assessor can reduce the rental amount used for calculating the credit if the rental amount is deemed to be "excessive" (or not an "arm's length" deal made in the usual course of business).

What rules changed between Jan. 2014 and Jan. 2015?

- Persons living in subsidized housing are no longer barred from applying. However, if your rent is less than 40% of your income, you will still not qualify.
- The maximum income cap of \$40,000 was changed to a graduating cap based on the number of people in the household.
- There are new caps on the amount of property tax (or rent) that you can use in calculating your credit. For homeowners, the property tax caps are between \$2000 and \$3200, depending on household size. For renters, the maximum amount of rent you can claim is between \$13,340 and 21,344, depending on your household size.
- The eligibility threshold (property tax as percentage of income) is reduced from 10% of yearly income to 6%.
- The credit amount is increased, from 40% to 50% above the threshold.
- **If you apply for a tax credit for tax year 2013, these older rules will apply.**

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Links:

[1] <http://www.ptla.org/tax-tips#free>

[2] <http://www.maine.gov/revenue/taxrelief/tnr.htm>