2009 pay 2010 Deductions and Credits

Department of Local Government Finance

Amanda J. Stanley

Communications Specialist

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Mobile Home Deductions Note
IC 6-1.1-12-40.5

The sum of the deductions provided to an annually assessed (personal property) mobile home may not exceed ½ of the assessed value of the mobile home.

The Homestead Supplemental Deduction granted under IC 6-1.2-12-37.5 shall not be considered in applying this limitation.

Trust Eligibility Note
IC 6-1.1-12-17.9

A trust is entitled to the following deductions for real property owned by the trust and occupied by an individual:

- Over 65 Deduction (IC 6-1.1-12-9)
- Blind or Disabled Deduction (IC 6-1.1-12-11)
- Veteran with Service Connected Disability Deduction (IC 6-1.1-12-13)
- Disabled Veteran Deduction (IC 6-1.1-12-14)
- Surviving Spouse of Veteran Deduction (IC 6-1.1-12-16)
- World War I Veteran Deduction (IC 6-1.1-12-17.4)
- Homestead Standard Deduction (IC 6-1.1-12-37)
  - A credit for 2008-pay-2009 may be applicable to 2009-pay-2010 property taxes for trust-owned property. See Homestead Memo dated July 8, 2009 for details.

Trust Eligibility	Meets Requirement	Does Not Meet Requirement
Upon verification in the body of the deed or otherwise, the individual has either a beneficial interest in the trust or the right to occupy the real property rent free under the terms of a qualified personal residence trust.		
Individual otherwise qualifies for the deduction.		
Individual would be considered the owner of the real property under IC 6-1.1-1-9(f) or IC 6-1.1-1-9(g).		

Homestead Standard Deduction
IC 6-1.1-12-37

Maximum Deduction Amount

The lesser of:

- Sixty percent (60%)* of the assessed value of the real property –OR–
- Forty-five thousand dollars ($45,000)

*The sum of all assessed value deductions provided in IC 6-1.1-12 to an annually assessed mobile or manufactured home may not exceed ½ of the home's assessed value.

Application and Verification

- Sales Disclosure Form 46021 –OR–
- State Form 5473

With respect to real property, the application must be completed and dated on or before December 31 and filed on or before January 5 of the immediately succeeding calendar year in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.

Homestead Standard Deduction
IC 6-1.1-12-37

Eligibility Requirement Checklist

Homestead Standard Deduction	Meets Requirement	Does Not Meet Requirement
On the assessment date or any other date in the same year after an assessment date when an application is filed, one of the following must be true: **1.** An individual either: owns the homestead; is buying the homestead under a contract, recorded in the county recorder's office, that provides the individual is to pay the property taxes on the residence; or is entitled to occupy the homestead as a tenant-stockholder of a cooperative housing corporation. **2.** Property is owned by a trust and is occupied an individual as described in IC 6-1.1-12-17.9 (see slides 3 and 6). **3.** The property is owned by a corporation, partnership, limited liability company or other entity and the requirements of IC 6-1.1-12-37(k) are met (see slide 7).		
Residence is the individual's principal place of residence.		
Residence is located in Indiana.		
Homestead consists of a dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds the dwelling.		
Individual or married couple is receiving only one standard deduction.		

Homestead Standard Deduction IC 6-1.1-12-37(k)

The term “homestead” does not include property owned by a corporation, partnership, Limited Liability Company or other entity not an individual or trust, unless the property satisfies these requirements.

Entity Eligibility	Meets Requirement	Does Not Meet Requirement
The property is located in Indiana and consists of a dwelling and the real estate, not exceeding one (1) acre that immediately surrounds that dwelling.		
The property is the principal place of residence of an individual.		
The property is owned by an entity other than an individual or trust.		
The individual residing on the property is a shareholder, partner or member of the entity that owns the property.		
The individual residing on the property is not claiming the deduction for any other property.		
The property was eligible for the homestead standard deduction on March 1, 2009.		

If the homestead standard deduction was removed from the property for 2009-pay-2010 because the property was not owned by an individual or trust, the county auditor shall reinstate the deduction for 2009-pay-2010 if the taxpayer provides proof that the property is eligible for the deduction in accordance with the requirements above.

Supplemental Homestead Deduction
IC 6-1.1-12-37.5

Maximum Deduction Amount

Equal to the sum of the following:

- 35% of the assessed value that is less than $600,000
- 25% of the assessed value that is more than $600,000

**This deduction must NOT be considered in applying the limits in IC 6-1.1-12-40.5, which states that the sum of the deductions provided to an annually assessed mobile home may not exceed ½ of its assessed value.

In other words, a mobile home (or manufactured home) not assessed as real property that qualifies to receive a homestead standard deduction also is eligible to receive the supplemental homestead deduction.

Application and Verification

- Sales Disclosure Form 46021 OR
- State Form 5473

One application form can be filed for both the Supplemental Homestead Deduction and the Homestead Standard Deduction.

Supplemental Homestead Deduction
IC 6-1.1-12-37.5

Eligibility Requirements

An individual or entity who is entitled to a Homestead Standard Deduction also is entitled to receive a Supplemental Homestead Deduction.

The Supplemental Homestead Deduction should be taken from the assessed value of the homestead after the application of the Homestead Standard Deduction but before the application of any other deduction, exemption or credit for which the person is eligible. See the example below…

	Pay 2008	Pay 2009
Gross AV	$100,000	$100,000
Standard Deduction	($45,000)	($45,000)
Supplemental Deduction	N/A	($19,250) [35% of 55,000]
Net AV	$55,000	$35,750

Supplemental Homestead Deduction
IC 6-1.1-12-37.5

Eligibility Requirements

An individual or entity who is entitled to a Homestead Standard Deduction also is entitled to receive a Supplemental Homestead Deduction.

The Supplemental Homestead Deduction should be taken from the assessed value of the homestead after the application of the Homestead Standard Deduction but before the application of any other deduction, exemption or credit for which the person is eligible. See the example below…

Example #2	Pay 2008	Pay 2009
Gross AV	$750,000	$750,000
Standard Deduction	($45,000)	($45,000)
Supplemental Deduction	N/A	($210,000) [35% of 600,000] and ($26,250) [25% of 105,000]
Net AV	$705,000	$468,750

Mortgage Deduction
IC 6-1.1-12-1; 2

Maximum Deduction Amount

The lesser of:

- $3,000 –OR–
- ½ of the assessed valuation of the real property or mobile/manufactured home –OR–
- Balance of the mortgage or contract indebtedness on the assessment date of that year.

Application and Verification

- State Form 43709
- Contract buyer must submit copy of memorandum of recorded contract containing legal description.

With respect to real property, the application must be completed and dated on or before December 31 and filed on or before January 5 of the immediately succeeding calendar year in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.

Mortgage Deduction
IC 6-1.1-12-1; 2

Eligibility Requirement Checklist

Mortgage Deduction	Meets Requirement	Does Not Meet Requirement
On the date the application is filed, the person must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Person is a resident of Indiana.		
The deduction is claimed for: (1) Mortgaged real property or an installment financed, annually assessed mobile or manufactured home that the person owns; or (2) Real property or annually assessed mobile or manufactured home that the person is buying under contract, with the contract or a memorandum of the contract recorded in the county recorder's office, which provides that the person is to pay the property taxes.		

Over 65 Deduction
IC 6-1.1-12-9

Maximum Deduction Amount

The lesser of:

- $12,480 –OR–
- ½ of the assessed valuation of the property

Application and Verification

- State Form 43708
- Internal Revenue Service Form 1040 for previous calendar year
  (This requirement includes submitting the 1040 for the applicant and all co-owners.)

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.

Over 65 Deduction
IC 6-1.1-12-9

Notes Regarding Eligibility:

- If real property or mobile or manufactured home is owned by tenants by the entirety, joint tenants or tenants in common, only one deduction may be allowed. However, the age requirement is satisfied if any one of the tenants is at least 65 years of age.

  Note: If all of the tenants are not at least 65 years of age, the deduction allowed shall be reduced by an amount equal to the deduction multiplied by a fraction.

- A surviving, not-remarried spouse is entitled to the deduction if at least 60 years of age on or before December 31 of the calendar year preceding the year in which the deduction is claimed and the decedent was at least 65 years of age at the time of death.

Over 65 Deduction
IC 6-1.1-12-9

Eligibility Requirement Checklist

Over 65 Deduction	Meets Requirement	Does Not Meet Requirement
Individual is at least 65 years of age on or before December 31 of the calendar year immediately preceding the calendar year in which property taxes are first due and payable.		
Combined adjusted gross income of the individual and the individual's spouse or all other individuals who share ownership or tenancy did not exceed $25,000 the preceding year.		
Individual has owned or has been buying on a recorded contract the real property or mobile or manufactured home for at least one year before receiving the deduction.		
The real property or mobile or manufactured home is the individual's residence.		
The assessed value of the real property of the mobile or manufactured home does not exceed $182,430.		
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Individual receives no other property tax deductions except the Mortgage, Homestead Standard and Supplemental Deductions, and the Fertilizer Storage Deduction and the Over 65 Circuit Breaker Credit.		

Over 65 Circuit Breaker Credit
IC 6-1.1-20.6-8.5

Maximum Credit Amount

Tax liability minus the product of tax for preceding year multiplied by 1.02.

Prevents eligible senior citizen's property tax liability from increasing by more than 2 percent.

Application and Verification

- State Form 43708
- Internal Revenue Service Form 1040 for previous calendar year

With respect to real property, the application must be filed on or before December 31 in order to obtain the credit in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the credit.

Over 65 Circuit Breaker Credit
IC 6-1.1-20.6-8.5

Eligibility Requirement Checklist

Over 65 Circuit Breaker Credit	Meets Requirement	Does Not Meet Requirement
Individual qualified for the Homestead Standard Deduction for the particular homestead property in the immediately preceding calendar year and the current year.		
Individual is at least 65 years of age on or before December 31 of the calendar year immediately preceding the calendar year in which property taxes are first due and payable.		
The adjusted gross income of an individual claiming the deduction may not exceed $30,000. Combined adjusted gross income of the individual and spouse may not exceed $40,000.		
The gross assessed value of the homestead is less than $160,000.		
On the date the application is filed, the individual must own the homestead, be buying the homestead under a contract, recorded in the county recorder's office, or have a beneficial interest in the owner of the homestead.		

Blind or Disabled Deduction IC 6-1.1-12-11; 12

Maximum Deduction Amount

- $12,480

Application and Verification

- State Form 43710
- Proof of Blindness –OR–
- Proof of Disability

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.

Blind or Disabled Deduction
IC 6-1.1-12-11; 12

Eligibility Requirement Checklist

Blind or Disabled Deduction	Meets Requirement	Does Not Meet Requirement
Individual is blind or has a disability.		
The real property or mobile or manufactured home is the individual's residence.		
Individual's taxable gross income for the preceding calendar year did not exceed $17,000.		
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Individual does not receive the Over 65 Deduction.		

Disabled Veteran Deduction
IC 6-1.1-12-14; 15

Maximum Deduction Amount

- $12,480

Application and Verification

- State Form 12662
- One of the following:
  - United States Department of Veteran's Affairs Form 20-5455 Code 1 in Item #15
  - Pension Certificate
  - Award of Compensation from VA or DOD
  - Certificate of Eligibility from Indiana Department of Veteran's Affairs

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.

Disabled Veteran Deduction
IC 6-1.1-12-14; 15

Eligibility Requirement Checklist

Disabled Veteran Deduction	Meets Requirement	Does Not Meet Requirement
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Individual served in the military or naval forces of the United States for at least 90 days.		
Individual received an honorable discharge.		
Individual either has a total disability or is at least 62 years old and has a disability of at least 10 percent.		
Assessed value of the individual's property does not exceed $143,160.		
Individual does not receive the Over 65 Deduction.		

Notes: A surviving spouse of an individual may receive the deduction if the individual would qualify for the deduction if the individual were alive.

If the individual claiming the deduction is under guardianship, the guardian shall file for the deduction.

Veteran with Service Connected Disability Deduction IC 6-1.1-12-13; 15

Maximum Deduction Amount

- $24,960

Application and Verification

- State Form 12662
- One of the following:
  - United States Department of Veteran's Affairs Form 20-5455 Code 2 in Item #15
  - Pension Certificate
  - Award of Compensation from VA or DOD
  - Certificate of Eligibility from Indiana Department of Veteran's Affairs

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.

Veteran with Service Connected Disability Deduction IC 6-1.1-12-13; 15

Eligibility Requirement Checklist

Veteran with Service Connected Disability Deduction	Meets Requirement	Does Not Meet Requirement
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Individual served in the military or naval forces of the United States during any of its wars.		
Individual received an honorable discharge.		
Individual has a service connected disability of 10 percent or more.		
Individual is not receiving the Surviving Spouse of WWI Veteran Deduction.		
Individual does not receive the Over 65 Deduction.		

Notes: A surviving spouse of an individual may receive the deduction if the individual would qualify for the deduction if the individual were alive.

If the individual claiming the deduction is under guardianship, the guardian shall file for the deduction.

Veteran of World War I Deduction
IC 6-1.1-12-17.4

Maximum Deduction Amount

- $18,720

Application and Verification

- State Form 12662
- Letter from Veteran's Affairs or Department of Defense –OR–
- Discharge Documents

  (If Letter from VA or DOD is not available.)

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.

Veteran of World War I Deduction
IC 6-1.1-12-17.4

Eligibility Requirement Checklist

WWI Veteran Deduction	Meets Requirement	Does Not Meet Requirement
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
The real property or mobile or manufactured home is the individual's principal residence.		
The assessed valuation of the real property or the mobile or manufactured home does not exceed $206,500.		
Individual has owned or has been buying on a recorded contract the real property or mobile or manufactured home for at least one year before receiving the deduction.		
Individual does not receive the Over 65 Deduction.		

Notes: An individual may not be denied the deduction because the individual is absent from the individual's principal residence while in a nursing home or hospital.

If real property or mobile or manufactured home is owned by a husband and wife as tenants by the entirety, only one deduction may be allowed . Couple is eligible to receive deduction if either spouse satisfies the requirements.

Surviving Spouse of World War I Deduction IC 6-1.1-12-16; 17

Maximum Deduction Amount

- $18,720

Application and Verification

- State Form 12662
- Letter from Veteran's Affairs or Department of Defense OR
- Discharge Documents

  (If Letter from VA or DOD is not available.)
- Sworn statement in affidavit form, or verified under penalties of perjury, that the surviving spouse is entitled to the deduction

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.

Surviving Spouse of World War I Deduction IC 6-1.1-12-16; 17

Eligibility Requirement Checklist

Surviving Spouse of WWI Veteran Deduction	Meets Requirement	Does Not Meet Requirement
On the date the application is filed, the surviving spouse must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Deceased spouse served in the military or naval forces of the United States before November 12, 1918.		
Deceased spouse received an honorable discharge.		
Surviving spouse is not receiving the Veteran with Partial Disability Deduction.		
Individual does not receive the Over 65 Deduction.		

Solar Energy Heating/Cooling Systems or Wind Power Device Deductions
IC 6-1.1-12-26; 29

Maximum Deduction Amount

- The assessed value of the property with the solar energy heating/ cooling system or wind power device included minus the assessed value of the property without the system or device.

Application and Verification

- Sales Disclosure Form 46021 OR
- State Form #18865

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.

Hydroelectric Power Device or Geothermal Device Deductions IC 6-1.1-12-33; 34

Maximum Deduction Amount

- The assessed value of the property with the hydroelectric power device or geothermal device included minus the assessed value of the property without the device.

Application and Verification

- Sales Disclosure Form 46021 –OR–
- State Form #18865
- Certificate of Qualification from the Indiana Department of Environmental Management

  (If IDEM fails to make a determination before December 31 of the application year, the system is considered certified.)

With respect to real property, the application must be filed on or before December 31 in order to obtain the deduction in the following year.

With respect to an annually assessed mobile or manufactured home, the application must be filed during the twelve (12) months before March 31 of the first year for which the individual wishes to obtain the deduction.

Environmental Deductions (Solar Energy Heating/Cooling, Wind Power, Hydroelectric Device or Geothermic Device) IC 6-1.1-12-26; 29; 33; 34

Eligibility Requirement Checklist

Environmental Deductions	Meets Requirement	Does Not Meet Requirement
On the date the application is filed, the individual must own the real property or mobile or manufactured home or be buying the property or home under a contract, recorded in the county recorder's office.		
Property is equipped with a solar energy system, wind power device, hydroelectric device or geothermic device.		
Individual does not receive the Over 65 Deduction.		

Contact The Department

- Amanda Stanley
  - Telephone: 317.233.9218
  - Fax: 317.232.8779
  - E-mail: astanley@dlgf.in.gov
- Web site: www.in.gov/dlgf
  - "Contact Us": www.in.gov/dlgf/2338.htm.