



Homestead Deduction

Indiana Real Estate Independent Broker's Association

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Who Qualifies?

- Individuals who:
 - Own the residence;
 - Buy the residence under recorded contract;
 - Occupy the residence as a tenant stockholder of a cooperative housing corporation



Who Qualifies?

- Trusts, if an individual has either:
 - A beneficial interest in the trust
 - Right to occupy rent free under terms of a qualified personal residence trust
- Individual must otherwise qualify and be considered the owner of the property



Who Qualifies?

- Corporations, partnerships, LLCs and other entities, if the property is:
 - Located in Indiana and meets the definition of a homestead
 - The principal place of residence of an individual who is a shareholder, partner or member of the entity
 - Eligible to receive the deduction in pay 2010



Maximum Deduction Amount

The lesser of:

- 60% of assessed value of real property –OR–
- \$45,000

*Sum of all deductions applied to personal property mobile home cannot exceed 50% of assessed value plus supplemental deduction



Real Property Effective Dates

- Effective for 2009 pay 2010 taxes
 - Application completed and dated on or before December 31, 2009
 - Filed with the county auditor on or before January 5, 2010
- OR–
 - Previous owner eligible and deduction applied to property as of March 1, 2009



Mobile Home Effective Dates

- Effective for 2010 pay 2010 taxes
 - Application completed, dated and filed on or before March 31, 2010
- OR–
 - Previous owner eligible and application filed for deduction as of January 15, 2010



Limitation

- An individual or married couple may not claim more than one homestead deduction.



Application Requirements

- State Form 5473 or Sales Disclosure Form
- Individual (or married couple) must provide:
 - Last 5 digits of Social Security Number
 - AND**–
 - Last 5 digits of Driver's License Number



Penalties

- If an individual changes the use of the property or is otherwise ineligible to receive the homestead deduction, a statement must be filed with the auditor within 60 days.
- Failure to file the statement will result in liability for any additional taxes that would have been due plus a 10% civil penalty.



Homestead Verification Form

- Mailed to each homestead property with the 2010, 2011 and 2012 tax bills
- Individual must verify eligibility and provide identification numbers
- Failure to verify homestead can result in removal of deduction for 2012 pay 2013 tax bills.



Related Benefits

- Homestead Supplemental Deduction
 - Automatically applied after Homestead Standard Deduction
 - 35% deduction of remaining assessed value up to \$600,000
 - 25% deduction of remaining assessed value exceeding \$600,000
- 1% Circuit Breaker Cap
- State and Local Homestead Credits



Contact The Department

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