
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 232-8779

PROPERTY TAX DEDUCTION FAQ AUDITOR'S ASSOCIATION 2011 FALL CONFERENCE

*Indiana Department of Local Government Finance
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Homestead Deductions

1. Does the county auditor have the right to request documentation to prove residency/compliance?

Per 50 IAC 24-3-2, in order to determine eligibility for the Homestead Deduction, the county auditor may request proof that the property is the applicant's principal place of residence. The applicant may provide the auditor with any of the following documents to prove that the property is the applicant's principal place of residence:

- (1) An Indiana identification card issued by the state of Indiana.
- (2) An Indiana driver license or permit with a photo issued by the state of Indiana.
- (3) An Indiana gun permit.
- (4) A bank statement issued within sixty (60) days of application.
- (5) Form W-2 (federal or state) or Form 1099.
- (6) A state or federal tax return.
- (7) A computer generated pay check stub.
- (8) A valid employee identification card with a photo.
- (9) A valid Indiana professional license.
- (10) A valid insurance card.
- (11) A Medicare or Medicaid card.
- (12) U.S. military discharge or DD214 separation papers.
- (13) An Indiana residency affidavit.
- (14) A voter registration card.
- (15) A valid Indiana vehicle or watercraft title or registration.
- (16) Any other document with the applicant's name and the address of the residence for which the applicant claims the homestead standard deduction that provides information with reliability factors similar to the other documents listed that tends to show that the residence is the applicant's principal place of residence.

- 2. In order to receive the Homestead Deduction, does the individual have to reside on the property for more than 6 months during a year?**

No, the property must be the individual's principal place of residence which is defined in 50 IAC 24-2-5 as the individual's true, fixed permanent home to which the individual has the intention of returning after an absence.

- 3. An individual moves from the home for a work assignment and begins renting the property in March of 2010. When should the Homestead Deduction be removed?**

If the Homestead Deduction was accurately in place on the property as of March 1, 2010 it will be applied to the 2010 pay 2011 property taxes. Therefore, the removal of the Homestead Deduction is dependent on when the use of the property changed to a rental property.

- 4. What form should a taxpayer use to remove an unwarranted homestead deduction?**

There is no required form to be completed by a taxpayer to remove a Homestead Deduction from a property.

Per IC 6-1.1-12-37, if an individual who is receiving the Homestead Deduction changes the use of the property so that it no longer qualifies for the deduction or if the individual is no longer eligible for the deduction because he or she would receive the benefit of more than Homestead Deduction, the individual must file a certified statement with the county auditor, notifying the auditor of the change of use, not more than 60 days after the date of that change. Again, there is no required form or format for this certified statement.

- 5. If a taxpayer receives an unwarranted Homestead Deduction for any reason, is that taxpayer automatically responsible for all back taxes, interest and penalties under Indiana State law?**

An individual who fails to file the required statement described in the previous question is liable for any additional taxes that would have been due on the property plus a civil penalty equal to 10 percent of the additional taxes due. This civil penalty is in addition to any interest and penalties for delinquent payment that might otherwise be due.

Over 65 Deductions

- 1. When only one person in the household is age 65 or older, does the individual receive ½ of the Over 65 Deduction or the full deduction?**

If all tenants by the entirety, joint tenants or tenants in common of the property are not at least 65 years of age, the deduction amount is reduced. If only one-half of the tenants are at least 65, then only one-half of the deduction is applied. If one-third of the tenants are at least 65, then only one-third of the deduction is applied.

- 2. Can both the Disabled Person and Over 65 Deduction be applied to the same parcel if each deduction is claimed by a different property owner?**

Yes, statute prohibits an individual from claiming both the disabled person deduction and the Over 65 Deduction. However, it does not prohibit one individual from claiming one deduction while another individual claims the other on the same property.

All Deductions

3. Upon a property owner's death, when can deductions be removed?

If a deduction is accurately in place on the property as of March 1 of a year, the deduction is applied to the property taxes first due and payable in the following year. Therefore, if the sole owner of the property dies on March 2, 2011, the deductions accurately in place on the property will be applied to the 2011 pay 2012 property taxes. If the sole owner of the property died on February 1, 2011, the deductions would not be applied for the 2011 pay 2012 property taxes because they were not accurately in place on the property as of March 1, 2011.

If an individual becomes the sole owner of a property following the death of his or her spouse or the death of another joint owner, he or she is not required to re-apply for the deductions accurately applied to the property.

4. What is the penalty if the title company does not present the gold Indiana Property Tax Benefits form? Where is that form filed for property transactions?

A closing agent is subject to a civil penalty of \$25 for each instance in which the closing agent fails to provide the gold form to a customer. A closing agent is not liable for any other damages claimed by a customer because of the agent's mere failure to provide the gold form. The gold form is informational in nature and is not required to be filed with any entity.