

## **ARTICLE 25. DEDUCTION FOR MODEL RESIDENCE**

### **Rule 1. General Provisions**

#### **50 IAC 25-1-1 Purpose**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-12.6

Sec. 1. The purpose of this article is to establish procedures to govern the application for the deduction for model residences established under IC 6-1.1-12.6. (*Department of Local Government Finance; 50 IAC 25-1-1; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA*)

#### **50 IAC 25-1-2 Applicability**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-12.6

Sec. 2. This article applies to taxpayers applying for the deduction for model residences. (*Department of Local Government Finance; 50 IAC 25-1-2; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA*)

### **Rule 2. Definitions**

#### **50 IAC 25-2-1 Applicability**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-12.6

Sec. 1. The definitions in this rule apply throughout this article. (*Department of Local Government Finance; 50 IAC 25-2-1; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA*)

#### **50 IAC 25-2-2 "Affiliated group" defined**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-12.6-0.5; IC 6-3-1-19

Sec. 2. "Affiliated group" means any combination of the following in accordance with IC 6-1.1-12.6-0.5:

(1) An affiliated group within the meaning provided in Section 1504 of the Internal Revenue Code except that the ownership percentage in Section 1504(a)(2) of the Internal Revenue Code must be determined using fifty percent (50%) instead of eighty percent (80%) or a relationship described in Section 267(b)(11) of the Internal Revenue Code.

(2) Two (2) or more partnerships as defined in IC 6-3-1-19, including limited liability companies and limited liability partnerships that have the same degree of mutual ownership as an affiliated group described in subdivision (1).

(*Department of Local Government Finance; 50 IAC 25-2-2; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA*)

#### **50 IAC 25-2-3 "Model residence" defined**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-12.6-1

Sec. 3. "Model residence" has the meaning set forth in IC 6-1.1-12.6-1. (*Department of Local Government Finance; 50 IAC 25-2-3; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA*)

### **Rule 3. Model Residence Deduction**

#### **50 IAC 25-3-1 Applicability of model residence deduction**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-12.6

Sec. 1. (a) The deduction from the assessed value of a model residence described in subsection (b) is applicable only to a model residence that is first assessed as a:

- (1) partially completed structure; or
- (2) fully completed structure;

for the assessment date in 2009 or a later year.

(b) An owner of a qualified model residence is entitled to a deduction from the assessed value of the model residence in the amount of fifty percent (50%) of the assessed value of the model residence for:

- (1) not more than one (1) assessment date for which the model residence is assessed as a partially completed structure;
- (2) the assessment date for which the model residence is first assessed as a fully completed structure; and
- (3) the two (2) assessment dates that immediately follow the assessment date referred to in subdivision (2).

*(Department of Local Government Finance; 50 IAC 25-3-1; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA)*

#### **50 IAC 25-3-2 Application for model residence deduction**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-12.6

Sec. 2. (a) A property owner who qualifies for the model residence deduction must file a claim for the deduction with the county auditor on the form prescribed by the department of local government finance for each assessment date for which the property owner wishes to receive the deduction.

(b) The form must be verified under the penalties for perjury and contain all of the following information:

- (1) The assessed values of the real property for which the person is claiming the model residence deduction.
- (2) The full name and complete business address of the person claiming the model residence deduction.
- (3) The complete address and a brief description of the real property for which the person is claiming the model residence deduction.
- (4) The name of any other county in which the person has applied for a model residence deduction for that assessment date.
- (5) The complete address and a brief description of any other real property for which the person has applied for a model residence deduction for that assessment date.

(c) The assessing official must verify a claim for the model residence deduction.

(d) The county auditor must make the model residence deduction and notify the county property tax assessment board of appeals of all approved deductions.

(e) The county auditor with whom the claim is filed must immediately prepare and transmit a copy of the claim to the auditor of any other county if the property owner owns or is buying a model residence in the other county.

(f) The county auditor receiving the copy of the claim described in subsection (e) must note on the copy whether the property owner has claimed a deduction for the current year for a model residence in that county. The county auditor must then return the copy of the statement to the auditor who sent the copy. *(Department of Local Government Finance; 50 IAC 25-3-2; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA)*

#### **Rule 4. Limitations on Model Residence Deduction**

##### **50 IAC 25-4-1 Limit of three model residence deductions**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-12.6

Sec. 1. (a) A property owner who is not an affiliated group as defined in 50 IAC 25-2-2 may not receive the deduction for more than three (3) model residences in Indiana for a particular assessment date.

(b) Owners of model residences who are part of an affiliated group as defined in 50 IAC 25-2-2 may not exceed an aggregate of three (3) model residence deductions for a particular assessment date. *(Department of Local Government Finance; 50 IAC 25-4-1; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA)*

**50 IAC 25-4-2 Deduction not applicable in allocation area**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-12.6; IC 6-1.1-21.2-3

Sec. 2. A property owner may not receive a model residence deduction for a model residence located in an allocation area as defined in IC 6-1.1-21.2-3. (*Department of Local Government Finance; 50 IAC 25-4-2; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA*)

**50 IAC 25-4-3 One deduction per model residence per year**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-12.6

Sec. 3. (a) A property owner that qualifies for a model residence deduction and also qualifies for a deduction under another statute with respect to the same model home for a particular assessment year may not receive a deduction under both statutes for that year.

(b) A county auditor who receives claims for more than one (1) deduction with respect to a model residence may approve only one (1) of the deductions. If the model residence owner is otherwise qualified, the county auditor must approve the deduction that results in the greater property tax saving for the owner of the model residence. (*Department of Local Government Finance; 50 IAC 25-4-3; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA*)

**Rule 5. Change of Ownership**

**50 IAC 25-5-1 Application of the deduction upon change of ownership**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-12.6

Sec. 1. If ownership of the model residence changes:

(1) a new owner that continues to use the property as a model residence may claim the deduction under this rule; and

(2) the deduction only applies for the assessment date to which the deduction would have applied had the ownership not changed.

(*Department of Local Government Finance; 50 IAC 25-5-1; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA*)

**50 IAC 25-5-2 Obligation of owner of model residence upon transfer of ownership**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-5.5; IC 6-1.1-12.6

Sec. 2. A person who owns a model residence and claims the deduction must provide the county auditor with a notice that:

(1) informs the auditor of a transfer of ownership of the model residence; and

(2) indicates whether the new owner is eligible to receive the model residence deduction.

The notice must be submitted to the county auditor at the same time that a sales disclosure form is filed under IC 6-1.1-5.5. (*Department of Local Government Finance; 50 IAC 25-5-2; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA*)

**50 IAC 25-5-3 Termination of model residence deduction**

Authority: IC 6-1.1-12.6-9

Affected: IC 6-1.1-12.6

Sec. 3. (a) The deduction allowed for a model residence is terminated if the model is sold after the assessment date of a particular year but before January 1 of the following year to a person who does not continue to use the property as a model residence.

(b) The county auditor must immediately mail notice of the termination of the deduction to the former owner, the current property owner, and the township assessor, if there is one, or, if not, the county assessor.

(c) The county auditor must:

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- (1) remove the deduction from the tax duplicate; and
- (2) notify the county treasurer of the termination of the deduction.

*(Department of Local Government Finance; 50 IAC 25-5-3; filed Apr 15, 2009, 10:16 a.m.: 20090513-IR-050080755FRA)*

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