

**COUNTY AUDITORS' FALL
2010
CONFERENCE**

Installment Plans

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**IC 6-1.1-22-9.7 &
IC 6-1.1-22.5-18.5**

- **IC 6-1.1-22-9.7 authorizes**
 - **Payment of property tax by;**
 - Monthly installments and/or
 - Automatic deduction from an account with a financial institution
- **IC 6-1.1-22.5-18.5 authorizes**
 - **Installment payments of tax due on the reconciling statement of a provisional tax bill**

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IC 6-1.1-22.5-18.5

- **A county council may adopt an ordinance to allow a taxpayer to pay in installments a provisional tax bill reconciling statement**
- **To authorize installment payments the county council must adopt an ordinance**
- **The ordinance must**
 - **Specify the reconciling statement**
 - **And the installment due dates**
 - **And allow taxpayers the option of paying in installments on the installment due dates or paying a single payment on the reconciling statement due date**

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**IC 6-1.1-22.5-18.5
Late Payment Penalties**

- **Installment not paid by due date is considered delinquent**
- **Penalty is 5% if**
 - Paid in full within thirty days after due date
 - Real property - Taxpayer not liable for delinquent property taxes in a previous year for the same parcel
 - Personal property - Taxpayer not liable for delinquent property taxes in a previous year for a personal property tax return in the same taxing district
- **Penalty is 10% if the above does not apply**
- **On the day following the final installment due date an additional 10% penalty is applied against any unpaid installments**⁴

IC 6-1.1-22-9.7

- **County fiscal body may at any time adopt an ordinance to allow all county taxpayers to pay one or more property tax installments by**
 - Monthly installments and/or
 - Automatic deduction from an account with a financial institution
- **County fiscal body is**
 - City-county council in Marion County
 - And county council in all other counties

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**Ordinance Adopted Under
IC 6-1.1-22-9.7**

- **May apply to more than one calendar year**
- **Must include at least**
 - Identification of applicable tax installments
 - Provisions for notice to taxpayer of option to pay by installments
 - If applicable, authority to allow treasurer to make available to taxpayer a form directing treasurer to deduct monthly installments from taxpayer's account with a financial institution
 - If applicable, authority for treasurer to accept monthly installment payments from taxpayers

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**Ordinance Adopted Under
IC 6-1.1-22-9.7**

- May include
 - A provision authorizing taxpayers to make monthly deductions or monthly payments in an amount determined by the taxpayer that is different than the amount determined by the treasurer

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**Automatic Deductions Under
IC 6-1.1-22-9.7**

- If automatic deductions from a taxpayer's account with a financial institution is authorized, then
 - The treasurer must provide a statement to the taxpayer that includes
 - The deduction amount
 - The day of the month chosen by taxpayer that deduction will be made
 - The deduction calculation
 - An explanation of current year reconciliation
 - An explanation of the penalties that apply if the taxpayer's account has insufficient funds⁸

Monthly Installment Calculation

- Step One - Determine the tax liability for the year to be used to calculate the monthly installment amount
- Step Two - Divide the number of installments identified in the ordinance by the total number of installments for the current year
- Step Three - Multiply Step One by the result of Step Two
- Step Four - Divide the result of Step Three by the number of monthly installments

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Step One Tax Liability

- If at the time the monthly installment is calculated the current year tax liability can not be determined, then
 - The Step One Tax Liability is the preceding year's tax liability
 - Or if the treasurer determines to use provisional tax statements, the Step One Tax Liability is the tax liability indicated on the provisional tax statement
- If at the time the monthly installment is calculated the current year tax liability has been determined, then the Step One Tax Liability is the current year tax liability

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Monthly Installment Calculation Step Two

- Step Two - Divide the number of installments identified in the ordinance by the total number of installments for the current year (the total number of installments for the current year is always 2)
 - If the ordinance identifies the spring installment as the installment authorized for monthly installments, then the calculation is 1 divided by 2, or .50
 - If the ordinance identifies the spring and fall installments as the installments authorized for monthly installments, then the calculation is 2 divided by 2, or 1

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Monthly Installment Calculation Step Three

- Step Three - Multiply Step One by the result of Step Two is fairly self explanatory. Whatever tax liability is determined in Step One is multiplied by the number determined in Step Two and the number determined in Step Two is going to be .5 or 1
- If only one installment is authorized for monthly installments, then one-half of the full year tax liability is used to calculate the monthly installment amount
- If both installments are authorized for monthly installments, then the full year tax liability is used to calculate the monthly installment amount

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Monthly Installment Calculation Step Four

- Step Four - Divide the result of Step Three by the number of monthly installments
- The maximum number of monthly installments for a year is 10 if the full year tax is paid by monthly installments within the current year and the reconciling statement due date is November 10 of the current year
- The number of monthly installments will be determined by the month when the installments begin, whether one or two installments are authorized for monthly installments and the due date of the reconciling statement

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Monthly Installment Calculation

- If the county treasurer determines changes in circumstances have caused the calculated monthly installment amount to be substantially different than the likely current tax liability, then the treasurer can determine a different amount
- If permitted by the ordinance authorizing monthly installments, a taxpayer can pay a monthly amount different than the amount determined by the treasurer

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Reconciling Statement

- The county treasurer shall issue a reconciling statement that contains at least the
 - Current year actual tax liability
 - Plus penalties, if any, that apply for the current year
 - Minus total amount paid for the current year
 - Reconciling amount due, or excess payment amount

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Reconciling Statement

- If the tax liability plus penalties exceed the amount paid for the current year, then
 - The reconciling amount due is payable by the taxpayer not later than 30 days after the date of the reconciling statement
- If the amount paid for the year exceeds the tax liability plus penalties, then
 - The treasurer will apply the excess to the taxpayer's tax liability for the immediately succeeding year unless claimed for refund by the taxpayer under IC 6-1.1-26

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Discharge of Taxpayer's Liability

- Monthly installment and/or reconciling statement payment made by automatic deduction from the taxpayer's account with a financial institution is not finally discharged until the taxpayer's account is charged

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Collections

- Monthly installment and reconciling statement tax and penalty collections are accounted for and certified by the treasurer in the same manner as other property tax collections
- Collections received by the spring installment due date are certified on the Form 49TC for the June Settlement
- Collections received by the fall installment due date are certified on the Form 49TC for the December Settlement
- Monthly installment and reconciling statement tax and penalty collections are available for property tax advances

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Late Payment Penalties

- If a taxpayer makes monthly installment payments or automatic deductions in the amount determined by the treasurer, then the taxpayer is not liable for late payment penalties under IC 6-1.1-37-10
- If a taxpayer makes monthly installment payments or automatic deductions in an amount less than the amount determined by the treasurer, then the taxpayer is liable for late payment penalties under IC 6-1.1-37-10 if the total amount paid by the taxpayer by the spring or fall due date is less than the amount determined by the treasurer to be due by the spring or fall due date
- IC 6-1.1-37-10 penalty provisions apply to the reconciling statement

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IC 6-1.1-37-10 Penalties

- **Real property**
 - The penalty is 5% of the amount of delinquent taxes if
 - The taxes are paid in full on or before thirty days after the due date
 - And the taxpayer is not liable for delinquent taxes in a previous installment for the same parcel
 - If neither is true, then the penalty is 10%
- **Personal property**
 - The penalty is 5% of the amount of delinquent taxes if
 - The taxes are paid in full on or before thirty days after the due date
 - And the taxpayer is not liable for delinquent taxes in a previous installment for a personal property tax return in the same taxing district
 - If neither is true, then the penalty is 10%

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