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Frequently Asked Questions

2026 Legislative Update:

Veterans Deductions and Credits

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Contents

Note: This FAQ summarizes current Indiana law and DLGF administrative interpretations. The Indiana Code controls, and eligibility depends on the facts of each claim.

SECTION 1 — 100% DISABLED VETERANS DEDUCTION (Ind. Code § 6-1.1-12-14)

1. What does the 100% disabled veteran deduction cover?

Section 14 provides a deduction equal to 100% of the assessed value of real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property that the qualifying veteran owns (or is buying under a qualifying recorded contract) and uses as the veteran's principal place of residence. For consistent statewide administration, DLGF interprets "principal place of residence" consistently with IC 6-1.1-12-37(a)(3) and uses the homestead framework in IC 6-1.1-12-37(a)(2)(C) as a safe harbor: the dwelling, up to one (1) acre of immediately surrounding land, and the qualifying residential improvements described there are presumed to be part of the principal place of residence. Property outside that safe harbor is not automatically ineligible; eligibility depends on whether the property is part of and used in connection with the veteran's principal place of residence.

2. Is there a residency requirement?

Yes. The applicant must have **resided in Indiana for at least one (1) year** before the assessment date for which the deduction is claimed.

3. Can trusts receive the 100% deduction?

No. HEA 1210 removed the 100% disabled veteran deduction as a deduction to which a trust may be entitled. Trusts may instead qualify for certain **credits**, but not this deduction.

4. Can a surviving spouse keep the 100% deduction?

Yes, if the veteran satisfied IC 6-1.1-12-14(a)(1) through (a)(4) at the time of death and the surviving spouse owns or is buying the property under a qualifying contract when the deduction statement is filed.

The spouse is no longer eligible if the spouse subsequently remarries. See IC 6-1.1-12-14(b).

5. Must a veteran refile to convert from the old deduction to the new one?

For 2026 Pay 2027 only, if a taxpayer received a deduction under IC 6-1.1-12-14, which provided for a deduction in the amount of $14,000 for veterans who had either a total disability or who were at least 62 years old and had a disability of at least 10% before the enactment of HEA 1210-2026, the county auditor must not carry over that former deduction and must instead apply the $250 credit under IC 6-1.1-51.3-5. A veteran who qualifies for the amended 100% deduction may file for that deduction instead.

Therefore, a new filing is required to receive the amended 100% deduction for 2026 Pay 2027. See IC 6-1.1-51.3-5(g) and IC 6-1.1-12-15. Upon approval of the new filing, the $250 credit automatically applied under IC 6-1.1-51.3-5(g) must be removed so that the taxpayer receives the 100% deduction instead.

6. Does the 100% deduction eliminate all taxes?

No. For real property, the deduction reduces to zero (0) the assessed value of the property that qualifies under IC 6-1.1-12-14.

As explained above, the 100% deduction does not apply to property that is not part of or used in connection with the veteran's principal place of residence and does not eliminate liabilities or charges that are not based on the assessed value to which the deduction applies. Any assessed value that does not qualify remains subject to taxation.

7. If multiple parcels make up the veteran's principal place of residence, may the deduction apply to more than one parcel?

Yes. IC 6-1.1-12-14 does not state that the deduction is limited to a single parcel. The one (1) acre safe harbor may extend across more than one (1) parcel. Parcel boundaries alone do not prevent parcels or portions of parcels from qualifying under that safe harbor. Under DLGF's administrative interpretation, parcels or portions of parcels that fall within the IC 6-1.1-12-37(a) homestead safe harbor: the dwelling, up to one (1) acre of immediately surrounding land, and the qualifying residential improvements described there are presumed to be part of the principal place of residence. Property outside that safe harbor is not automatically excluded; eligibility depends on whether the property is part of and used in connection with the veteran's principal place of residence. See IC 6-1.1-12-14(a) and IC 6-1.1-12-37(a).

8. Does the deduction apply to excise tax?

IC 6-6-5-5 continues to permit any unused deduction under IC 6-1.1-12-14, after application of the deduction on the person's real and personal property, to reduce vehicle excise tax. Because the amended section 14 deduction is expressed as 100% of the assessed value of the qualifying property, rather than a fixed amount, there ordinarily would be no unused deduction amount after it is applied. See IC 6-6-5-5.

Accordingly, while IC 6-6-5-5 continues to provide a mechanism for applying any unused portion of the deduction to vehicle excise tax, the 100% deduction under amended IC 6-1.1-12-14 generally will not generate a remaining deduction amount for that purpose.

9. Does the former $240,000 assessed value limitation still apply to the 100% deduction?

No. HEA 1210-2026 removed the assessed value eligibility limitation from IC 6-1.1-12-14. Beginning with the 2026 assessment date (2026 Pay 2027), there is no maximum assessed value for real property receiving the section 14 deduction, subject to the separate limitation in IC 6-1.1-12-40.5 for a mobile or manufactured home not assessed as real property. See IC 6-1.1-12-14 and IC 6-1.1-12-40.5.

10. Must the total disability required for the 100% deduction be service-connected?

IC 6-1.1-12-14 does not state that the veteran's total disability must be service-connected. Section 14 requires a total disability evidenced by a VA pension certificate or award of compensation, or an IDVA certificate of eligibility. By contrast, the $350 credit under IC 6-1.1-51.3-6 expressly requires a service-connected disability of at least ten percent (10%). See IC 6-1.1-12-14(a)(3)-(4) and IC 6-1.1-51.3-6(a)(3)-(4).

SECTION 2 — NEW VETERANS CREDITS (Ind. Code § 6-1.1-51.3)

A. $350 Service-Connected Disability Credit (IC § 6-1.1-51.3-6)

1. Who qualifies for the $350 credit?

Veterans who:

- served during any U.S. war,
- were honorably discharged, and
- have a **service-connected disability of at least 10%**.

Evidence must be provided from VA or IDVA.

2. Is this credit automatic for veterans who previously received the $24,960 deduction?

Not by statute. IC 6-1.1-51.3-6 requires an application and does not contain an automatic conversion provision. DLGF recommends that counties automatically transfer taxpayers receiving the former $24,960 deduction to the new $350 credit if the taxpayer remains eligible. That automatic transfer is Department guidance rather than a statutory mandate.

B. $250 Age-62 + ≥10% Disability Credit (IC § 6-1.1-51.3-5)

1. Who qualifies?

Veterans who:

- served at least 90 days,
- were honorably discharged,
- are **62 or older**, and
- have a **disability of at least 10%** (VA or IDVA evidence required).

2. Is this credit applied automatically for 2026 Pay 2027?

Yes, but only as a transition rule for 2026 Pay 2027 taxpayers who received the former deduction under IC 6-1.1-12-14, which provided for a deduction in the amount of $14,000 for veterans who had either a total disability or who were at least 62 years old and had a disability of at least 10% before HEA 1210-2026 was enacted. For those taxpayers, the county auditor must apply the $250 credit instead of carrying over the former section 14 deduction. A veteran may instead apply for the amended 100% deduction if eligible. See IC 6-1.1-51.3-5(g).

C. General Questions About Credits

1. Can veterans receive multiple credits?

Yes. A veteran may receive **both** the $350 and $250 credits if they qualify for each, and may also receive other local credits (Over-65, Blind/Disabled).

2. Can trusts receive credits?

Yes. Trusts may be eligible for the following credits:

- Over 65,
- Blind/Disabled,
- Veteran Age 62 with ≥10% disability,
- Veteran with service-connected disability.

3. Can surviving spouses qualify for the credits?

Yes, but the requirements differ by credit. For the $350 credit, the deceased veteran must have satisfied IC 6-1.1-51.3-6(a)(1) through (a)(4) at death, and the surviving spouse must satisfy the ownership or qualifying-contract requirement when the credit is claimed. For the $250 credit, a surviving spouse may qualify if the deceased veteran satisfied IC 6-1.1-51.3-5(a)(1) through (a)(4), or if the veteran was killed in action, died while serving on active duty, or died while performing inactive duty training, and the spouse satisfies the ownership or qualifying-contract requirement. See IC 6-1.1-51.3-5(c) and IC 6-1.1-51.3-6(c).

4. Do disabled veterans who do not own property receive an excise tax credit?

Yes, if the requirements of IC 6-6-5-5.2 are met and the individual does not own property to which the specified veteran property tax deduction may be applied. The credit is the lesser of the vehicle excise tax liability or $70 per vehicle, and it may be claimed for no more than two (2) vehicles. An affidavit from the county auditor is required. See IC 6-6-5-5.2.

SECTION 3 — QUESTIONS INVOLVING BOTH DEDUCTIONS AND CREDITS

1. Can an individual receive both the 100% deduction and any of the credits?

No. An individual who receives the 100% deduction under IC 6-1.1-12-14 may not receive any local property tax credit under IC 6-1.1-51.3. See IC 6-1.1-12-14(d). This prohibition applies to the individual receiving the section 14 deduction even if taxable assessed value or property tax liability remains on the same property or on other property owned by that individual.

2. If co-owners are both veterans, how are benefits applied?

IC 6-1.1-12-14(d) bars the individual who receives the 100% deduction from also receiving a credit under IC 6-1.1-51.3; it does not expressly disqualify a different veteran co-owner who independently qualifies for a credit. If taxable assessed value and property tax liability remain, a different veteran co-owner who independently qualifies is not barred by section 14(d) and may receive a Chapter 51.3 credit, subject to the other statutory requirements and credit limits. However, if the 100% deduction reduces the taxable assessed value of the qualifying property to zero, there may be no remaining property tax liability on that property against which the other veteran's credit can be applied. If neither veteran receives the 100% deduction, each may claim any credit for which that individual independently qualifies, subject to the statutory credit limits.

3. How do benefits work if a veteran moves out of state?

The $250 and $350 credits do not contain an Indiana-residency requirement. A veteran who moves out of state may therefore remain eligible if the veteran continues to own, or buy under a qualifying recorded contract, Indiana property and otherwise satisfies the applicable credit requirements. See IC 6-1.1-51.3-5 and IC 6-1.1-51.3-6.

4. Can credits apply to multiple properties?

Yes. A single $250 or $350 credit may be split among multiple qualifying properties; however, it is not a separate credit for each parcel. The total credit remains limited to the statutory amount and the taxpayer's property tax liability, and any unused credit may not be carried forward, carried back, or refunded. See IC 6-1.1-51.3-0.6, IC 6-1.1-51.3-5(b), IC 6-1.1-51.3-6(b), and State Form 12662.

SECTION 4 — APPLICATION, DOCUMENTATION & PROCESS QUESTIONS

1. What documentation must veterans provide?

The required disability evidence depends on the benefit:

- For the IC 6-1.1-12-14 deduction and the $250 credit under IC 6-1.1-51.3-5: a VA pension certificate or award of compensation, or an IDVA certificate of eligibility.
- For the $350 credit under IC 6-1.1-51.3-6: the same evidence is accepted, and a VA disability compensation check is also expressly permitted.

See IC 6-1.1-12-14(a)(4), IC 6-1.1-12-15(b), IC 6-1.1-51.3-5(a)(4), and IC 6-1.1-51.3-6(a)(4).

2. Must IDVA complete Section VIII for every filing?

No. Section VIII is an IDVA verification option. An applicant may instead submit the VA evidence permitted by the statute for the deduction or credit being claimed; IDVA verification in Section VIII is not required when sufficient VA documentation is submitted.

3. Are veterans required to refile annually?

Generally, no. A taxpayer who receives the IC 6-1.1-12-14 deduction and remains eligible is not required to refile annually, and the $250 and $350 credits likewise continue without a new annual application while the taxpayer remains eligible.

The 2026 Pay 2027 transition is an exception: a taxpayer whose former section 14 deduction is converted to the $250 credit must file a new application to receive the amended 100% deduction. See IC 6-1.1-12-17.8, IC 6-1.1-51.3-5(f)-(g), and IC 6-1.1-51.3-6(f).

4. When are benefits removed if the property is sold?

Not necessarily in the year of sale. For a deduction under IC 6-1.1-12-14, IC 6-1.1-12-45(a)-(c) provides that the deduction remains applicable to the assessment and the taxes based on that assessment notwithstanding a conveyance after the assessment date and on or before the next succeeding assessment date; that carryover applies for one (1) year. The $250 and $350 credits are governed separately and require qualifying ownership or contract-purchaser status when the credit is claimed. See IC 6-1.1-51.3-5(a)(5), (e) and IC 6-1.1-51.3-6(a)(5), (e).

5. What is the filing deadline for the 100% deduction and the new veteran credits, and can a late application be made retroactively?

For the IC 6-1.1-12-14 deduction and the $250 and $350 credits, the application must be completed and dated on or before January 15 of the calendar year in which the property taxes are first due and payable. If the application is mailed, it must be postmarked on or before the filing deadline. A person who fails to apply by the statutory deadline may not apply for the deduction or credit retroactively.

For example, if an eligible veteran acquires a qualifying property on September 1, 2026, the veteran may file for the applicable benefit on or before January 15, 2027, for taxes first due and payable in 2027, provided the veteran otherwise satisfies all applicable statutory eligibility requirements, including, for the 100% deduction, the one (1) year Indiana-residency requirement.

See IC 6-1.1-12-15(a), IC 6-1.1-12-45(c)-(d), IC 6-1.1-51.3-5(f), and IC 6-1.1-51.3-6(f).

SECTION 5 — SPECIAL ELIGIBILITY SCENARIOS

1. Do peacetime disabled veterans still qualify?

Yes, depending on the benefit. Wartime service is not required for the 100% deduction under IC 6-1.1-12-14, and it is not required for the $250 credit under IC 6-1.1-51.3-5. The $350 credit under IC 6-1.1-51.3-6 does require service during a U.S. war. A peacetime veteran seeking the 100% deduction must satisfy all section 14 requirements, including at least 90 days of service, honorable discharge, total disability, the Indiana residency requirement, and use of the property as the principal place of residence.

2. Does a young veteran with low disability rating qualify (e.g., 33 years old, 10%)?

A 33-year old veteran with a 10% disability does not qualify for the $250 credit because IC 6-1.1-51.3-5 requires the veteran to be at least 62 years old. The veteran may qualify for the $350 credit if the veteran served during a U.S. war, was honorably discharged, and has a service-connected disability of at least 10%. A 10% disability rating by itself does not satisfy the total disability requirement for the 100% deduction under IC 6-1.1-12-14.

3. If a veteran sells one principal residence and buys another during the same year, can the 100% deduction appear on both properties for the same payable year?

Yes, in limited timing circumstances. If the IC 6-1.1-12-14 deduction properly applies to Property A for an assessment date, IC 6-1.1-12-45(a)-(c) generally keeps that deduction applicable to the taxes based on that assessment despite a conveyance after the assessment date and on or before the next succeeding assessment date; that carryover applies for only one (1) year. If the veteran then acquires Property B, uses it as the veteran's principal place of residence, and timely files while owning or buying Property B under a qualifying contract, Property B may independently qualify for the desired payable year. See IC 6-1.1-12-14(a)(5), IC 6-1.1-12-15(a), and IC 6-1.1-12-45(a)-(d). This is a statutory timing result and does not mean that the veteran has two simultaneous principal places of residence.

If there are any questions about this memorandum, please contact Tim Rushenberg, General Counsel at trushenberg@dlgf.in.gov.