



## Frequently Asked Questions

### Auditors' Association 2015 Fall Conference

October 20, 2015

#### DEDUCTION QUESTIONS

- Question:** Regarding the concept that the 1% homestead cap applies to the entire acre even if the acre includes multiple parcels, does the property owner also receive the standard homestead and supplemental homestead on those other parcels if the taxpayer hasn't used the entire \$45,000 homestead deduction on the parcel where the dwelling is located? If the taxpayer used the entire \$45,000 on the dwelling parcel, does the taxpayer receive additional supplemental homestead deduction on the other lots? Is the auditor required to include these additional lots, or does the taxpayer have to request that this be done?

*Answer:* If there are multiple parcels within the acre surrounding the dwelling, all those parcels are eligible to receive the standard and supplemental homestead deductions and 1% tax cap. The taxpayer must apply for the homestead deduction. If the taxpayer correctly does so, the auditor would identify the parcels falling within that acre and apply the deductions and cap. For purposes of determining the amount of the standard and supplemental deductions, the auditor should add together the assessed value of the parcels. By way of example, if there are three parcels within the acre and parcels #1 and #2 are assessed at \$20,000 each and parcel #3 is assessed at \$100,000, the auditor would calculate the deductions based on a combined assessed value of \$140,000 (the standard deduction would be \$45,000 [which is less than 60% of \$140,000]; the supplemental deduction would be \$33,250 [35% of \$95,000]). Exactly how the \$45,000 and \$33,250 are allocated among the parcels may be a matter of local discretion.

- Question:** How long do we have to keep a hard copy of deduction and exemption forms? We have scanned all our old forms and we don't keep a hard copy any longer.

*Answer:* The DLGF recommends that you confer with the Indiana Archives and Records Administration, which prescribes retention schedules for local offices. It may be possible that your county has its own retention schedule. Please visit <http://www.in.gov/iara/2739.htm> for more information.

- Question:** Do new owners need to file a new application for the geothermal deduction and obtain recertification from the Department of Environmental Management? If they do, do we just mail a new application to the new owner or do they come into the office?

*Answer:* A new owner could enjoy the carry-over of the geothermal deduction from the previous owner, but the new owner would need to apply for the deduction in his own name for the following assessment date. To

reapply, the new owner could obtain the form through the DLGF website and mail it to the auditor or file it in person. The auditor is not obligated to provide the new owner with an application form. Once certified, the device does not need to be recertified.

4. **Question:** When a sales disclosure form is filled out by a title company or bank, are they required to give us the information about a homestead that is vacated? What about the signature and information of the untitled spouse?

**Answer:** In order for the deduction application portion of the sales disclosure to serve as a valid application for the homestead deduction, it must be completely filled out. If it is not, the form could be returned to the filer. If the issue is that the applicant is checking the “no” box when he should be checking “yes”, this could arguably invalidate his deduction if the application was inaccurate or trigger perjury issues. As for signatures, only the signature of one buyer and one seller is required. If Bob and Sue are married and applying for the homestead deduction through the sales disclosure form, both of their identification information must be included in the form (even if only one of them will be on the deed), but only one of them needs to sign the form (there’s no harm if both spouses or buyers happen to sign).

5. **Question:** Are we getting new application forms for deductions and exemptions since the assessment date is changing from March 1, to January 1?

**Answer:** Yes, updated forms will be released soon.

6. **Question:** Can a person have a surviving spouse veteran deduction and a veteran deduction for himself?

**Answer:** Although the DLGF has advised that based on the language of the disabled veteran deduction statutes, a veteran could receive no more than one of each of the disabled veteran deductions (which would mean that a veteran receiving a partially-disabled veteran deduction who was also claiming his deceased spouse’s partially-disabled veteran deduction would be double-dipping), there does seem to be some ambiguity in the law when it comes to surviving spouses. Thus, it may be possible for the vet to receive his own disabled veteran deduction and a veteran deduction as a surviving spouse. If the veteran is receiving a totally-disabled veteran deduction and is also claiming his deceased spouse’s partially-disabled veteran deduction, there would clearly be no problem there. If, however, a surviving spouse was claiming a disabled veteran deduction, the surviving spouse would not be able to also receive an over 65 deduction.

7. **Question:** Can you be denied a heritage barn deduction because you have trees growing around the barn?

**Answer:** Trees growing around the barn would not, in and of itself, disqualify the barn from receiving the deduction.

8. **Question:** If one person is on a deed and he has an adult roommate, would we need the roommate’s driver’s license and Social Security number (last five of both) for the homestead? Can the roommate apply for a homestead deduction on a property the roommate owns?

**Answer:** Only if the person and roommate were married would the roommate (or, more appropriately, the spouse) need to provide the identification information. Otherwise, the roommate’s information would not be needed. If the roommate is using the property in question as his or her homestead, then he or she would not be able to obtain a homestead deduction on another property he or she owns (since that property would not be used as the roommate’s homestead). As for the property in question, the roommate would not be able to

receive a homestead deduction because the roommate is not an owner or buyer under recorded contract of the property; moreover, because of legislative changes in 2015, if two or more individuals qualify a property for a homestead deduction, only one of them may claim the deduction on that particular property.

### **GATEWAY/DATA ANALYSIS QUESTIONS**

**1. Question:** Do we still have to advertise the abatement report in the newspaper now that we are putting it in Gateway?

**Answer:** Yes. Indiana Code 6-1.1-12.1-8 requires county auditors to submit to the Department information published in a newspaper regarding certain abatements. The submission through Gateway is the county's proof that it published the required information in a local newspaper. The Department anticipates releasing additional guidance regarding the publication to county auditors in November.

**2. Question:** Will you have a link for all units to be able to see their specific data for CNAV and Form 22s? Many units lose or can't find their copy and it would be nice to post it to the Gateway site.

**Answer:** The Department is working on developing public site reports for both CNAV and Form 22 data submissions. The public site reports will be visible by both local units of government and taxpayers. The Department has not yet developed a way to display CNAV and Form 22 data to local units of government in-application, but appreciates the suggestion and will work toward accommodating this feature moving forward.

**3. Question:** We were told by an attorney that we are not to vacate a property in the Homestead database. Instead, we are to create a second record and vacate that one, leaving the original record intact. Please provide guidelines/instructions.

**Answer:** The Department is currently reviewing its Homestead Database guidance. At the moment, the Department is ok with the attorney's interpretation. The Department anticipates a broader revision to Homestead Database guidance during 2016 to improve the quality and consistency of data in the database. Thoughts or suggestions on the Homestead Database may be submitted to [Homestead@dlgf.in.gov](mailto:Homestead@dlgf.in.gov).