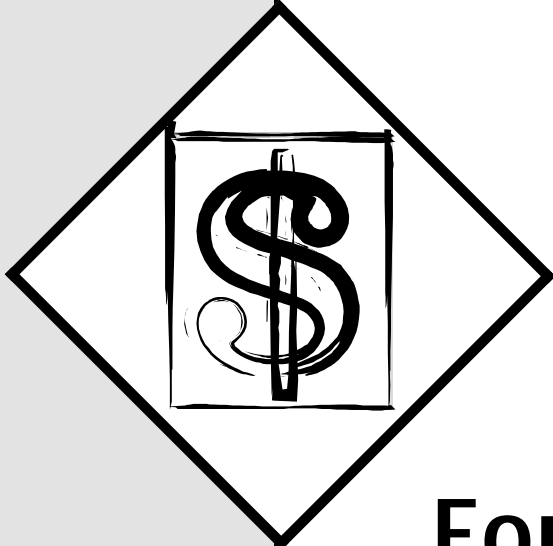


The Consumer's Guide to  
**Property  
Tax  
Deductions**



**For Homeowners,  
Elderly  
and Veterans!**

*A must-read for those who own or  
want to own their own home*

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**HOM**

*"Consumer Advocacy in Action"*

## **Property Tax Exemptions – What They Are/What They Do**

There are five (5) exemptions: homestead, mortgage, old age, veterans, and blind or disabled. All are designed to reduce the amount of actual taxes you pay on your home. Each will be discussed in detail but first let's get some basic information.

You, the homeowner, are responsible for filing any exemption you may be entitled to. Many title companies will now prepare the correct forms for you to file the homestead and mortgage exemption, which most people qualify for. Some will actually mail them off for you. I have never heard of any title company that prepared the VA, age or blind/disabled exemption. It's still your responsibility to be sure any exemptions you qualify for are filed since it's YOUR home and YOUR taxes you want reduced. If you have owned your own home for some time, the exemptions may never have been filed or maybe you've reached age 65 since purchasing the house 20 years ago.

Where do you file these exemptions? You should visit the friendly people in the City-County Building, 8<sup>th</sup> floor, Room 841 at the Auditor's office, Real Estate Division. Forms are available, with someone to answer questions and you file them there.

You might first of all call, 327-4646. Find out what exemptions are shown on your property to see if you need to go down and make changes. If you want to use their automated system, you'll need to know your parcel number. If you don't have the parcel number punch #3. Exemptions should be filed by May 10<sup>th</sup> in order to be processed this year. It's definitely worth doing anytime, you just won't be in the system as quickly.

The following explanations of the exemptions are re-printed directly from two brochures from the State Board of Tax Commissioners/Oct. 1998

### **Homestead Credit and Standard Deduction (IC 6-1, 1-20.9; IC 6-1, 1-12-37)**

#### **A homestead is:**

- A person's primary place of residence and not a secondary home such as a vacation home;
- A residence a person either pays the property tax for or a residence a person is buying under a contract that states he or she will pay the property taxes for; and
- A dwelling and the land (not exceeding one acre) that surrounds it.

A person regardless of age who either owns or is buying a homestead is entitled to a credit against his or her property taxes. The amount of the credit is determined by multiplying the homestead percentage of credit (1998 through 2001 10%, 2002 and thereafter 4%) by the amount a person owes in property taxes on the homestead portion of their property tax bill. In addition, a person who qualifies for a homestead credit also receives a standard deduction of one-half (1/2) of the assessed value of the real property or \$2,000, whichever is less. The deduction is subtracted from the homestead assessed value before the taxes are calculated.

### **Mortgage Deductions (IC 6-1.1-12-1)**

A person who has a mortgage may also receive a deduction. Any person regardless of age qualifies for a deduction from:

- the assessed value of mortgaged real property he or she owns; or
- the assessed value of mortgaged real property he or she is buying under a contract that states he or she will pay the property taxes on the real property.

The amount of the deduction from an assessed value a person may receive is the balance of the mortgage or contract indebtedness on the assessed date of that year, one-half (1/2) of the assessed value of the real property, or \$1,000, whichever is the lesser amount.

A homeowner or an individual over the age of sixty five is eligible for certain deductions in the assessed value of his or her real property based on meeting the qualifications found in the Indiana Code, and as described in the brochure. All deduction applications are filed on or before May 10 of the assessment year, with the county auditor where the property is located.

### **Deductions for Individuals Over the Age of 65**

An individual sixty five years of age on or before 12/31 of the calendar year preceding the year the deduction is claimed, is eligible for a deduction of \$1,000 from the assessed value of real property on which he or she currently resides if they meet the following qualifications:

- 1) The combined adjusted gross income of the individual and his or her spouse or other persons with whom the property is being shared or purchased did not exceed \$20,000 for the preceding calendar year;
- 2) The individual has owned the property for at least one year;
- 3) The assessed value of the real property did not exceed \$21,000; and
- 4) The individual receives no other property tax deduction for the same year the individual applies for this deduction, with the exception of the mortgage and standard deductions, or a deduction for improvements made to comply with fertilizer and pesticide storage rules for qualified facilities.

Mobile home owners may also qualify for the age sixty five deduction in the amount of the lesser of one-half (1/2) of the assessed value of the mobile home or \$1,000. Mobil home owners must meet the four qualifications listed above for real property owners.

This deduction is also available to surviving spouses of deceased individuals who were at least sixty five years old at the time of death if the surviving spouse is at least sixty years of age on or before 12/31 of the year preceding the year being claimed, and has not remarried. Only one age 65 deduction per piece of real property or mobile home is allowed.

A property tax deduction reduces the assessed value of taxable property. The property tax deduction is filed on or before May 10 with the County Auditor's officer where the property is located.

### **Deductions for Blind or Disabled Persons (IC 6-1.1-12-11)**

A blind or disabled person may receive a \$2,000 deduction in the assessed value of his or her real property used and occupied as his or her residence if his or her taxable gross income did not exceed \$17,000 in the preceding year.

A disabled person is defined as an individual unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for at least twelve continuous months.

A disabled individual must submit proof of his or her disability (proven eligibility to receive disability benefits under the federal Social Security Act shall constitute proof for purposes of this deduction). If an individual wishes to claim this deduction and is not covered by the federal Social Security Act, he or she must be determined to be disabled by a physician utilizing the same standards used by the Social Security Administration.

A blind individual is one who has vision in the better eye with correcting glasses of 20/200 or less, or a disqualifying visual field defect as determined upon examination by a designated ophthalmologist or optometrist.

### **Deductions for Partially Disabled Veterans (IC 6-1.1-12.13)**

An individual who served in the United States military or naval forces during any of its wars who received an honorable discharge and is a least 10% disabled with a service related disability may receive a deduction of \$4,000 from the assessed value of his or her taxable property. This disability must be evidenced by a pension certificate, an award of compensation or a disability compensation check issued by the United States Department of Veteran Affairs.

A surviving spouse of a deceased veteran may receive this deduction if his or her spouse would have been eligible had he or she been alive.

### **Deductions for Totally Disabled and Elderly Veterans (IC 6-1.1-12.14)**

A veteran who is either totally disabled or is a least sixty-two years old and has a disability of at least 10% may receive a \$2,000 deduction in the assessed value of his or her tangible property if:

1. He or she served in the United States military or Naval Forces for at least ninety days;
2. He or she received an honorable discharge;
3. The disability is evidenced by a pension certificate or an award of compensation issued by the United States Department of Veteran Affairs; and
4. The assessed value of the individual's property does not exceed \$18,000.

A surviving spouse of a deceased veteran may receive this deduction if his or her spouse would have been eligible had he or she been alive.

### **Deductions for World War One Veterans (IC 6-1.1-12.17.4)**

A World War One Veteran, who is a resident of Indiana, may receive a deduction of \$3,000 from the assessed value of his or her real property which serves as his or her principle residence if:

1. The assessed value of the property does not exceed \$26,000; and
2. He or she has owned the property for at least one year.

#### **Additionally:**

The surviving spouse of a deceased World War One Veteran also may receive a deduction of \$3,000 from the assessed value of his or her property.

**Applying for Deductions: Veterans  
(IC 6-1,1-12,13-17)**

A partially or totally disabled veteran, or his spouse, wishing to apply for these deductions must file with the county auditor in the county in which he or she resides. This claim must be filed during the twelve months before May 11 of each year for which the individual wishes to obtain the deduction. A pension certificate or award of compensation issued by the United States Department of Veteran Affairs must also be presented.

Additionally, a surviving spouse of a World War One Veteran must also provide:

1. A sworn statement that the surviving spouse is entitled to the deduction; and
2. A letter or certificate from the United States Department of Veterans Affairs proving the service of the deceased spouse in the United States military or Naval Forces before November 12, 1918.

**For more information on Property Tax deductions please refer to the brochure called  
"Tax Deductions for Homeowners and The Elderly".**

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