STATE OF INDIANA

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To: County Auditors

From: DLGF Budget Division

Re: Deduction Changes

Date: May 2007

SEA 287-2007 amended various deductions for 2007pay 2008. The assessed value limit for the following deductions has been changed with an effective date of March 1, 2007:

IC 6-1.1-12-9 increases the assessed value limit for the Over 65 deduction to $182,430;
IC 6-1.1-12-14, increases the assessed value limit for the veteran's deduction to $143,160; and
IC 6-1.1-12-17.4 increases the assessed value limit for the WW1 veteran's deduction to $206,500.

Also, IC 6-1.1-11-3, retroactive to January 1, 2007, allows exemptions applications to be filed on or before May 15.

HEA1478-2007, effective July 1, 2007, amends the homestead standard deduction amount to the following:

2007 pay 2008 taxes	$45,000	2010 pay 2011 taxes	$42,000
2008 pay 2009 taxes	$44,000	2011 pay 2012 taxes	$41,000
2009 pay 2010 taxes	$43,000	2012 pay 2013 taxes	$40,000

SEA416-2007 amends the various property tax deduction statutes to read that the filing deadline for real property is the twelve months before June 11 and for mobile home or manufactured home not assessed as real property, the filing deadline is the twelve months before March 31. The following statutes are affected by this change:

IC 6-1.1-12-2, mortgage deduction;
IC 6-1.1-12-10.1, Over 65 deduction;
IC 6-1.1-12-12, blind deduction;
IC 6-1.1-12-15, disabled deduction;
IC 6-1.1-12-17, surviving spouse of a veteran's deduction;
IC 6-1.1-12-17.5, veteran's deduction;
IC 6-1.1-12-27.1, solar energy or heating system deduction;
IC 6-1.1-12-30, wind power device deduction;
IC 6-1.1-12-35.5, for those under IC 6-1.1-12-31 (coal conversion); IC 6-1.1-12-33 (hydroelectric); IC 6-1.1-12-34 (geothermal); and
IC 6-1.1-20.9-3, homestead standard deduction.

HEA1508-2007, effective July 1, 2007, provides that a trust is entitled to certain property tax deductions for real property owned by the trust if the property (1) is occupied by an individual who has a beneficial interest in the trust; (2) the occupier is a life tenant of the property (considered the owner of the property under IC 6-1.1-1-9(f)); and (3) otherwise qualifies for the deduction. It applies to the following deductions: Over 65, blind or disabled, partially disabled veteran, disabled veteran, surviving spouse of a veteran, and WWI veteran.

The Department is currently updating deduction forms and memoranda to include the aforementioned changes. The *Quick Reference Chart of Property Tax Deductions for 2007 pay 2008*, with the changes highlighted above, is now available on the Department's website. Questions regarding deductions, including this memorandum, should be directed to Pam Eustace at (317) 232-3758.

STATE OF INDIANA
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
QUICK REFERENCE CHART OF PROPERTY TAX DEDUCTIONS
2007 PAY 2008

Revised 05/07

DEDUCTION TYPE	INDIANA CODE	MAX AMOUNT	VALUE LIMIT	INCOME LIMIT	PROPERTY APPLIED TO	IND RESIDENCE?	RESIDE ON PROPERTY	AGE REQ ?	OWN REAL ESTATE BY	SURVIVING SPOUSE FILE?	PERIOD OF MILITARY SERVICE	COMBINE WITH	**FORMS OR PROOF REQ TO VERIFY
1 Mortgage	6-1 1-12-1b	3,000	None	None	Real - Yes Mob - Yes Pers -No Mfg hm-Yes	YES	NO	NO	March 1 2006	N/A	N/A	All	None Previous Tax Bill will Facilitate Filing
2 Homestead	6-1 1-20.9	20% DLGF certifies the homestead credit taxing district rate	None	None	Real - Yes Mob - Yes Pers -No Mfg hm-Yes	YES	YES	NO	March 1 2006	N/A	N/A	All	None Previous Tax Bill will Facilitate Filing
3 Standard Deduction	6-1 1-12-37b	45,000	None	None	Real - Yes Mob - Yes Pers - No Mfgd Hm-Yes	YES	YES	NO	March 1 2006	N/A	N/A	All	None Previous Tax Bill will Facilitate Filing
4 Over 65	6-1 1-12-9	12,480	$182,430 Real or Mobile Home	$25,000 Adjusted Gross Income	Real - Yes Mob - Yes Pers - No Mfgd Hm-Yes	YES	***YES	Age 65 By 12/31/06	One Year Prior to March 1 2006	YES	N/A	Items #1 #2 and #3 Only	1040 Form For 2005 For Applicant & Spouse or Applicant & All Co-Owners
5 Blind	6-1 1-12-11 6-1 1-12-12b	12,480	None	$17,000 Taxable Income	Real - Yes Mob - Yes Pers - No Mfgd Hm-Yes	YES	***YES	None	March 1 2006	NO	N/A	All Except Item #4	Proof of Blindness
6 Disabled	6-1 1-12-11	12,480	None	$17,000 Taxable Income	Real - Yes Mob - Yes Pers - No Mfgd Hm-Yes	YES	***YES	None	March 1 2006	NO	N/A	All Except Item #4	Proof of Disability
7 Vet Tot Disability * Code 1	6-1 1-12-14 6-1 1-12-15b	12,480	$143 160 Real & Personal Combined	None	Real - Yes Mob - Yes Pers - Yes Mfgd Hm-Yes	NO	NO	None	March 1 2006	YES	Anytime 90 Days or More Honorable Discharge	All Except Item #4	****VA Form 20-5455 Code 1 In Item #15 or Pension Certificate or Award of Compensation or Letter of Disability
8 Vet Part Disability (Service Connected) * Code 2	6-1 1-12-13 6-1 1-12-15b	24,960	None	None	Real - Yes Mob - Yes Pers - Yes Mfgd Hm-Yes	NO	NO	None	March 1 2006	YES	During Any War Honorable Discharge	All Except Item #4 & Item #10	****VA Form 20-5455 Code 2 In Item #15 or Pension Certificate or Award of Compensation or Letter of Disability
9 Veteran World War I *	6-1 1-12-16	18 720	$126,500 Real Only	None	Real - Yes Mob - Yes Pers - No Mfgd Hm-Yes	YES	YES	None	One Year Prior to March 1 2006	See Item #10	Prior to Nov 12 1918	All Except Item #4	None
10 Spouse Veteran World War I *	6-1 1-12-16 6-1 1-12-17b	18 720	None	None	Real - Yes Mob - Yes Pers-Yes Mfgd Hm-Yes	NO	NO	None	March 1 2006		Prior to Nov 12 1918	Items #1 #2 #3 #5 #6 or #7	Discharge Papers

* Can be applied as Excise Tax Credit on either the motor vehicle excise tax (IC 6-6-5-5) or the aircraft license excise tax (IC6-6-6.5) calculated at $2 for cars and $7 for aircrafts for each $100 of unused deduction This amount is applicable to 2007 pay 2008 excise credit.

** Recorded mortgage, installment agreement or payment booklet for a mobile home

*** Applicant must reside on the property or be in a nursing home or hospital

**** Code 3= 100% wartime service connected disability or a partially disabled deduction combined with a totally disabled deduction when the individual reaches the age of 62

The filing deadline for an Over 65 deduction on a mobile home/manufactured home not assessed as real estate is the twelve months before March 31 inclusive of each year for which the individual wishes to obtain the deduction

The filing deadline for an Over 65 deduction on real estate is the twelve months before June 11 of each year for which the individual wishes to obtain the deduction

The filing deadline for a mortgage homestead blind or disabled service-connected veterans disability and WW 1 veteran's deduction on real estate is the twelve months before June 11 of each year for which the person wishes to obtain the deduction and on mobile homes/manufactured homes not assessed as real estate the twelve months before March 31 of each year in which the person wishes to obtain the deduction

Other deductions can be found in IC 6-1 1-12