
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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Frequently Asked Questions

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DEDUCTION QUESTIONS

1. **Question:** Will the new "homestead donated to veterans deduction" need to be tracked uniquely from the other homestead deduction (e.g., new abstract column or update to code list 37)?

Answer: To be clear, the new deduction for disabled vets to whom a home is donated is not a homestead deduction, it is a type of veteran deduction. The Department of Local Government Finance ("Department") will update code list 37 to account for the new deduction. Because this deduction is not available until the '17 Pay '18 cycle, the code list will be updated in due course.

2. **Question:** Can a taxpayer receive an enterprise zone deduction as well as a mortgage deduction?

Answer: Yes, this is possible.

3. **Question:** The assessor applies abatements before they roll their assessment, but the auditor has to publish the information (see IC 6-1.1-12.1-8). Do you have suggestions on how to get accurate information from the assessor?

Answer: In actuality, the auditor is the person who should be applying the abatements to the property, just as the auditor applies deductions and exemptions to property. Thus, the auditor should have access to accurate abatement figures. In most counties, the assessor and auditor will work together in developing accurate abatement amounts. This is especially true with the personal property abatement, as usually the assessor will verify the abatement amount that was submitted and pass along to the auditor the correct abatement amount.

4. **Question:** We had a taxpayer file for the disabled veteran deduction over ten years ago. At that time he qualified for a partially-disabled veteran deduction. He is now deceased and his wife filed for the deduction as a surviving spouse. She brought in documentation from the veterans affairs officer, which says that he was totally disabled. What amount is the surviving spouse entitled to?

Answer: The surviving spouse could claim both the partially-disabled vet and totally-disabled vet deductions at this point if the veteran satisfied the eligibility requirements of these deductions at the time of his death and the surviving spouse owns or is buying the property under contract at the time the

deduction application is filed. The fact that he was claiming only one of the disabled vet deductions for which he may have been eligible makes no difference.

5. **Question:** Regarding the totally-disabled veteran deduction's \$175,000 assessed value threshold, does this include all of the veteran's real property or just the property for which the deduction is being applied?

Answer: You would count all of the applicant's Indiana real property. So if he's applying for the deduction for a home on Main Street but he also owns a home on Washington Street (both in Indiana), you would have to count the assessed value of both properties toward the \$175,000 threshold.

6. **Question:** Regarding the homestead database, is there a way to put a checkbox that we can mark if the person is buying on contract?

Answer: The Department can look into this update and see if it would be possible. If the Department is able to make this change, the Department will notify all users of the homestead database of this update.

7. **Question:** Can a county auditor remove the homestead deduction (and seek back taxes and civil penalty) if the taxpayer is receiving a homestead deduction in another county or state, even if the homestead in our county is the taxpayer's primary residence? In our case, the taxpayer has provided evidence that she truly does live at the home in question. The taxpayer claims that she is entitled to the homestead deduction (because she meets the primary residence test) and that we cannot deny her this just because she is improperly receiving the deduction elsewhere.

Answer: There is no doubt that a person can claim only one Indiana homestead deduction within the state of Indiana, so a person cannot have a homestead deduction in one Indiana county and a homestead deduction in another Indiana county at the same time (unless the person has moved from one homestead to another within the same year – in which case the homestead on the old property will remain in place for that assessment date and the person can claim a homestead deduction on the new property for that same assessment date). If a person is claiming or receiving a homestead deduction in another state, this calls into question his or her eligibility for the homestead deduction in Indiana. A person can have only one principal place of residence. An auditor who discovers that a person is receiving a homestead deduction in another state would be justified in questioning the taxpayer about this and requesting proof of eligibility, such as a valid driver's license, voter registration card, or state income tax return reflecting the Indiana address for which the deduction is sought. If the taxpayer lacks supporting evidence, or if the auditor reasonably believes based on the facts and evidence that the taxpayer's principal place of residence is that other state, the auditor could terminate the deduction for the year or years in question. If the auditor believes that Indiana is truly the person's principal place of residence, the auditor could notify the other state that he or she believes the person is receiving two homestead deductions, and that Indiana is the actual location of the person's principal place of residence.

8. **Question:** We require owners of personal property mobile homes to show us the title of their mobile home to show proof of ownership for the homestead deduction. We have a patron whose title is being held because of back child support. He says he has the bill of sale and information about the mobile home. Is that considered definitive proof so the person can apply for the homestead deduction?

Answer: State law (IC 6-1.1-12-37(r)) provides that when the owner of a personal property mobile home applies for a homestead deduction, he “must attach a copy of the owner’s title to the mobile home or manufactured home to the application for the deduction.” If he cannot attach a copy of his title to the application, this would create an eligibility problem.

EXEMPTION QUESTIONS

- 1. Question:** With the sunset of certain exemptions, will the Department be monitoring county data submissions and notifying the vendors when the exemptions should no longer be appearing?

Answer: Even though certain exemptions (and deductions) will not be available for assessment dates after January 1, 2017, existing exemptions (and deductions) under those statutes will run their course. Thus, the Department may not know exactly when each exemption/deduction should last appear for each county where the exemption/deduction is being used. However, the Department will be sure to make note of the sunset in code list 37. Counties and their vendors are encouraged to work together to ensure that the exemption/deduction is not applied beyond the statutory limits.

- 2. Question:** If a non-profit, tax exempt property changes use so it is no longer eligible to be tax exempt, but the property owner does not inform the county that the use has changed, what can the county do if it finds out later that the property is wrongfully claiming the tax exemption?

Answer: Starting in 2016, an exemption validly in place as of the assessment date will remain in place for that assessment date despite any change in use or ownership later in the year that makes the property ineligible for an exemption. Technically, the owner should still notify the assessor of the change so that for the following assessment date, the assessor can remove the exemption. If the owner fails to do so, the assessor should notify the party that the exemption will be suspended until the owner provides an affidavit indicating whether the property is still eligible for an exemption. If the party fails to do this, the exemption can be terminated (see IC 6-1.1-11-4(f)).

- 3. Question:** Are we supposed to carry-over a non-profit’s exemption? What about a property that sold to a non-profit?

Answer: Again, an exemption validly in place as of the assessment date will remain in place for that assessment date despite any change in use or ownership later in the year that makes the property ineligible for an exemption. In other words, an exemption in place on January 1, 2016 on an elk lodge that sells its building to a restaurant later in 2016 will remain in place for that assessment date and be removed for the following assessment date.

- 4. Question:** Will there be a new code in code list 37 for the exemption for homeowners’ association personal property?

Answer: Yes, the Department will update code list 37 to account for this new exemption in time for the '16 Pay '17 cycle.

- 5. Question:** If a property is owned by the government and sold to a not-for-profit, recorded 7/1/2015, nothing was filed until 3/5/2016, would they be taxed for '15 Pay '16?

Answer: Through 2015, if the use or ownership of a property receiving an exemption as of the assessment date changed, but the property remained eligible for an exemption following the change, the exemption could be left in place for that assessment date. The owner should have notified the county assessor in the year of the change through the Form 136 CO/U indicating if the property remained eligible for an exemption following the change.

MISCELLANEOUS QUESTIONS

- 1. Question:** Will the Department ask counties to continue to submit hard-copy (offline) Form 22s after Gateway becomes the official submission method?

Answer: The Department anticipates collecting offline copies of the Form 22 for at least one more cycle. The official submission will be through Gateway, while the hard copies submitted to the Department will be used as backup data. However, counties are still required to send copies of Form 22s to their local units.

- 2. Question:** To what extent does the State certify or otherwise regulate financial software vendors?

Answer: Indiana Code 6-1.1-33.5-2 provides, in part, that the Department's Data Analysis Division must "Compile an electronic data base that includes" "Information on sales of real and personal property, including nonconfidential information from sales disclosure forms filed under IC 6-1.1-5.5," "Personal property assessed values and data entries on personal property return forms," "Real property assessed values and data entries on real property assessment records," "Information on property tax exemptions, deductions, and credits," and "Any other data relevant to the accurate determination of real property and personal property tax assessments." Moreover, the Department must "Make available to each county and township software that permits the transfer of the data described" above to the Department. The Department's administrative rules address "All county purchases or contracts for: (A) computer hardware; (B) assessment software; (C) tax and billing software; (D) property tax management systems; and (E) computer services; that are made or entered into for the administration of the property tax management system" (50 IAC 26-1-3). Thus, the Department does not test or certify every type of software a county may use, only those relevant to the property tax management system.

- 3. Question:** Do counties still need to mail in the Conservancy AV letters?

Answer: For purposes of the August 1 certification of net assessed values, this certified statement is submitted through Gateway only and does not need to be provided to individual units. However, any other laws requiring disclosure of assessed value information have not been changed by SEA 321-2016.

- 4. Question:** If a taxpayer files an enterprise zone deduction and no Form 11 was mailed last year, could the tax bill be notice to file the EZ-2 deduction for the current tax bill?

Answer: Statute (IC 6-1.1-45-10) provides that the Enterprise Zone deduction application must be filed before May 15 of the assessment year to obtain the deduction. The Form 11 and tax bill have no bearing on this deadline.

- 5. Question:** Will new debt reporting replace current debt reporting in Gateway?

Answer: SEA 321-2016 modified IC 6-1.1-17-0.7 to state that, beginning in 2018, fiscal officers shall report anticipated debt service payments for the last six months of the current fiscal year and for the entire following year to the Department before May 1 of each year. SEA 321-2016 also modified IC 6-1.1-20.6-11.1 to state that the Department may begin requiring taxing units to submit information on proposed debt issuances before June 30 of each year, beginning in 2017. The Department's expectation is that new debt reporting under SEA 321-2016 will supplement, rather than replace, existing debt reporting in Gateway.