
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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Frequently Asked Questions

Over 65 Deduction and Over 65 Circuit Breaker Credit

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FILING

- 1. Question: If an individual has already applied for and is receiving the Over 65 Deduction, is the individual also required to apply for the Over 65 Circuit Breaker Credit?**

If the individual qualifies for and wishes to receive the Over 65 Circuit Breaker Credit, he or she is required to file for the Credit regardless of the status of his or her Over 65 Deduction. Because the eligibility requirements for the Over 65 Deduction differ from that of the Over 65 Circuit Breaker Credit, individuals are required to file for the deduction and credit separately. If an individual already has applied for the Over 65 Deduction and wishes to apply for the Over 65 Circuit Breaker Credit, the Credit application must be filed. An individual may qualify for just the Deduction, just the Credit or both the Deduction and Credit. The Over 65 Deduction can be received in conjunction with the Over 65 Circuit Breaker Credit.

AGE REQUIREMENT

- 2. Question: When is an individual eligible to file for and receive the Over 65 Deduction and the Over 65 Circuit Breaker Credit?**

An individual who is at least 65 years of age on or before December 31 of the calendar year immediately preceding the calendar year in which property taxes are first due and payable meets the age eligibility requirement for both the Over 65 Deduction (IC 6-1.1-12-9) and the Over 65 Circuit Breaker Credit (IC 6-1.1-20.6-8.5). Therefore, if the individual is 65 years of age on or before December 31, 2018, he or she meets the age requirements and is eligible to file for and receive the Over 65 Deduction and/or Over 65 Circuit Breaker Credit on his or her 2018 pay 2019 property tax bill, assuming all other eligibility requirements are met.

RESIDENCY REQUIREMENT

- 3. Question: How long is the individual required to have lived on the property in order to be eligible to file for and receive the Over 65 Deduction and the Over 65 Circuit Breaker Credit?**

In order to be eligible to receive the **Over 65 Deduction**, the individual must have owned or purchased under contract the real property, mobile home, or manufactured home for at least one (1) year before filing for and receiving the deduction under IC 6-1.1-12-9. The individual and any co-owners also must reside on the real property, mobile home, or manufactured home.

In order to be eligible to receive the **Over 65 Circuit Breaker Credit**, the individual must have qualified for a Homestead Standard Deduction under IC 6-1.1-12-37 for the individual’s homestead property in the immediately preceding calendar year and must qualify for a Homestead Standard Deduction for the same homestead property in the current calendar year. The Homestead Standard Deduction requires that the property be used as the individual’s primary residence.

ASSESSED VALUE LIMITATIONS

4. Question: Do the assessed value limitations include all real property owned by the individual in the county, only his homestead or the real property parcel on which his residence is located?

For example, an individual owns and resides on a 2 acre parcel of land (assessed value = \$180,000) on which a dwelling is built. The dwelling and one acre of land immediately surrounding the dwelling are assessed at a value of \$120,000 (the remaining one acre has an assessed value of \$60,000). The same individual also owns the adjacent 3 acre parcel of land (assessed value = \$50,000) and a 1 acre parcel of land across town (assessed value = \$30,000).

Assessed Value Limitations	
Over 65 Deduction	\$182,430
Over 65 Circuit Breaker Credit	\$160,000

In order to be eligible to receive the **Over 65 Deduction**, the assessed value of the individual’s real property, mobile home, or manufactured home cannot exceed \$182,430 under IC 6-1.1-12-9. The individual also must reside on the real property. Therefore, the county auditor should consider the assessed value of the entire real property parcel where the individual resides, which is \$180,000 in the example above. This individual would be eligible to receive the Over 65 Deduction on the assessed value of this real property parcel assuming he meets all other eligibility requirements.

In order to be eligible to receive the **Over 65 Circuit Breaker Credit**, the gross assessed value of the homestead cannot exceed \$160,000 under IC 6-1.1-20.6-3.5; 8.5. Therefore, the county auditor should consider the assessed value of the dwelling where the individual resides and up to one (1) acre of land immediately surrounding the dwelling as this is the statutory definition of homestead under IC 6-1.1-20.6-2. In the example above, the assessed value of the homestead is \$120,000. This individual would be eligible to receive the Over 65 Circuit Breaker Credit assuming he meets all other eligibility requirements.

INCOME LIMITATIONS

5. Do the income limitations include only the income of the individual, the income of the individual and spouse, or the income of all owners (including non-spouse) of the property?

For example, a 65-year-old individual jointly owns and resides on the real property with his older brother. The individual has an adjusted gross income of \$20,000. His older brother has an adjusted gross income of \$15,000.

Adjusted Gross Income Limitations	
Over 65 Deduction	\$25,000
Over 65 Circuit Breaker Credit	\$30,000 for individuals; \$40,000 for individual and spouse

In order to be eligible to receive the **Over 65 Deduction** (IC 6-1.1-12-9), the combined adjusted gross income of the individual and his or her spouse, or the individual and all other individuals (spouse and non-spouse) with whom the individual shares ownership as joint tenants or tenants in common, cannot exceed \$25,000 for the calendar year preceding the year in which the Over 65 Deduction is claimed. Therefore, the county auditor should consider the adjusted gross income of the individual and his or her spouse, or the individual and all joint tenants or tenants in common, who own or are buying the property when determining eligibility for the Over 65 Deduction. In the example above, the combined adjusted gross income of the individual and his brother is \$35,000, so the individual is not eligible for the Over 65 Deduction.

In order to be eligible to receive the **Over 65 Circuit Breaker Credit** (IC 6-1.1-20.6-8.5), the adjusted gross income of the individual claiming the credit cannot exceed \$30,000 or the combined adjusted gross income of the individual and his or her spouse cannot exceed \$40,000. Therefore, the county auditor should consider either the income of the individual filing a single income tax return or the income of the individual and his or her spouse if they are filing a joint income tax return. In the example above, the county auditor would only consider the adjusted gross income of the individual, which is \$20,000. The individual is eligible to receive the Over 65 Circuit Breaker Credit on his homestead property, assuming all other eligibility requirements are met.

6. What documentation can be requested from a taxpayer for proof of no income when they file for an Over 65 Deduction?

Indiana Code § 6-1.1-12-10.1 specifies that in addition to the submission of the verified form or a required verification under penalties of perjury, an individual is required to submit to the county auditor a copy of the applicant's and the applicant's spouse's income tax return for the preceding calendar year. If either individual was not required to file an income tax return, the applicant is required to state that fact in the deduction statement.

APPLYING THE DEDUCTION AND/OR CREDIT

If an individual meets all eligibility requirements for the **Over 65 Deduction**, he or she will receive a deduction from the assessed value of the real property equal to the lesser of one-half (1/2) of the assessed value of the real property or \$12,480. As described in the “Assessed Value Limitations” section, the deduction will be taken from the assessed value of the real property parcel where the individual resides. The deduction is not applied to other real property owned by the individual.

If an individual meets all eligibility requirements for the **Over 65 Circuit Breaker Credit**, he or she will receive a property tax cap that prevents his or her property tax liability on the qualified homestead property (the dwelling and up to one (1) acre of real estate surrounding the dwelling) from increasing by more than 2 percent. Only the tax liability of the qualified homestead property benefits from the maximum 2 percent increase. Property tax liability imposed on any improvements to or expansion of the homestead property after the assessment date is not considered when determining the maximum 2 percent increase. The cap is not applied to other real property owned by the individual.

Calculation Example for Over 65 Circuit Breaker Credit:

	2018 pay 2019	2019 pay 2020
Homestead Property Tax Liability after all deductions from Assessed Value and other credits.	\$500	\$600
Over 65 Circuit Breaker Credit	N/A	(\$90)
Homestead Property Tax Liability after application of Over 65 Circuit Breaker Credit	\$500	\$510

Maximum Property Tax Liability for 2019 pay 2020 limited to:

$$\$500 \times 1.02 = \$510$$

Over 65 Circuit Breaker Credit Calculation:

$$(19 \text{ pay } 20) \text{ Tax Liability} - (19 \text{ pay } 20) \text{ Maximum Property Tax Liability} = \text{Credit}$$

$$\$600 - \$510 = \$90 \text{ Over 65 Circuit Breaker Credit}$$