
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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Frequently Asked Questions

Property Tax Deductions Webinar

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1. Can an LLC or corporation receive a Homestead Deduction?

Yes, if the entity meets the requirements of Ind. Code § 6-1.1-12-37.

Under Ind. Code § 6-1.1-12-37(q), effective January 1, 2024 (also see Ind. Code § 6-1.1-12-37(r), effective January 1, 2025), an entity not described in Ind. Code § 6-1.1-12-37(a)(2)(B) (which would include a corporation, a partnership, or an LLC) can receive a homestead deduction on property that satisfies *all* of the following requirements:

- (1) The property is located in Indiana and consists of a dwelling and includes up to one (1) acre of land immediately surrounding that dwelling, and any of the following improvements:
 - (A) Any number of decks, patios, gazebos, or pools.
 - (B) One (1) additional building that is not part of the dwelling if the building is predominately used for a residential purpose and is not used as an investment property or as a rental property.
 - (C) One (1) additional residential yard structure other than a deck, patio, gazebo, or pool.
- (2) The property is the principal place of residence of an individual.
- (3) The property is owned by an entity that is not described in Indiana Code 6-1.1-12-37(a)(2)(B).
- (4) The individual residing on the property is a shareholder, partner, or member of the entity that owns the property.
- (5) The property was eligible for the standard deduction under this section on March 1, 2009.

2. So, to clarify for business-related Homestead Deductions: if a business entity files for a Homestead Deduction today, the property must have qualified for the Homestead Deduction as of 2009?

Yes. Under Ind. Code § 6-1.1-12-37(q), effective January 1, 2024 (also see § 6-1.1-12-37(r), effective January 1, 2025), an entity can receive a homestead deduction on property that satisfies the listed requirements, which include being eligible for the standard deduction on March 1, 2009.

3. Does the Over-65 Deduction get reduced when a married couple owns the house and only one spouse is over 65?

The application form for the Over 65 Deduction (state form 43708) includes the following statements:

“For the Over 65 Deduction, the deduction amount equals the lesser of one-half the assessed value of the property or \$14,000. However, where an applicant owns or is buying the property with joint tenants or tenants in common and not all the tenants are at least sixty-five (65) years of age, the deduction is to be reduced by a fraction. The numerator of the fraction is the number of tenants who are not sixty-five (65) years of age and the denominator is the total number of tenants. This reduction does not apply if the property is owned only by the applicant and the applicant’s spouse.” (Underline added.)

In addition, Ind. Code § 6-1.1-12-9(e) states that if the property is owned by both spouses (i.e., “tenants by the entirety”), only one of the spouses needs to be 65 or older to receive the deduction.

4. For the standard Homestead Deduction, the definition of a dwelling is limited to a single house and a single garage (other than mobile or manufactured homes not assessed as real property that are used as the individual’s residence). Our county has several properties that have two homes. Would both homes qualify for the Homestead Deduction?

Possibly. Ind. Code § 6-1.1-12-37(a)(1) defines “dwelling” as the following:

- (A) Residential real property improvements that an individual uses as the individual's residence, are limited to a single house and a single garage, regardless of whether the single garage is attached to the single house or detached from the single house.
- (B) A mobile home that is not assessed as real property that an individual uses as the individual's residence.
- (C) A manufactured home that is not assessed as real property that an individual uses as the individual's residence.

Ind. Code § 6-1.1-12-37(q) (or, as of Jan. 1, 2025, subsection (r)) provides that a homestead includes property that consists of a dwelling used as a principal place of residence, one (1) acre immediately surrounding the dwelling, and any of the following improvements:

- (A) Any number of decks, patios, gazebos, or pools.
- (B) **One (1) additional building that is not part of the dwelling if the building is predominately used for a residential purpose and is not used as an investment property or as a rental property.** [emphasis added]
- (C) One (1) additional residential yard structure other than a deck, patio, gazebo, or pool.

Under this scenario, assuming that one of the homes is being used as the applicant’s principal place of residence and the other home is:

- located within the one acre immediately surrounding the dwelling;
- predominately used for a residential purpose; and
- not used as an investment property or as a rental property;

the property could receive one (1) homestead deduction for both homes.

5. If a veteran qualifies for the Service-Connected Disability Deduction (under Ind. Code § 6-1.1-12-13) but owns property with an assessed value over \$240,000, which precludes the veteran from qualifying for the Totally Disabled Veteran or Veteran at Least 62 with Disability of 10% or More Deduction (under Ind. Code § 6-1.1-12-14), can the veteran still get the \$70 credit for a license plate even though the veteran is able to claim the first deduction (for \$24,960)?

No. Ind. Code § 6-6-5-5.2 enables veterans who do not own property or are not buying property under contract (or their surviving spouses) to receive a credit toward vehicle excise taxes if they otherwise satisfy the requirements for a deduction under Ind. Code §§ 6-1.1-12-13, 14, or 16. In this scenario, because the veteran owns property that is receiving a deduction under Ind. Code § 6-1.1-12-13, the \$70 credit toward vehicle excise tax would not be available.

6. If the veteran is a disabled veteran but also a surviving spouse of a disabled veteran, can that individual claim both deductions?

Yes.

7. What kind of improvements to Heritage Barns would make them ineligible for the Heritage Barn deduction? What if a barn needs some structural repairs?

Generally, any improvement that leads to a barn no longer meeting all of the elements of a heritage barn as defined in Ind. Code § 6-1.1-12-26.2(a)(2). This is a fact-sensitive inquiry. If a heritage barn is remodeled for use as a home, it would no longer fit the definition of “heritage barn.” As for a wedding venue or some other purpose, it may depend on the extent of the remodeling. Especially if the barn is being used for a public venue, such as a wedding venue, local health and safety ordinances may require “modernizing” the construction of the barn, making the integrity of the design, materials, and construction less consistent with the statutory definition of “heritage barn.”

However, a heritage barn that has been refurbished may still qualify for the deduction if the “core” of the heritage barn is still there. Replacing some rotted or damaged planks of wood or joinery would not, by itself, nullify the status of the barn as a heritage barn. If, at some point, all of the original materials used to build the barn had been replaced, the barn may no longer fit the definition of a heritage barn insofar as none of the pre-1950 construction exists.

Similarly, disassembling the barn to move it to and rebuild it at another location would nullify its status as a heritage barn because it can no longer be considered to have been constructed before 1950.

8. Does the income limitation for the Blind or Disabled Deduction only apply to taxable income or does it include SSI, which isn't taxable?

Ind. Code § 6-1.1-12-11(b) provides that, for the blind or disabled deduction, taxable gross income does not include income that is not taxed under the federal income tax laws.

9. If a couple has a property that has been granted local status as a tourist home, which they are not using as a vacation rental but as their primary residence, can they still receive a Homestead Deduction? As additional background, it's possible the couple applied for the tourist home designation to prevent a neighbor from being granted a tourist home designation since there are local distance requirements between tourist homes per planning and zoning regulations. Our auditor feels that the Homestead Deduction should be removed because of the tourist home status. I feel they should be granted the deduction if they have proof that it is their primary residence.

Ind. Code § 6-1.1-12-37(a)(2) defines homestead as, among other things, the individual's principal place of residence. There is no provision in Ind. Code § 6-1.1-12-37 says the property may not also be used as a tourist home or have a designation as a tourist home if the property is also being used as the taxpayer's principal place of residence.

10. Are the beneficiaries listed within a trust considered an interest owner?

Ind. Code § 6-1.1-12-17.9 provides that trusts are entitled to certain deductions for real property owned by the trust and occupied by an individual if the auditor determines that the individual:

- (1) upon verification in the body of the deed or otherwise, has either:
 - (A) a beneficial interest in the trust; or
 - (B) the right to occupy the real property rent-free under the terms of a qualified personal residence trust created by the individual under United States Treasury Regulation 25.2702-5(c)(2); and
- (2) otherwise qualifies for the deduction.

So, an individual who otherwise qualifies for the deduction and who is a beneficiary of a trust might enable the trust to receive the deduction.

11. Does the geothermal deduction now stick with the property? Example: When there is a geothermal deduction on a home and they sell, do the new owners need to refile the deduction or do we keep the old owner's deduction form?

The new owners would need to apply for the deduction using either the Sales Disclosure Form (State Form 46021) or the Statement for Deduction of Assessed Valuation for environmental deductions (State Form 18865). However, for the geothermal device deduction, a change in ownership does not require a subsequent IDEM certification, and the new owner is not required to submit the previous certification to the auditor.