



March 2010

# Homestead Verification Form FACT SHEET

## *Facts*

Individuals and married couples may lose their homestead deduction beginning in 2013 if they do not complete the homestead verification form. Homestead fraud occurs when an individual or married couple receive the benefit of more than one homestead deduction or claim the deduction on property that is not their primary residence. Homestead fraud causes taxpayers who follow the law to pay more money.

A **homestead** is defined as a dwelling used as an individual's primary residence, one garage and up to one acre of immediately surrounding land.

A **primary residence** is an individual's true, fixed, permanent home to which the individual has the intention of returning after an absence.

Beginning in 2010, House Enrolled Act (HEA) 1344-2009 requires the tax statement (TS-1) to include a form that allows taxpayers to verify their residency and eligibility for the homestead deduction. Each individual (and his or her spouse, if any) claiming the homestead deduction also is required to provide the last five digits of his or her social security number and driver's license number. This information will be used to populate a **secure** homestead database, which will be used by county auditors to track homesteads statewide and prevent fraud. This will help reduce taxes for all by ensuring that everyone shares equally in the property tax burden.

The **homestead standard deduction** reduces the taxable assessed value of the homestead portion of a property by the lesser of 60 percent or \$45,000. (Personal property mobile homes are limited to 50 percent of the home's value in deductions). Individuals and married couples are limited to one homestead deduction.

### **Who?**

Every individual or married couple currently claiming the homestead deduction will receive the form. (Some counties may choose to mail the form to every taxpayer, even those not claiming the homestead deduction.)

Those receiving the standard deduction automatically receive the **supplemental homestead deduction**, the **1 percent circuit breaker cap** and any state or local **homestead credits** on the homestead property.

### **What?**

The pink form included with tax bills.

### **When?**

The homestead verification form will be mailed with 2010, 2011 and 2012 tax bills and must be completed at least once by January 1, 2013.

### **Where?**

Individuals or married couples claiming the homestead deduction must complete the form and return it to the county per the instructions included on the form. The form is not required to be returned in person.

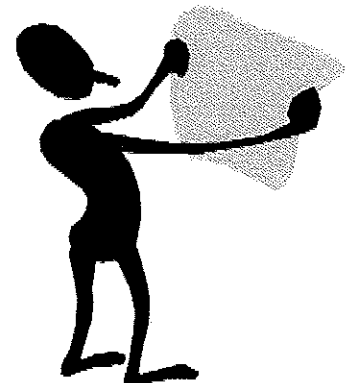
Additional information regarding the homestead and other property tax deductions is available online at <http://www.in.gov/dlgf/2344.htm>.

### **Why?**

Individuals or married couples claiming the deduction must complete this form to verify eligibility and to provide identification numbers (the last **five digits of both** the driver's license and social security numbers), which will be used to populate a secure homestead database and prevent homestead fraud.

Additional information regarding the homestead verification form is available at <http://www.in.gov/dlgf/8455.htm>.

Contact information for Department of Local Government Finance staff is available at <http://www.in.gov/dlgf/2338.htm>.



## Frequently Asked Questions

**Q. My property is not my primary residence, and I am not claiming the homestead on this property. Do I need to complete the form?**

A. You only need to complete the form if the property is your primary residence and you are currently claiming the homestead deduction on the property. For example, if the property is a rental or second residence, the form does not need to be completed.

**Q. My property is my primary residence, but I have not been claiming the homestead deduction. What do I do?**

A. If you wish to begin claiming the homestead deduction on the property (and are not receiving homestead benefits on any other property), you should complete an application for the deduction and file it with the county auditor.

**Q. My property is not my primary residence. However, I just realized that I have been receiving the homestead on this property. What should I do?**

A. You should notify the county auditor immediately and have the deduction removed from the property.

**Q. I don't have a driver's license or social security number. What should I provide on the verification form?**

A. If you or your spouse (if any) does not have a driver's license or social security number, the last five digits of a state identification number or the last five digits of a control number on a document issued by the federal government such as a passport or work visa may be provided instead. These numbers are acceptable only if an individual legitimately does not have a driver's license or social security number and must be accompanied by an explanation of the type of number provided (i.e., passport number, work visa, state identification number).

**Q. My driver's license is from another state. Can I provide the last five digits of this number?**

A. Yes. You are not required to provide an Indiana driver's license or identification card to receive the homestead deduction. However, if you provide out-of-state identification, the county auditor may request additional information be provided to prove the Indiana property is your primary residence.

**Q. I have already provided the last five digits of my social security number and the last five digits of my driver's license number to the county auditor. Do I still need to complete the verification form?**

A. Yes. By completing the form in 2010, you are indicating, under penalties of perjury, that you are eligible to receive the homestead deduction on the property. In addition, you are providing your legal name (and that of your spouse, if applicable). However, you need only complete the verification form once. If you receive the form again in 2011 or 2012, you do not need to re-complete the form.

**Q. I am married but my spouse is not an owner of the property, does my spouse need to provide the last five digits of his or her social security and driver's license numbers?**

A. Yes. A married couple is limited to one homestead deduction regardless of living arrangements or property ownership. Therefore, the identification numbers of both spouses are required to be provided. Only if a couple is legally divorced would both individuals be eligible for a homestead deduction.

**Q. How will my identification numbers be used?**

A. Your identification numbers will be used by county auditors to prevent homestead fraud. Your numbers will be input into a **secure** homestead database that allows county auditors to track homesteads statewide and ensure that each individual or married couple is claiming only one homestead deduction.

**Q. What happens if I do not complete the form?**

A. Your homestead can be removed beginning with the 2012-pay-2013 property tax bills if you do not complete the form by January 1, 2013. You must complete the homestead verification form at least once in either 2010, 2011 or 2012. If you have not completed the form after the 2012 tax bills are mailed, you will receive a final notification letter from the county auditor requesting verification and identification numbers.

**Q. What is the penalty for falsely claiming a homestead deduction?**

A. A taxpayer will be liable for any additional taxes that would have been due on the property plus a 10% civil penalty on the additional taxes due if he or she fails to notify the county auditor that he or she is not eligible to receive the homestead deduction. Back taxes may be charged for up to three assessment dates if an individual falsely receives the homestead.