

PROPERTY TAX IN INDIANA

STUDY SHEET

Summary

Understanding property taxes is essential to providing valuable and exceptional service to your clients.

Top Takeaways

Assessment Methodology

- **Sales comparison:** Compares property to recent sales of similar properties
- **Cost:** Depreciated cost of property improvements is added to land value
- **Income capitalization:** Calculates the potential future income to determine present value

Responsible Parties

- Department of Local Finance outlines the rules, sets the process, and decides when the assessments are completed
- County assessors are responsible for properties within their jurisdiction

Calculations

- Gross tax liability = net assessed x local tax rate
- Gross assessed value: value deemed by assessor
- Net assessed value = gross assessed value – eligible deductions

Deductions

- Homestead: \$45,000 or 60% of the gross assessed value, whichever is less
- Over age 65: \$12,480 or half of the property's assessed value
- Disabled: \$12,480
- Disabled Veterans: \$12,480 and/or \$24,960
- Heritage barns: 100% of assessed value
- Mortgage: \$3,000, the mortgage balance, or one half of the assessed value, whichever is less
- Vacant buildings
- Environmentally-friendly upgrades

Exempt Parties

- Government
- Charities
- Public libraries, senior citizen facilities, cemeteries

Tax Allocations

- Local government
- Libraries
- Police and fire departments
- Highways, roads, and streets
- Schools
- Redevelopment projects

Equitable right of redemption: An owner's right to redeem a property before a tax sale by paying delinquent taxes, plus interest, charges, and any legal fees

Tax lien: Attaches to real property for which the taxes are delinquent and can't be released until the tax debt has been paid

Tax sale: A process for municipalities to enforce tax liens

Objective assessment appeals: Incorrect property descriptions, clerical mistakes, legality issues

Assessed value: Dollar amount for a property entered into assessment

Market value-in-use: Value based on specific use

Take a look back at your notes for these items:

- Tax liens
- Deductions
- Exemptions