

# Roadmap to INDIANA PROPERTY TAXES

## *General Assessment Overview*

Indiana's assessment date is January 1. Values are mandated to be 100% of True Tax Value, which is generally synonymous with market value. When a property sells, the sales price is required to be disclosed to the local assessor. However, case law in Indiana discourages assessors from "chasing sales" by placing higher values on properties that have sold.

Upon a sale, the new owner can expect an adjustment to the assessed value if there is a disparity between the purchase price and the current assessment. Assessors are charged with maintaining assessments that mirror market value-in-use.

Recent legislation established that county assessors should reassess 25% of the parcels in the county per year. This can be done geographically or by property type. Most of the state's property assessments are established and maintained by the county assessor; however, 13 township assessors still hold office.

Mass appraisal techniques are used to calculate a property's market value. Local market factors are applied to attain market value, and downward adjustments are made based on obsolescence factors. Annual trending factors are applied to keep values current.

## *Personal Property*

The assessment date for determining personal property value is January 1. **Taxpayers are required to file annual returns with the local assessor by May 15**, with 30-day extensions available in some jurisdictions.

Filings are based on original acquisition cost less depreciation (fixed schedule). Inventory is exempt, and supplies and lease hold improvements are not taxable.

The true tax value for furniture, fixtures, and equipment is calculated in pools based on economic life. There is a 30% cost minimum value, or residual value on all fixed assets. Some adjustments for property removed from service and abnormal obsolescence is available. Like real estate, assessed values are statutorily mandated at 100% of true tax value.

### **Recent legislation exempts businesses with less than \$20,000 in personal property.**

Economic Revitalization Area (ERA) Abatements are available for new construction, lines of equipment, etc., by resolution of the City Council or other governing body.

Audits are rare, but some jurisdictions will engage private audit firms to pursue audits on their behalf.

## Notice of Assessment

Some jurisdictions issue assessment notices (Form 11) but others do not, relying instead on the first installment tax bill as the official assessment notice.

## Property Tax Appeals

**If a notice of assessment is sent before May 1, the appeal deadline is June 15 of the current year. If the notice of assessment is sent after May 1, or not at all, the appeal deadline is June 15 of the following year.**

Taxpayers can seek to resolve value disputes through informal discussions with the local assessing officials; however, an appeal may be necessary.

Appeals are initiated by the filing of Notice of Review/Appeal with the township or county assessor and must be submitted in writing within 45 days of receiving the notice of assessment or tax bill. Each party must provide evidence relating to the property's market value-in-use; however, an appraisal is not required.

If no agreement is reached at the local level, the next step is a hearing with the county Property Tax Assessment Board of Appeals (PTABOA). Taxpayers must file an appeal at the local level before filing to the PTABOA.

Unsatisfactory results can be pursued to the Indiana Board of Tax Review (IBTR). The petition must be filed within 45 days of the written PTABOA findings. A taxpayer may appeal directly to the IBTR but only if PTABOA failed to (1) hear the case within 180 days or (2) issue a determination within 120 days after holding its hearing.

The IBTR must hear appeals from general reassessment years within one year of the appeal being filed or within nine months for all other appeals.

If a taxpayer disagrees with the IBTR ruling, they can petition for a rehearing or file a final appeal to the Indiana Tax Court. Those filing for a rehearing must do so within 15 days of the IBTR initial notice of determination.

## Tax Bills

Property taxes are billed in two equal installments, payable by May 10 and November 10, and there is a penalty for any late payments.

Total tax liability can be calculated by multiplying the total assessed value after deductions by the local tax rate.

In 2010, Indiana implemented a cap on the amount of property tax dollars a local taxing unit can collect, often referred to as the Circuit Breaker Tax Credit. The cap thresholds are 1% of gross assessed value for residential, 2% of gross assessed value for rental and farmland, and 3% of gross assessed value for personal property and all other property types.

Total tax levies still fluctuate based on market value and tax rate, but if the total tax liability exceeds the circuit breaker cap, a tax credit for the amount that exceeds the cap will be applied.

## Indiana Tax Calendar

### Real Estate

|                      |  |
|----------------------|--|
| Assessment Date      | Jan 1  |
| Value Notices Issued | May-Dec (Varies by Jurisdiction)                     |
| Appeal Deadline      | Jun 15   |
| Tax Bills Issued     | Apr  |
| Tax Bills Due        | May 10 (1st Installment)<br>Nov 10 (2nd Installment) |

### Personal Property

|                      |  |
|----------------------|--|
| Assessment Date      | Jan 1  |
| Tax Returns Due      | May 15   |
| Value Notices Issued | Varies   |
| Appeal Deadline      | May-Dec  |
| Tax Bills Issued     | Apr  |
| Tax Bills Due        | May 10 (1st Installment)<br>Nov 10 (2nd Installment) |