

## HOMESTEAD TAX DEFERRAL

### Definitions

(1) "Household" means a person or group of persons living together in a room or group of rooms as a housing unit, but the term does not include persons boarding in or renting a portion of the dwelling.

(2) "Income" means the adjusted gross income (*the amount reported on IRS Form 1040*), as defined in s. 62 of the United States Internal Revenue Code, of all members of a household. Section 197.243, F.S.

### **Do I qualify for homestead tax deferral? How much of my ad valorem taxes and non-ad valorem assessments can be deferred?**

To defer homestead taxes and assessments you must be entitled to claim homestead tax exemption. The amount that can be deferred is based on age and adjusted gross income of all members of the household.

- If last year's adjusted gross income for all members of the household was less than \$10,000, the entire tax amount and any non-ad valorem assessments may be deferred.
- If your taxes and assessments are more than 5% of the adjusted gross income of all members of the household for the last calendar year, you may defer the amount over the 5%.
- If you are 65 years of age or older and your taxes and assessments are more than 3% of the adjusted gross income of all members of the household for the last calendar year, you may defer the amount over 3%.
- If you are 65 years of age or older with an annual adjusted gross household income less than the household income limit for the additional homestead exemption under section 196.075, F.S., you may defer the entire amount.

You may **not** defer your taxes if:

- The total amount of deferred taxes, non-ad valorem assessments, interest, and unsatisfied liens is more than 85% of the just value, or
- The primary mortgage financing is more than 70% of the just value.

To apply for this deferral, you must submit Form DR-570 to the tax collector by March 31, the year after the assessment.

### **What is the interest rate on the deferred amount? Is there a lien on my property?**

The interest rate is equal to the semiannually compounded rate of 1/2% (.5%) plus the average yield to maturity of the long-term fixed-income portion of the Florida Retirement System investments at the end of the quarter before the sale of the deferred payment tax certificates. However, the interest rate may not exceed 7%. The deferred taxes, non-ad valorem assessments, and interest are a prior lien on the homestead. They are handled and collected the same way as other property tax liens.

### **When will I have to pay the deferred taxes, assessments, and interest?**

The deferred taxes, assessments, and interest may be paid at any time. However the total amount must be paid when:

- There is a change in the use or ownership of the property such that the owner is no longer eligible for the tax deferral. The deferred amounts and interest for all previous years are due November 1, the year the change occurs.
- The owner does not maintain the required fire and extended insurance coverage. The deferred amounts and interest for all previous years are due on the date insurance stops.

The amount for all the previous years becomes delinquent on April 1, the year after the change occurs.

### **Are there other conditions that can require me to pay all or part of the deferred amount?**

During any year the total amount of deferred taxes, interest, assessments, and other unsatisfied liens becomes more than 85% of the just value, the portion that exceeds 85% is due. The owner must pay that amount within 30 days after the tax collector notifies the owner. If the owner does not pay, the total amount of deferred taxes, interest, and assessments become delinquent.

Each year the tax collector will notify owners of property with deferred payments to submit a list of all outstanding liens on the homestead and the current amount of each lien. If the owner does not send the information within 30 days, the total amount of taxes, assessments, and interest will be due within 30 days.

### **What happens if my deferred taxes are delinquent?**

If deferred taxes, interest, and assessments become delinquent, the tax collector will sell a tax certificate in the manner provided section 197.432, F.S.

# **HOMESTEAD TAX DEFERRAL QUESTION AND ANSWER INFORMATION**

## **What is Homestead Tax Deferral?**

Tax deferral is an income and age based program for delayed payment of property taxes. According to Florida statute, taxes due on property eligible for homestead exemption can be deferred (i.e. delayed), to be paid at a later date. Any person entitled to file homestead exemption in the state of Florida may apply for tax deferral. Application approval is contingent upon the age and income of the owner as well as the amount of equity held in the homestead property.

Deferred taxes are a primary lien on property, remain due, and accrue interest at the rate of up to 7% per year. In addition, homeowners must maintain fire insurance, with the Tax Collector's Office named as the primary loss payee, while taxes are in deferred status.

Property owners with any heirs may ultimately elect not to apply for homestead tax deferral. This is because the heirs would be faced with paying all outstanding deferred taxes, which could amount to a substantial sum.

Property owners with no heirs, high equity in their home and low income may ultimately elect to apply for homestead tax deferral, as the amount will decrease outgoing debts while increasing quality of life.

## **If approved for tax deferral, are non-ad valorem assessments included?**

Yes. Deferred taxes would include non-ad valorem assessments as well as ad valorem taxes.

## **Do I need to apply for tax deferral every year?**

A form must be submitted each year to ensure continued eligibility for taxes that have already been deferred. For more information, please contact our Property Tax Department.

## **What is the deadline for application?**

The final day to apply for deferral of property taxes would be March 31 of the following year (the last day before the taxes become delinquent).

Please Note: The information on this bulletin is not intended to be all-inclusive; it is offered as a basic guide, providing general information. Please call (386) 313-4160 with any questions.

# **Homestead Tax Deferral Information Sheet**



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