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HOMESTEAD TAX DEFERRAL QUESTION AND ANSWER INFORMATION SHEET

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).

Does Homestead Tax Deferral Affect my Standing with my Mortgage Company?

Prior to electing to defer taxes, property owners should contact any mortgage holders or other interested parties to ensure that there will be no legal issues involved with the implementation of deferred taxes, which would be a primary lien against their properties. However, if any mortgagee elects to pay the taxes when an applicant qualifies for tax deferral, such election does not give the mortgagee the right to foreclose.

How do I Know Whether I am Eligible?

In order to be approved for deferred taxes, the following conditions apply:

- 1. The property must be eligible for homestead exemption.**

2. Property owners eligible for deferral of the *entire* tax bill:

Any Age up to 64:

The household income is less than \$10,000.

Age 65 or Over:

The household income is less than the amount designated for the additional senior exemption. The maximum total amount for the 2013 tax year was \$27,994. For a current maximum total amount, please contact the Property Appraiser's Office at (386) 313-4160. Non-taxable Social Security income should be not added into this total.

3. Property owners eligible for *partial* deferral:

Any Age:

Taxes exceed 5% of household income (non-taxable Social Security is not included). Any amount above that 5% would be eligible for deferral.

Age 65 and Over:

Taxes exceed 3% of the household income (non-taxable Social Security is not included). Any amount above that 3% would be eligible for deferral.

4. **The amount of primary mortgage financing** must be no more than 70% of the assessed value of the homestead property. The total amount of deferred taxes, non-ad valorem assessments, and interest, plus the total amount of all other unsatisfied liens on the property, must not exceed 85 percent of the just value of the property.
5. **The homeowner must provide** proof of fire and extended insurance coverage, with the Tax Collector's Office named as the primary loss payee. This step is not necessary until the application has been approved.

When Must Deferred Taxes be Paid?

Any of the following conditions would result in deferred taxes becoming payable:

1. A change in use of the tax-deferred property that would result in a loss of homestead exemption eligibility. For example, moving to a different address or renting out the homestead property.
2. A change in ownership of the tax-deferred property. For example, sale of the property or death of the owner, unless ownership goes to a surviving spouse, then the surviving spouse is eligible to maintain tax deferral.
3. Once all deferred taxes, interest and outstanding liens of the homestead property exceed 85% of its assessed value.
4. The owner fails to maintain fire and extended insurance coverage.

How Do I Apply?

Forms are available at the Tax Collector's Office. Information needed to complete the form will include the property description and current value of all outstanding mortgages and/or liens, as well as the total amount of annual household income. Non-taxable Social Security income is not included in this amount.

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.