

A Brief Summary of Tax Relief Legislation

North Carolina Offers Three Types Of Property Tax Relief For Permanent Residents. Contact Tax Administration at (910) 678-7507 for assistance with applying for these programs.

Eligibility information for programs listed below is for tax year 2011 as of January 1, 2011

Property Tax Homestead Exclusion for Elderly or Disabled Persons – G.S.105-277.1

This program excludes the greater of the first \$25,000 or 50% of the appraised value of the permanent residence of a qualifying owner.

1. Qualifying owners must be **65 years of age**, OR totally and permanently disabled.
2. Applicants must be permanent North Carolina residents and own and occupy the property as their permanent legal residence.
3. All income for the previous year (2010) cannot be more than **\$27,100** (includes income of both spouses).
4. Income for the purpose of this exclusion means ALL monies received from every source other than gifts or inheritances received from a spouse, lineal ancestor or lineal descendant. Income includes taxable and tax exempt social security, rents, alimony, gifts, dividends, disability, IRA distributions, pensions, VA income, etc.
5. Tax relief provided to qualifying applicants is the exclusion from taxation of the first \$25,000 OR 50% of the appraised value, whichever is greater, of the applicant's permanent legal residence up to 1 acre.
6. If you received this exclusion last year, you do not need to reapply UNLESS you have changed your permanent residence OR you no longer meet the above requirements for the exclusion. (*Failure to notify the assessor that the property no longer qualifies for this exclusion will cause the property to be subject to discovery with penalties and interest pursuant to G.S. 105-312*).
7. This exclusion program can be combined with the Disabled Veterans program on the same property only when there are multiple owners of the property; benefit limitations apply. Husband and wife are not considered multiple owners.
8. If Disabled, FORM AV-9A (Certification of Disability) must be completed for determining if applicant is totally and permanently disabled.
9. If you did not receive this exclusion last year but are now eligible, you may obtain the application (**FORM AV-9**) from the Tax Administration office by calling 910-678-7507 or clicking this link: www.co.cumberland.nc.us/tax.aspx.
10. All applicants must submit a signed, completed **FORM AV-9** and all supporting documentation to the Tax Administration office by **June 1, 2011**. Supporting documentation includes: copies of your 1099's, Federal income tax returns, all other income statements, death certificate if spouse is deceased, a copy of divorce or separation agreement and proof of residency.

Property Tax Homestead Circuit Breaker - Deferred Property Taxes – G.S.105-277.1B

This program limits property taxes to a percentage of the qualifying owner's income.

1. Qualifying owners must be **65 years of age**, OR totally and permanently disabled.
2. Applicants must be permanent North Carolina residents, and must have owned and occupied the property as the owner's permanent, legal residence for at least the last **five** calendar years prior to January 1, 2011.
3. A new application and income verification must be submitted to the Tax Administration office every year by June 1st to continue in this program.
4. The total of all income for the previous calendar year (2010) cannot exceed **\$40,650**.
5. If the total income for the previous calendar year (2010) is **\$27,100 or less**, property taxes will be limited to 4% of income.
6. If the total income for the previous calendar year (2010) is **more than \$27,100 but not more than \$40,650**, property taxes will be limited to 5% of income.
7. The deferred taxes are a **lien** on the property until paid in full.
8. The following is a list of disqualifying events that will result with the last three years (may not be consecutive) of deferred taxes becoming due and payable, with interest:
 - A. Death of the owner (deferred taxes become due the first day of the ninth month after death)

- B. Transfer of the property (deferred taxes become due immediately)
 - C. Owner ceases using the property as the permanent residence (deferred taxes become due immediately)
9. This program cannot be combined with any other tax relief program; if owner qualifies for more than one tax relief program, the owner must decide which program to use.
 10. For multiple owners, each owner must file a separate application each year; benefit limitations apply. Husband and wife are not considered multiple owners.
 11. If you did not receive this exclusion last year but are now eligible, you may obtain the application (**FORM AV-9**) from the assessor's office by calling 910-678-7507 or clicking this link: www.co.cumberland.nc.us/tax.aspx.
 12. All applicants must submit a completed, signed **FORM AV-9** and supporting documentation to the Tax Administration office by **June 1, 2011**. Supporting documentation may include: copies of your 1099's, Federal income tax returns, all other income statements, death certificate if spouse is deceased, copy of divorce or separation agreement, and proof of residency for past five years and **FORM AV-9A** if disabled.

Disabled Veterans Exclusion for Property Taxes – G.S.105-277.1C

This program excludes up to the first \$45,000 of the appraised value of the permanent residence of a qualifying disabled veteran or to the surviving spouse, who has not remarried, of a qualified disabled veteran.

1. There is no age or income requirement for this program.
2. Applicants must be permanent North Carolina residents and own and occupy the property as their permanent legal residence.
3. This exclusion program can be combined with the Homestead Exclusion for Elderly and Disabled property owners program on the same property only when there are multiple owners of the property; benefit limitations apply. Husband and wife are not considered multiple owners.
4. In the case of multiple owners, each owner must file a separate application. If eligible, each owner may receive benefits under the Disabled Veteran Exclusion or the Elderly/Disabled Exclusion. The Circuit Breaker Property Tax Deferment cannot be combined with either of these two programs.
5. As of January 1, 2011 disabled veterans and surviving spouses, who have not remarried, of disabled veterans who served with any branch of the U.S. armed forces qualify if:
 - A. They are a veteran whose character of service at separation was honorable or under honorable conditions, **AND** who has a total and permanent service-connected disability **OR** who received benefits for specially adapted housing under **38 U.S.C. 2101**;
 - B. They are a surviving spouse, who has not remarried, of a totally and permanently disabled veteran whose disability was service-connected and whose character of service at separation was honorable or under honorable conditions **OR** the surviving spouse, who has not remarried, of a veteran who was a service member that died from a service-connected condition or while on active duty in the line of duty and not as a result of the service members own willful misconduct.
6. A one-time application is required. If you received this exclusion last year, you do not need to reapply **UNLESS** you have changed your permanent residence **OR** you no longer meet the above requirements for the exclusion. *(Failure to notify the assessor that the property no longer qualifies for this exclusion will cause the property to be subject to discovery with penalties and interest pursuant to G.S. 105-312)*
7. Applicants must submit a signed, completed **FORM AV-9** and **ALL** required supporting documentation to the Tax Administration office by **June 1, 2011**. Required documentation would include:
 - A. NCDVA-9, Certification for Disabled Veteran's Property Tax Exclusion that has been certified by the U.S. Department of Veterans Affairs
 - B. If applicable, documentation by the Department of Veterans Affairs that the applicant received benefit for specially adapted housing under **38 U.S.C. 2101**
 - C. Supporting documentation would include: copy of death certificate, marriage certificate, casualty report, power of attorney, and/or documentation proving permanent residence.
8. Applications (**FORM AV-9**) are available by calling 910-678-7507 or from the following link: www.co.cumberland.nc.us/tax.asp