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2007 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 can 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?

Yes. Each application for deferral of taxes applies only to the previous year's taxes. In addition, a form must be submitted each year to ensure continued eligibility for taxes that have already been deferred.

What is the Deadline for Application?

The final day to apply for deferral of 2007 taxes would be January 31, 2008.

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 addition of deferred taxes, which would be a primary lien against their properties.

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. The homeowner must provide proof of fire insurance, with the Tax Collector's Office named as the primary loss payee. This step is not necessary until the application has been approved.

3. Property owners eligible for deferral of entire tax bill:

Any Age up to 64:

Adjusted gross income of all household members for 2007 is \$10,000 or less.

Age 65 or over:

Adjusted gross income of all household members for 2007 is less than the amount designated for the additional senior exemption. The maximum amount for the 2007 tax year is \$24,214.00. Non-taxable Social Security income should be not added into this total.

4. Property owners eligible for partial deferral:

Any age:

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

Age 65 and over:

Taxes exceed 3% of adjusted gross income (Non-taxable Social Security is not included) of all household members. Any amount above that 3% would be eligible for deferral.

5. The amount of primary mortgage financing must be no more than 70% of the assessed value of the homestead property.

When Must Deferred Taxes be Paid?

Any of the following conditions would result in deferred taxes becoming payable within 30 days, and would then become delinquent upon the following April 1:

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.
3. Once all deferred taxes, interest and outstanding liens of the homestead property exceed 85% of its assessed value.

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 adjusted gross income for all household members. 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.