

Real Estate Tax Exemptions FAQs

What is the difference between the Tax Freeze and the Tax Relief programs?

The **Tax Freeze** program exempts you from the *increase* in real estate taxes from the date you first apply and qualify for the program. The **Tax Relief** either *partially or fully* exempts you from the real estate tax assessment on the real property in which you reside. Below is an example of each program for illustration purposes only. Both assume application and qualification for either program for the 2011 tax year; an assessed value in 2011 of \$100,000 and 2012 of \$110,000 and qualification for 50% tax relief.

<u>Tax Freeze</u>	<u>Benefit to Property Owner</u>	<u>Tax Relief</u>	<u>Benefit to Property Owner</u>
2011 tax year	\$ 0.00	2011 tax year	\$600.00
2012 tax year	\$ 120.00	2012 tax year	\$660.00
2013 tax year	\$1,200.00*	2013 tax year	\$1,200.00*

* For illustration purposes only, the 2013 assessed value is assumed to increase to \$200,000 and the tax rate remain at \$1.20 per \$100 of assessed value.

Which program, Tax Freeze or Tax Relief, is best for me?

This is a question that can best be answered by your tax adviser or attorney. Finance personnel are not privy to the details of any taxpayer's financial affairs, nor should they be, to provide the taxpayer such advice.

What are the qualifications for either of the tax exemption programs?

The basic qualifications for either of the exemption programs are as follows:

- (1) Either age 65 or older; or, permanently and totally disabled; or,
- (2) Gross combined income of the property owner(s) during the immediately preceding tax year was not greater than \$50,000, including income in excess of \$10,000 of a relative(s) living in the household with the property owner; or
- (3) The total combined net value of assets of those applying for the exemption cannot exceed \$200,000. This does not include the value of the dwelling and land (not in excess of 1 acre) on which the dwelling is located.

For those applying based on age, the head of the household occupying the dwelling and owning title, or partial title must be 65 years old or older on **December 31** of the prior tax year and the dwelling must be occupied as the sole dwelling of the applicant.

For those applying based on disability, the head of the household occupying the dwelling and owning title, or partial title must be permanently disabled; and, the applicant must attach a sworn affidavit by two medical doctors licensed to practice medicine in the Commonwealth of Virginia, to the effect that the person is permanently and totally disabled.

With the City billing for real estate taxes in two installments in 2011, how does this affect me regarding the tax exemption program(s)?

If you are a current participant in these programs, you will only have to remit your portion of the real estate tax assessment by the respective due dates, January 14, 2011 and June 14, 2011. If you are applying for either program for the first time in 2011, you will be billed the full amount of the first half of the tax bill that is due on January 14. Upon review and approval of your application, the appropriate amount of tax relief will be credited to your January 14 payment.

For example, if you pay the full amount of the first half tax bill on or before January 14 and, upon review of your application for tax relief are determined to be eligible for a 50% exemption, you will receive a refund for 50% of the taxes you paid on January 14. Your second half tax bill due on June 14 will reflect the 50% tax exemption and you, or your mortgage company, will only pay the remaining 50%.

I received a tax credit on my real estate bill that is due January 14, 2011. Do I still have to file a tax relief application or recertification form for 2011?

Yes. Tax relief applications and recertification forms must be filed by March 31, 2011 to retain the tax exemption for the 2011 tax year.

What is the due date for applications for the Tax Freeze or Tax Relief programs for 2011?

March 31, 2011. Current participants must return their recertification notices by this date and both new applicants and those who have to submit a new application, due to the having participated in the program for 3 years, must submit their applications for tax relief by this date.

A relative of mine is elderly and needs help attending to their financial affairs. What can I do to assist them in making sure they file their application and/or pay their taxes on time?

While real estate taxes are public information, we need the taxpayer's permission to discuss the details of their financial affairs and tax relief for the elderly and disabled information. We can provide you with a "[Authorized Representative Form](#)" to complete and return to our office or if you have been designated Power of Attorney to handle such affairs we will need a copy of the POA document, appropriately signed and notarized by the taxpayer.

Are any other factors or circumstances taken into consideration for tax relief applicants?

Yes. The Director of Finance may approve applicants for tax relief for the elderly or disabled due to **Extreme Financial Hardship**. The taxpayer must have experienced an extreme financial hardship in the immediate past tax year or be actively experiencing an extreme hardship in the current tax year. Examples of Extreme Financial Hardship include illness, accident or loss of property, death of a spouse, or other extraordinary circumstance beyond the taxpayer's control. In these types of circumstances, the Department of Finance will give consideration to the Application for Tax Relief.

What happens if I am qualified for either tax exemption program and I do not get my tax payment to the City by the due date?

The Richmond City Code specifically provides that to retain the tax exemption the taxpayer must remit their portion of the tax bill by the respective due dates, January 14 and June 14. Therefore, failure to remit the taxes by the due date may place your qualification for the tax exemption in jeopardy.

For more information regarding the tax exemption programs, please contact one of our tax specialists at **(804) 646-7000**.