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## Indiana

### ¶301 Rapid Reference

**Name Of Tax:** Property Taxes.

**Imposed By:** Title 6, Article 1.1 of the Indiana Code.

**Reports:** There is no requirement in Indiana for a taxpayer to file a report of real property owned in the State. However, if real property information is required by the State Department of Local Government Finance, each taxpayer shall provide such information on a personal property tax return. Personal property owned by a taxpayer in Indiana on 3/1 of each year must be reported to the county or township assessor at the place where the property is located on or before 5/15. If a taxpayer has personal property subject to assessment in more than one township within a county, he may file a separate report with each township assessor, if he chooses to. (Prior to 1/1/94, a separate report with each township assessor was required.) If there is any question which township(s) is/are involved, the taxpayer should contact the appropriate county assessor for the correct name and address of the township assessor. Effective for personal property tax returns after 12/31/93, a consolidated tax return may be filed with the county assessor as opposed to filing in multiple townships within the county. The total assessed value of the property in the county must be less than \$500,000 (\$1,500,000 effective 1/1/99). A county assessor may refuse to accept a consolidated tax return that does not have a schedule of personal property with its assessed value broken out by township.

Returns with total assessed value exceeding \$50,000 (\$150,000 effective 1/1/99) or where requested by the assessor must be filed in duplicate.

Effective 1/1/99, a taxpayer may file an amended personal property tax return no more than six months after the filing date for the original return if an extension has not been granted, or the extension date of the original return if an extension has been granted, whichever is later.

A taxpayer owning commercial vessels must file a tonnage report with the State Department of Local Government Finance on or before 7/1 each year. A statement must be filed by public utilities each year with the State Department of Local Government Finance. The statement of railroad car companies and interstate motor carrier companies must be filed on or before May 1 and all other public utility statements must be filed on or before 3/1.

**Payments:** Property tax payments are due in two equal installments with the first installment due on or before 5/10 of the year following the assessment year and the second installment due on or before 11/10 of the year following the assessment year. A replacement tax credit equal to approximately 20% of the tax due is deducted equally from each of the two installment payments. Railroad companies that operate in Indiana must pay the tax due by December 31 of the year the assessment is made by the State Department of Local Government Finance.

Effective 1/1/98, the owner of real property is liable for Indiana property taxes imposed on the assessment date for that year, unless the owner can show that a person holding, possessing, controlling, or occupying the real property on the assessment date was liable for the taxes pursuant to a memorandum or other contract with the owner that was recorded before 1/1/98. A person holding, possessing, controlling, or occupying any personal property on the assessment date is liable for the taxes imposed, unless the person can establish that the property was being assessed and taxed in the name of the owner or that the owner was liable for the taxes pursuant to a contract between the parties. An owner on the assessment date that has an improvement or appurtenance that was assessed as real property but owned, held, possessed, controlled, or occupied on the assessment date by another person is jointly liable for the taxes imposed on the improvement or appurtenance with the other person. The improvement or appurtenance can be listed and assessed separately from the land only if the improvement or appurtenance was held, possessed, controlled, or occupied under a memorandum of lease or other contract recorded before 1/1/98.

A civil lawsuit may be filed by a county treasurer or other taxing unit that imposes property taxes in order to collect delinquent real and personal property taxes. In addition to delinquent property taxes, taxing units are pursuing penalties, reasonable attorney's fees, court costs, selling expenses, and collection costs. Other costs liable to the taxpayer include title search expenses, uniform commercial code search expenses, advertisement costs, and transfer and storage costs.

**Administration:**

As a result of legislation adopted in 1959 and 1961, Indiana has a modern, uniform system for business personal property assessment. The laws revised the State's assessment procedures and directed that a personal property assessment manual be prepared for use by Indiana's 1,100 local assessing officers and taxpayers.

As of 1/1/02, the State Department of Local Government Finance has been vested with the authority to oversee the local assessing practices to insure that uniformity is maintained throughout the state. Real property of all counties must be reassessed every four years beginning 7/1/91. Previously, the reassessment was to have taken place every eight years beginning 7/1/87.

The primary duties of the Board of Tax Review are to audit business personal property assessment returns for compliance with the law and Regulation 16, conduct continuing studies of the tax base, prescribe rules, regulations, and forms for the assessment of personal property, and to disseminate this information to taxpayers and assessing officials.

The Board of Tax Review is required by statute to review the business personal property tax returns reporting an assessed value of \$15,000 or more. There are approximately 25,000 of these returns, which the Division has entered in its computerized data base.

These returns are required to be filed in duplicate by the taxpayer with the township assessor. They are forwarded to the State Department of Local Government Finance through the county assessor. At the state level, there are two stages in the review process of personal property tax returns:

- A. Desk review by the field staff of returns under \$15,000 assessed value, and desk review of the assessments \$15,000 or more by the central office.

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B. Comprehensive field audit of returns determined to be improper through utilization of a set of predetermined audit selection criteria and review of the taxpayer compliance history.

**Subject To Tax:** All real property and tangible personal property located within the state of Indiana is taxable unless specifically exempted by statute. The Indiana Constitution specifically allows the exemption of intangible personal property from property taxation. However, the Intangibles Tax Act imposes a tax on certain intangibles at a fixed rate. The Indiana Superior Court declared the Indiana intangibles tax unconstitutional on the grounds that the tax discriminates against interstate commerce. The Indiana Dept. of Revenue has filed a Motion to Correct Errors with the Superior Court, which preserves the Department of Revenue's right to appeal the decision. Legislation passed retroactively repealing the intangible property tax effective 11/10/88.

**Address (state):** Lisa L. Acobert  
Department of Local Government Finance  
100 North Senate Avenue  
Room N. 1058  
Indianapolis, IN 46202-2211

**Telephone:** (317) 232-3761  
Central Fax Division: (317) 232-8779

**Web Site:** <http://www.in.gov/dlgf>

**Address (local):** See Property Tax Assessors Directory in this section.

**Record Retention:** The period for which records should be retained by the taxpayer as substantiation of proper compliance with the property tax law depends on the facts involved and the statute of limitations as explained below.

**Statute Of Limitations:** If a taxpayer files a personal property tax return for a particular year, personal property that is omitted from or undervalued on the return may be assessed, or its assessed value may be increased, only if the notice is given within three (3) years after the date the return is filed. However, if the taxpayer's personal property tax return for a particular year substantially complies with the provisions of the law and the regulations issued by the state Department of Local Government and Finance, an assessing official or board may change the assessed value claimed by the taxpayer on the return only within the time period prescribed as follows:

Township or county assessing official by September 15 of the year for which the assessment is made or four (4) months from the date the personal property tax return is filed if the return is filed after the May 15 due date of the return.

County board of review October 30 of the year for which the assessment is made, or five (5) months from the date the personal property tax return is filed if the return is filed after the May 15 due date of the return.

State Department of Local Government Finance October 1 of the year immediately following the year for which the assessment is made or sixteen (16) months from the date the personal property tax return is filed if the return is filed after the May 15 due date of the return.

If a taxpayer fails to file a personal property tax return for a particular year, the taxpayer's personal property may be assessed for that year only if notice is given within ten (10) years after the date on which the return for that year should have been filed.

Real property may be assessed, or its assessed value increased, for a prior year only if the notice is given within three (3) years after the assessment date for that prior year.

#### **Appeals And Protests:**

A taxpayer who is not satisfied with an assessment should first contact the township assessor to try to resolve the problem. Failure to arrive at an acceptable conclusion on value with the township would require the taxpayer to seek relief through the County Board of Review (to be referred to as “property tax assessment board of appeals” effective 1/1/99) by filing a written petition for review with the county auditor within thirty (30) days (45 days after 1993) of the mailing of the notice by the township assessor. The taxpayer should use Form 130 in filing the petition. The County Board of Review (to be referred to as “property tax assessment board of appeals” effective 1/1/99) will notify the taxpayer of the hearing date and send a notice to the taxpayer after the hearing to advise the taxpayer of the board’s decision.

A taxpayer dissatisfied with the decision of the County Board of Review (to be referred to as “property tax assessment board of appeals” effective 1/1/99) may file a petition for review by the State Department of Local Government Finance (using Form 131) with the county auditor within thirty (30) days after notice of the County Board of Review’s (to be referred to as “property tax assessment board of appeals” effective 1/1/99) action is given to the taxpayer. The county, upon receipt of the petition, has ten (10) days within which to prepare a statement showing concisely the substance of the petitioner’s complaint and the action of the County Board of Review (to be referred to as “property tax assessment board of appeals” effective 1/1/99), and to transmit it to the State Board of Tax Review. At least ten (10) days prior to the hearing, the state board will give notice of the hearing date to the taxpayer, township assessor, county assessor and county auditor. After the hearing, the state board will advise all parties of its decision, giving the reasons on which the determination was based, and advising them of the procedures that must be followed in order to obtain a review through the courts. If the taxpayer does not agree with the assessment recommended by the hearing office, he may petition, after the completion of the hearing and review, the state board to consider additional information, provided the petition is filed prior to the determination of the final assessment. Prior to the granting of an additional hearing by the state board, the taxpayer must file a brief with the state board furnishing the additional information to be considered.

Effective 1/1/99, the State Board of Tax Review will have 30 days after receiving a petition for a rehearing to determine whether to grant a rehearing. If the commission fails to grant a rehearing within 30 days, the petition will be treated as a final determination to deny the petition. A petition for rehearing does not toll the time in which to file a petition for judicial review, unless it is granted. If the Board determines to rehear a final determination of the division of appeals, the Board may conduct additional hearings or review the written record and issue a final determination within 90 days after notifying the parties that it will rehear the determination. Failure to make a determination within the time allowed is treated as a final determination affirming the decision of the division of appeals. To initiate an appeal of the Board’s final determination, a taxpayer must take the appropriate action within 45 days of the Board’s notice of its final determination unless a rehearing is granted, 30 days after the Board gives notice of a final determination if a rehearing is conducted or the maximum time elapses for the board to make a determination, or 45 days after the division of appeals gives notice of a final determination or the division fails to make a determination within the maximum time allowed if a hearing is not granted.

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The final determination of the state board may be appealed by the taxpayer to the Indiana Tax Court. Effective 7/1/90, for property taxes first due and payable after 12/31/90, the taxpayer must serve the Attorney General and the county with a copy of the complaint. The tax court has exclusive jurisdiction over any case that arises under the state tax laws on and after July 1, 1986. Earlier cases may be transferred to the tax court if all parties agree to the transfer. Any decision of the tax court that is not to the satisfaction of the taxpayer may be appealed to the State Supreme Court.

Effective 2/26/92, persons appealing a final determination of the State Board of Tax Review regarding a refund claim, the deduction for new manufacturing equipment located in an economic revitalization area, or the enterprise zone inventory credit must (1) file a written notice of appeal with the Board, (2) file a complaint in the tax court, and (3) serve the Attorney General and the county auditor with a copy of the complaint. If a person wishes to initiate an appeal they must do all of the above not more than 45 days after the State Department of Local Government Finance gives notice of its final determination.

Effective 7/1/03, the Department of Local Government Finance and the State Board of Tax Review are no longer involved in the review process of economic revitalization area deductions and enterprise zone inventory credits.

**Refund Procedures:**

Illegal Tax – A claim for refund must be filed on form 17T with the auditor of the county to which the tax was paid within three years after taxes were first due.

Clerical Error – Same as above.

**Tax Incentive Exemption:**

The state of Indiana had a provision in the property tax law for a five (5) year exemption from property taxation for property redeveloped in redevelopment or blighted areas. This provision was repealed effective April 22, 1983.

The property tax law does have a credit available to taxpayer having inventory for a particular year in an enterprise zone. A taxpayer desiring the credit must file a certified application, on forms prescribed by the State Department of Local Government Finance, with the county auditor of the county where the inventory is located, requesting the credit. The claim must be filed annually between March 1 and May 15 (June 14 if an extension is obtained).

Effective 2/26/92, taxpayers in counties with a population of more than 200,000 but less than 300,000 are entitled to claim an enterprise zone inventory credit for 1991 after the normal time period for filing an application has expired. A taxpayer that filed a property tax return for 1991 after the due date but prior to 6/15/91, and filed an enterprise zone inventory credit application after the due date but prior to 11/15/91 is entitled to the credit. One half of the credit is applied to the May 1993 property tax installment and one half to the November 1993 installment.

The state does have a tax abatement program under Regulation 16 (explained below) that is the option of the local governments.

Property Tax Abatement (Reg. 16, Rule 2, Section 3 (c))

The state of Indiana's property tax abatement program has proven to be a very successful industrial development tool. Under this program, real and personal property taxes on new development and equipment acquisitions may be phased in over a period of five to ten years. Tax abatement in Indiana is a local option program and many communities have chosen to provide new business and industry with this tax relief program, thereby enhancing the environment for new business development

within the community.

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Property tax abatement applies to both real property and to personal property defined as “new manufacturing equipment.” Real property taxes may be abated for a period of ten years, with the full tax liability gradually phased in throughout the ten-year period. Personal property tax abatement applies for a period of five years, with the full tax liability gradually phased in throughout the five-year period. In addition, personal property tax abatement is available for “used” equipment acquisitions, as long as the equipment was “first acquired for use in the state of Indiana.”

The term “manufacturer” or “processor,” with respect to property taxes first due and payable after 12/31/96, includes a person that publishes books or other printed materials. Personal property owned by a manufacturer or processor is exempt from property tax if it consists of books or other printed materials stored at an in-state commercial printer’s facility for shipment, without further processing, to an out-of-state location.

The following exemption or abatement may be available:

- A. New manufacturing equipment installed in an approved economic revitalization area qualifies for a deduction from assessed value over a five-year period. The amount of deduction is determined by the following table:

| <u>Year of Deduction</u> | <u>Percentage</u> |
|--------------------------|-------------------|
| 1st                      | 100%              |
| 2nd                      | 95%               |
| 3rd                      | 80%               |
| 4th                      | 65%               |
| 5th                      | 50%               |
| 6th and thereafter       | 0%                |

Equipment not used in direct production, such as office equipment, does *not* qualify for abatement.

A new table has been established for calculating the deduction of a ten-year period. The following percentages are multiplied against the assessed value of the new manufacturing equipment:

| <u>Year of Deduction</u> | <u>Percentage</u> |
|--------------------------|-------------------|
| 1st                      | 100%              |
| 2nd                      | 95%               |
| 3rd                      | 90%               |
| 4th                      | 85%               |
| 5th                      | 80%               |
| 6th                      | 70%               |
| 7th                      | 55%               |
| 8th                      | 40%               |
| 9th                      | 30%               |
| 10th                     | 25%               |
| 11th and thereafter      | 0%                |

B. Enterprise Zone Inventory Tax Credit (Regulation 16, Rule 3, Section 11). Certain areas (ten in number) have been designated as enterprise zones. Business inventories in the enterprise zone are exempt (tax credit) from personal property taxation if proper application is made. The following cities have enterprise zones:

- |                 |                  |
|-----------------|------------------|
| 1. Anderson     | 7. Hammon        |
| 2. Elkhart      | 8. Madison       |
| 3. East Chicago | 9. Michigan City |
| 4. Evansville   | 10. Muncie       |
| 5. Fort Wayne   | 11. Richmond     |
| 6. Gary         | 12. South Bend   |

The Brownfield Revitalization Zone Tax Abatement Act was passed effective 7/1/97 permitting the establishment of Brownfield Revitalization Zones. An application for an abatement under the provisions of the Act must include sufficient information to determine eligibility on the form approved by the State Department of Local Government and Finance, together with a statement of benefits including a description of the proposed remediation and redevelopment, an estimate of the number of persons who will be employed as a result of the remediation and redevelopment, and an estimate of the value of the remediation and redevelopment.

Under the provisions of the Act, a taxpayer may apply for an assessed valuation deduction for real property and personal property, other than inventory, that is located in an area designated as a Brownfield Revitalization Zone. The application for a deduction for an improvement to the zone or personal property located in the zone must be submitted to the designated body (the county fiscal body in an area located in an unincorporated area that does not contain a consolidated city, the city or town fiscal body in an area located in a city or town in a county that does not contain a consolidated city, or the metropolitan development commission in an area located in a county containing a consolidated city). The application must be filed before the date that the improvement is initiated, or for personal property, the date the property is brought into the area.

A property owner who wants to obtain a deduction must file a certified deduction application by May 10 of the year in which the addition to assessed valuation is made. The amount of the deduction equals the increase in the assessed value resulting from the remediation and redevelopment in the zone or the location of personal property in the zone multiplied by the percentage provided for a 3, 6, or 10-year deduction.

Effective 1/1/98, if the assessed value of property in Indiana is increased because it has been rehabilitated and the owner has paid at least \$10,000 for the rehabilitation, the owner is entitled to have 50% of the increase in the assessed value resulting from the rehabilitation deducted from the assessed value. The maximum deduction which a property owner may receive for a particular year is \$20,000 for a single family dwelling and \$100,000 for any other property. The term "property" means a building or structure which was erected at least 50 years before the date of the application for the deduction and does not include land.

#### **Depreciation And Assigned Lives Of Tangible Personal Property:**

The lives assigned to tangible personal property are generally based on the lives utilized for federal income tax purposes, but no accelerated depreciation tables are permitted such as ACRS. The State Department of Local Government Finance has established, under Regulation 16, tables to be used in determining true tax value. Below is a brief explanation of the method of depreciation allowed by Regulation 16 that was issued by the State Department of Local Government Finance.

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Business Personal Property Assessment Procedures

Tangible Personal Property (Self-assessed annually)

Depreciable Assets (Regulation 16, Rule 2)

Tangible depreciable personal property (such as machinery and equipment, office furniture, etc.) is assessable in the state of Indiana. The assessment date is March 1. The true tax value of this personal property is determined through the application of Regulation 16 and is calculated by applying the appropriate true tax value percentage to the original cost of the property. Special valuation procedures apply to special tooling, property not placed in service, and air and water pollution control equipment. These provisions are:

- A. Special tooling qualifies as a special valuation item. The true tax value of first year special tooling is 30%, and the value of second year tooling is 3%. (Regulation 16, Rule 4, Section 2)
- B. Equipment primarily used for the control of air or water pollution is eligible for exemption from taxation. (Regulation 16, Rule 4, Section 1)
- C. Personal property not placed in service (also known as construction in process) as of the assessment date qualifies as a special valuation item. The true tax value of personal property not placed in service is ten percent (10%) of cost. (Regulation 16, Rule 4, Section 1)

The remaining property is segregated into one or more of four pools, based on the life utilized for federal tax purposes as follows: one to four years, five to eight years, nine to twelve years, and thirteen years or more.

The property is then segregated by year of acquisition within each pool.

TABLE TO DETERMINE TRUE TAX VALUE FOR DEPRECIABLE  
PERSONAL PROPERTY BY PERCENTAGE OF ORIGINAL COST

Indiana Pools of Assets by Lives Utilized on Federal Tax Return

| <u>Year of Acquisition</u> | <u>Pool #1 (1-4 yrs)</u> | <u>Pool #2 (5-8 yrs)</u> | <u>Pool #3 (9-12 yrs)</u> | <u>Pool #4 (13 yrs &amp; longer)</u> |
|----------------------------|--------------------------|--------------------------|---------------------------|--------------------------------------|
| 1                          | 65%                      | 40%                      | 40%                       | 40%                                  |
| 2                          | 50%                      | 56%                      | 60%                       | 60%                                  |
| 3                          | 35%                      | 42%                      | 55%                       | 63%                                  |
| 4                          | 20%                      | 32%                      | 45%                       | 54%                                  |
| 5                          |                          | 24%                      | 37%                       | 46%                                  |
| 6                          |                          | 18%                      | 30%                       | 40%                                  |
| 7                          |                          | 15%                      | 25%                       | 34%                                  |
| 8                          |                          |                          | 20%                       | 29%                                  |
| 9                          |                          |                          | 16%                       | 25%                                  |
| 10                         |                          |                          | 12%                       | 21%                                  |
| 11                         |                          |                          | 10%                       | 15%                                  |
| 12                         |                          |                          |                           | 10%                                  |
| 13                         |                          |                          |                           | 5%                                   |

**Valuation Of  
Real Property:**

The valuation of real property is determined through the use of the Real Property Assessment Manual, which was developed by the State Department of Local Government Finance to establish standards and procedures by utilizing the provisions of Regulation 17 in arriving at uniform and equitable assessments. While residential land is usually based on front footage, most industrial land is given a cost per acre. The cost of the land is then adjusted for location, topography, etc. Industrial buildings are valued by determining replacement cost and then using various factors to adjust replacement cost to true tax value. The reproduction cost schedules in the assessment manual are based upon cost prevailing throughout the state of Indiana as of January 1991. Although the size of the assessment manual does not permit fully reproducing it, any taxpayer may order it by writing to:

State of Indiana  
State Department of Local Government Finance  
Real Estate Division  
100 N. Senate Avenue  
Suite 1058  
Indianapolis, IN 46204

and remitting the fee therefore.

Following is a portion of the Indiana Real Property Assessment Manual that will be used in assessing of commercial and industrial property.