

# TEXAS PROPERTY TAX EXEMPTIONS



## WHAT IS AN EXEMPTION?

An exemption removes part of the value of your property from taxation and lowers your taxes. For example, if your home is valued at \$100,000 and you qualify for a \$25,000 exemption, you pay taxes on your home as if it was worth only \$85,000. Other than an exemption for disabled veterans or survivors these exemptions apply only for your homestead. They do not apply to other property you own.

## DOES YOUR HOME QUALIFY FOR AN EXEMPTION?

You must own your home.

To qualify for a general or disabled homestead exemption you must own your home on January 1.

If you are 65 years of age or older you need not own your home on January 1. You will qualify for the over 65 exemption as soon as you turn 65, own the home and live in it as your principal residence.

You homestead can be a separate structure, condominium or a mobile home located on leased land as long as you own it.

If you are not the sole owner of the home you will receive only a portion of any qualified exemption based on your percent of ownership. For example you own a 50% interest in a

homestead valued at \$100,000 for a total value of \$50,000. You will receive 50% of a \$25,000 school homestead exemption, or \$12,500.

You must use the home as your principal residence.

If you have more than one house you can only get exemptions for your main or principal residence. You must live in this home on January 1.

If someone other than you lives in the home and you live somewhere else the property does not qualify for the exemption.

## WHAT HOME EXEMPTIONS ARE THERE?

### GENERAL HOMESTEADS

School districts grant a \$25,000 general residential homestead exemption on your home's value for school taxes.

Any taxing unit, including a school district, city, county, or special district may offer exemption for up to 20% of your home's value. The amount of an optional exemption can't be less than \$5,000 no matter what the percentage is. For example, if your home is valued at \$20,000 and your city offers a 20% exemption, your exemption is \$5,000 even though 20% of \$20,000 is just \$4,000.

Each taxing unit decides whether it will offer the exemption and at what percentage. This percentage exemption is added to any other home exemptions for which you qualify.

### AGE 65 OR OLDER EXEMPTIONS

**School exemptions.** If you are 65 or older your residence homestead will qualify for more exemptions.

You will qualify for a \$10,000 exemption for the school taxes on your home's value. This is in addition to the \$25,000 exemption for all homeowners.

If you qualify for both the \$10,000 exemption for over-65 and the \$10,000 exemption for disabled homeowner, you must choose one or the other. You cannot receive both.

**Optional Exemptions.** In addition to the \$10,000 exemption for school taxes, any taxing unit including a school district can offer an additional exemption of at least \$3,000 for taxpayers age 65 or older.

**Tax Ceiling.** Once you receive an over-65 homestead or disability exemption, you get a tax ceiling for that home on your total school taxes. The school taxes on your home cannot increase as long as you own and live in that home. The tax ceiling is the amount you pay in the year that you qualify for the over-65 homeowner exemption. The school taxes on your home may go below the ceiling but the school taxes will not be more than the amount of your ceiling.

However, your tax ceiling can go up if you improve your home (other than normal repairs or maintenance). For example, if you add a garage or a game room to your room your tax ceiling can go up. Also, your tax ceiling will change if you move into a new home.

**Transporting your tax ceiling to a new residence.** If you purchase another home you may qualify for the over-65 exemption when you live in the new home as your principal residence. You may transfer the percentage of school tax paid based on our former home's over-65 school tax ceiling to the new home. For example, if you currently have a tax ceiling of \$100 but would pay \$400 without the tax ceiling the percentage of tax paid is 25%. If the taxes on your new home are \$1,000 the new school tax ceiling would be \$250 or 25% of \$1,000. You may request a certificate from the appraisal district for the former home to take to the appraisal district for your new home.

**Surviving Spouse.** When a homeowner who has been receiving the school tax ceiling dies the ceiling transfers to the surviving spouse if the survivor is 55 or older and has ownership in the

home. The survivor must apply to the appraisal district for the transfer. The ceiling remains in effect as long as the spouse lives in the home.

**Tax deferral.** If you are a homeowner age 65 or older you may defer or postpone paying any delinquent property taxes on your home for as long as you own and live in it. To postpone your tax payment, file a “tax deferral affidavit” with your appraisal district. The deferral is for all delinquent property taxes of the taxing units that tax your home.

A tax deferral only postpones paying your taxes; it doesn’t cancel them. Interest is added at the rate of 8% a year. Once you no longer own your home or live in it past taxes and interest become due. Any penalty and interest that was due on the tax bill for the home before the tax deferral will remain on the property and also become due when the tax deferral ends.

#### **HOMEOWNERS WITH DISABILITIES**

A person with a disability also may get exemptions. “Disabled” means either (1) you can’t engage in gainful work because of physical or mental disability or (2) you are 55 years old and blind and can’t engage in your previous work because of your blindness. If you receive disability benefits under the federal Old Age, Survivors and Disability Insurance Program through the Social Security Administration you will qualify.

Disability benefits from any other program do not automatically qualify you for this exemption. To establish your eligibility for the exemption you will need to provide currently dated letters from two physicians which state that your disability meets the Old-Age, Survivors and Disability Insurance Act definition and date your disability began.

If disabled you will qualify for a \$10,000 exemption for school taxes, in addition to the \$25,000 exemption for all homeowners. And any taxing unit can offer an exemption of at least \$3,000 from the home value of taxpayers with disabilities.

Are you a disabled veteran or survivor?

You may qualify for a property tax exemption if you are either (1) a veteran who was disabled while serving with the US armed forces or (2) the surviving spouse or child (under 18 years of age and unmarried) of a disabled veteran or a member of the armed forces who was killed while on active duty. You must be a Texas resident.

You must have documents from either the Veterans’ Administration or the branch of the armed forces that show the percentage of your service-related disability. Your disability rating must be at least 10%. If you are a surviving spouse or child you must have the veterans’ disability records. You may need other documents such as proof of marriage or age.

This exemption ranges from \$5,000 to \$12,000 depending on the extent of the disability. This exemption is not only for a home – you can apply it to any property you own on January 1. However, you may pick only one property to receive this exemption.

#### **HOW TO FILE FOR AN EXEMPTION**

1. Get an application form from the appraisal district office. There is a separate application for the disabled veterans; exemption. Phone 903.675.9296 for forms to be mailed to you or check our website.
2. Return the form to the appraisal district after January 1 but no later than April 30. Making false statements on your exemption application is a criminal offense.
3. Provide necessary information. For example, the appraisal district must have a copy of your Texas Driver’s License or Texas Personal Identification certificate.
4. If your property is valued by more than one appraisal district you must file an application with both of the district offices. This occurs when your property is located in a taxing unit that is also in a neighboring

county. Contact the appraisal district officer if you aren’t sure.

You may file for a homestead exemption up to one year after (a) the date you paid the taxes on your home or (b) the date the taxes became delinquent whichever date is earlier. You will get a new tax bill with a lower amount or a refund if you already paid. Late filing does not apply to the disabled veteran’s exemption.

5. If you are 65 this year you may file for the over-65 exemption up to one year from the date you turned 65.
6. If the Chief Appraiser asks you for more information you will have at least 30 days to reply.
7. If the Chief Appraiser denies or modifies your exemption he must tell you in writing within 5 days. This notice must explain how you can protest before the appraisal review board.
8. Once you receive a homestead exemption or a disabled veteran’s exemption you don’t have to apply again unless the Chief Appraiser asks you to apply or unless your qualifications change. If you move to a new home you will have to fill out a new application. If you have your 65<sup>th</sup> birthday or become disabled you must file a new application to receive the additional exemption.
9. The Chief Appraiser may require a new application by sending you a written notice and an application form. If you don’t return the new application you will lose your exemptions.

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