

# Real Property Tax Exemption for the Elderly & Disabled

## Background

Virginia provides authority for localities to grant an exemption from real property taxes on the principal dwelling and up to three acres for qualified property owners who are at least 65 years of age or totally and permanently disabled. The exemption is either 100% or 50% based on income and net worth.

## Requirements for Real Property Owned by an Individual or a Married Couple

### Age or Disability

- Owner/Applicant must be at least 65 or permanently disabled as of December 31 of the previous year.

Disability certification from one of the following if less than 65 years of age:

- Social Security Administration
- Department of Veterans Affairs - submit to VA Form 21-4138 to obtain a statement from them
- Railroad Retirement Board
- Sworn affidavits from two medical doctors licensed in Virginia or two military officers who practice medicine in the United States Armed Forces - use the Tax Relief Affidavit of Disability for their completion.

### Real Property Ownership/Use/Occupancy

- Title to the property must be held by the applicant(s) on January 1 of the current year.
- Property must be occupied as the SOLE dwelling except when the owner(s) reside in a hospital or nursing home for physical or mental care. The dwelling may not be rented.

### Income and Net Worth

- Annual Gross Household Income must be below the amount prescribed in the table below:
  - This is computed by adding all the prior year's income (i.e. 2018 for a 2019 application) received by the owner(s), the owner's spouse, and all relatives of the owner(s) that resided in the home on December 31st.
  - A deduction up to \$10,000 may be applied to the spouse of an owner and to any relatives with income residing in the home. If the income of the spouse or the relative is less than \$10,000 the deduction can only be up to the amount of income received by that person.
  - 100% of the disability income of the disabled owner or owner's spouse may be deducted from gross household income.
- Total Net Financial Worth is calculated as of December 31 of the previous year. Net worth includes the value of all assets less liabilities of the owner(s) and the spouse of any owner, excluding the value of the dwelling and lot up to 10 acres.

Annual Gross Household Income	Total Net Financial Worth	Percentage of Exemption*
\$0 - \$72,000	Cannot Exceed \$440,000	100%
\$0 - \$65,000	\$440,000.01 to \$560,000	50%
\$0 - \$59,000	\$560,000.01 to \$680,000	50%
\$0 - \$52,000	\$680,000.01 to \$800,000	50%
\$0 - \$46,000	\$800,000.01 to \$920,000	50%

\* on dwelling and lot up to 3 acres

## Requirements for Real Property owned by two or more Individuals not all of whom are 65 or totally and permanently disabled

### Age/Disability

- One owner of the dwelling is at least 65 or totally and permanently disabled as of December 31 of the previous year.

Disability certification from one of the following if less than 65 years of age:

- Social Security Administration
- Department of Veterans Affairs - submit to VA Form 21-4138 to obtain a statement from them
- Railroad Retirement Board
- Sworn affidavits from two medical doctors licensed in Virginia or two military officers who practice medicine in the United States Armed Forces - use the Tax Relief Affidavit of Disability for their completion.

### Real Property Ownership/Use/Occupancy

- The title to the property must be held on January 1 and jointly owned with a non-qualifying individual.
- The property must be occupied as the SOLE dwelling by ALL owners of the real property except when the owner(s) reside in a hospital or nursing home for physical or mental care. The dwelling may not be rented.

### Income and Net Worth

- Gross combined income in the previous year cannot exceed \$72,000
  - This is income from all sources of the owner(s) of the real property and the owners' relatives residing in the dwelling.
  - Up to \$10,000 of income received by the applicant's spouse and each applicant's relatives, who are residing in the home, may be deducted from gross combined income. If the income of the spouse or the relative is less than \$10,000, the deduction can only be up to the amount of income received.
  - 100% disability income of the disabled owner or owner's spouse may be deducted from gross household income.
- Net Worth as of December 31, 2018 cannot exceed \$613,772 and includes the value of all assets less liabilities of the owner(s) and the spouse of any owner, including the fair market value of the dwelling and

land. The net worth limit increases annually by an amount equivalent to the percentage increase of the Consumer Price Index.

### **Change in Circumstances after Exemption**

It is important that the Office of the Commissioner of the Revenue be notified of any changes in property ownership or occupancy, net worth, or income since the exemption may be affected. If the property is transferred or placed in a trust, or ceases to be the applicant's residence or property, immediate disqualification could occur. Distributions from retirement accounts are included in income even if rolled into other investments and could result in disqualification. Please consult with staff before transferring property, moving or requesting a lump sum distribution from a retirement account.

When qualified real property is sold or title is transferred, the last qualifying owner dies, or the property ceases to be the primary residence, real property taxes are pro-rated based on the number of full months the property and owner continue to qualify.