

# Disabled Veterans' Exemption – Frequently Asked Questions

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## 1. **What is the disabled veterans' exemption?**

The California Constitution and Revenue and Taxation Code section 205.5 provide a property tax exemption for the home of a disabled veteran or an unmarried spouse of a deceased disabled veteran.

There is a basic \$100,000 exemption or a low-income \$150,000 exemption\* available to a disabled veteran who, because of an injury incurred in military service:

is blind in both eyes, or

has lost the use of two or more limbs, or

is totally disabled as determined by the United States Department of Veterans Affairs (USDVA) or by the military service from which the veteran was discharged.

An unmarried surviving spouse may also be eligible if the service person died as the result of a service-connected injury or a disease incurred while on active duty in the military. In other words, a veteran may not have been eligible during his or her lifetime, but the surviving spouse may become eligible for the exemption upon the veteran's death.

The exemption is only available on a qualified claimant's principal place of residence. The home may only receive one property exemption. Thus, if a homeowners' exemption has been granted on a property and the owner subsequently qualifies for the disabled veterans' exemption, the homeowners' exemption should be cancelled to allow for the disabled veterans' exemption as it provides the greater benefit.

The issues regarding this exemption are complex, and the eligibility requirements are specific. Your local assessor's office should be consulted for detailed requirements regarding these exemptions.

\* Both exemption amounts are annually adjusted for cost of living index; as of January 1, 2018, the exemption amounts are \$134,706 and \$202,060 respectively.

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## 2. **On what basis is the disabled veterans' exemption annually adjusted?**

There are two areas in the disabled veterans' exemption that provide for annual adjustments for inflation (Revenue and Taxation Code section 205.5, subdivisions (g) and (h)):

- 1) the exemption amount for the basic and low-income exemption; and
- 2) the household income limit for the low-income disabled veterans' exemption.

For each assessment year, both the exemption amount and the income limit are compounded annually by an inflation factor based upon the California Consumer Price Index (CCPI).

The State Board of Equalization annually provides the exemption amounts and household income limits for the upcoming year and prior years in a Letter To Assessor (LTA) which may be found at the Board's website <http://www.boe.ca.gov/proptaxes/ltacont.htm> ([boe.ca.gov/proptaxes/ltacont.htm](http://www.boe.ca.gov/proptaxes/ltacont.htm)) in the applicable year. Look for the LTA titled Disabled Veterans' Exemption Increases for (year).

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3. **For purposes of the disabled veterans' exemption, what is the definition of "totally disabled"?**

The United States Department of Veterans Affairs or the military service from which the veteran was discharged must have either:

rated a veteran's disability at 100 percent or

rated the disability compensation at 100 percent because the veteran is unable to secure or follow a substantially gainful occupation.

In this discussion, totally disabled means the same as 100 percent disabled or a person with 100 percent disability rating.

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4. **I have just been granted the disabled veterans' exemption on my mobilehome, which is assessed at \$58,000. Since I qualify for the basic \$100,000 exemption, will the excess be applied to the special assessments or direct levies on my tax bill?**

No. Exemptions are only applied to ad valorem property taxes (a tax based on the value of property). Direct levies, special taxes, and special assessments are not property taxes under the law because they are not based upon the assessed value of the property. Most entities making such levies are completely independent, and while their revenues may be collected with your county's property tax bills, the county itself has no jurisdiction over most of those levies or the agencies issuing them.

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5. **I am a veteran with an 80 percent disability rating. Would I be allowed 80 percent of the disabled veterans' exemption?**

No. A disability rating of 100 percent is required to be eligible for the exemption. Unfortunately, there are no partial allowances for a rating less than 100 percent.

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6. **Will I still be entitled to the disabled veterans' exemption if my wife and I created a revocable trust where our children hold title to the property as trustees and we as the beneficiaries?**

Provided that you still meet all the other requirements for the exemption, you would still be entitled to the exemption. The trustee takes only bare legal title to the trust property and does not become an owner in the normal sense, whereas you and your wife as the beneficiaries have an equitable estate in the trust property.

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7. **My husband contracted an infectious disease while in the service. He received a 30 percent disability rating from the USDVA, which did not provide eligibility for the disabled veterans' exemption. He recently died as a result of the disease. Am I now eligible for the exemption?**

Yes. Revenue and Taxation Code section 205.5, subdivision (c)(1)(B), provides that if you are the unmarried surviving spouse of the veteran who died from a service-connected injury or disease, you are eligible for the exemption even though your husband did not qualify during his lifetime. You must provide a letter to your county assessor from the Veterans' Administration certifying that your husband's cause of death was a service-connected injury or disease.

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8. **I have been receiving the disabled veterans' exemption as an unmarried surviving spouse for many years. Since I will be 58 next year, may I remarry and still receive the exemption?**

No. Once you remarry, regardless of age, you will no longer qualify for California's disabled veterans' property tax exemption. There are some federal laws, however, that allow a surviving spouse to continue receiving federal

benefits if they remarry after the age of 57.

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9. **Is the exemption allowed if title to the residence is not in the name of the disabled veteran but is only in the name of the spouse?**

Yes, the disabled veteran may receive the exemption even if the property is owned by the veteran's spouse as separate property, as long as it is the veteran's principle place of residence.

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10. **Is my registered domestic partner regarded the same as my spouse for the disabled veterans' exemption? We purchased a home for \$180,000, each having 50 percent interests. What benefits am I entitled to? What if we held title as joint tenants?**

For the disabled veterans' exemption, your domestic partner is not considered a spouse. Therefore, the exemption available to you would be up to 50 percent of your interest, or \$90,000 in your case.

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11. **I received the disabled veterans' exemption after my first husband's death. Because I later remarried, I lost the benefits of the exemption. I am now divorced from my second husband. Am I allowed the exemption again?**

Upon divorce or death of a new spouse, the once qualified surviving spouse of a qualified veteran may again receive the disabled veterans' exemption.

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12. **My husband and I owned and lived in our home which received the homeowners' exemption prior to his deployment overseas. He was severely injured and will not be able to return home; instead he needs to be confined to a care facility. Are we allowed the disabled veterans' exemption on our home even though my husband did not qualify at the time he was living there and now may never return to live there?**

Yes, your home would qualify for the exemption. Section 205.5(b)(2) and (205.5)(c)(3) allows the exemption to continue on property that would have been a claimant's principal place of a residence were it not for the fact the claimant was confined to a hospital or other care facility, provided the home is not rented out to a third party.

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13. **A roommate and I purchased a home in which we each own a 50 percent interest. As a qualified disabled veteran, am I entitled to only 50 percent of the basic disabled veterans' exemption or am I allowed the entire exemption as to my half? Is my co-owner allowed the homeowners' exemption on her 50 percent interest?**

You are entitled up to the full amount of the basic (\$100,000) or low-income (\$150,000) exemption regardless of the percentage interest you hold in the property. The exemption is not reduced by 50 percent to \$50,000 because you only have 50 percent interest in the property. However, the exemption amount may not exceed your share of the value of the home. For example, if the purchase price was \$180,000, your 50 percent interest would only provide you with a \$90,000 exemption (the lesser of \$100,000 or one-half of \$180,000).

Only one exemption per property is allowed. If you are granted the disabled veterans' exemption, the homeowners' exemption is not available on the same property, even if a co-owner qualifies for it.

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14. **I purchased a home in November 2016 for \$250,000 that was benefiting from the disabled veterans' exemption. Will I benefit from that exemption until the end of the 2016-2017 fiscal year even though I am not a disabled veteran?**

No. Pursuant to Revenue and Taxation Code section 276.3, when a property that was receiving a disabled veterans' exemption is sold or transferred and the buyer is not eligible for the exemption, the exemption shall cease to apply on the date of that sale or transfer. Furthermore, termination of the exemption will be treated as an escape assessment and you will be responsible for the increased taxes (as prorated) since you do not qualify for the exemption that was in effect.

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15. **I purchased a vacant parcel where I plan to have my home built. Can I apply the disabled veterans' exemption on the land now?**

No. The exemption is only permitted for a principal place of residence. However, if you place a manufactured home or mobilehome on the land where you will live while your home is being built, then the property could qualify for the disabled veterans' exemption. The exemption would first apply to the improvement, then to the land. If the mobilehome is subject to the vehicle license fee, the exemption is applied to the land only.

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16. **I currently have the disabled veterans' exemption on my house. If I move in with my parents, can I still receive the exemption if I rent out my house? If not, can the exemption apply to my parents' house since I am now living there?**

The disabled veterans' exemption is allowed only on an owner-occupied residence. If you no longer live in your home, the exemption no longer applies. Your parents' home would be eligible for the exemption only if you were also on the title as one of the owners.

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17. **I am an unmarried surviving spouse of a deceased veteran with two children. In determining whether or not I qualify for the low-income disabled veterans' exemption, do I include the amount of veterans' benefits paid to me and my children in the calculation of household income? Do I include social security payments?**

Yes, all veteran's benefits and social security benefits are included in the determination of your household income. The dependency and indemnity compensation (DIC) benefits paid to you for each dependent minor child are included in household income even though increased benefit payments are a result of the existence of such a child. They are benefits to which the surviving spouse is entitled to receive; they are not the dependent child's separate benefit. However, any income received by the minor himself or herself should not be included in the calculation of household income. Please see the claim for exemption form, *BOE-261-G, Claim for Disabled Veterans' Property Tax Exemption*, under "Instructions for Statements" to determine what constitutes "household income" in qualifying for the low-income disabled veterans' exemption.

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18. **I have been granted the disabled veterans' exemption for past few years. Recently, I realized that I could have qualified for the low-income exemption instead. Can I be granted the difference between the exemption amounts from 2014 to 2016 for those prior years now?**

Yes, you are entitled to an increased exemption based on the difference between the two exemption amounts. You must re-file the claim form and follow the instructions on the first paragraph on the back side of the form under "Statements."

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19. **Does the disabled veterans' exemption apply to supplemental assessments?**

Yes. The amount of the exemption, however, will be reduced by any existing exemption that may currently exist on the property and only to the amount of the supplemental assessment or the disabled veterans' exemption, whichever is less.

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20. **I purchased a home in February 2017 and received two supplemental bills. Am I allowed the disabled veterans' exemption on both supplemental assessments?**

Yes. One supplemental assessment was for the current fiscal year (July 1, 2016 to June 30, 2017) to reflect the change in value between March (the month after you purchased the home) and June 30, 2017. The second supplemental reflects the change in value from what was put on the roll as of the January 1, 2017 lien date for the ensuing fiscal year (July 1, 2017 to June 30, 2018).

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21. **I am a first-time claimant for the disabled veterans' exemption on a \$200,000 home that I purchased in October. The home is assessed at \$160,000 on the current roll resulting in a supplemental assessment for \$40,000. The exemption negated the supplemental assessment, but since I did not use the entire exemption, can the excess be applied to the prorated property taxes I had to pay in escrow on the regular roll?**

Yes. The unused portion of your exemption may be applied to the regular roll. You must file with the county for a refund of taxes already paid.

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22. **I am currently receiving the low-income disabled veterans' exemption on my home, which is assessed at \$105,000. A friend built an enclosed patio and enlarged a bathroom for me. Do I need to file another claim form for the exemption on the addition?**

No. If you already have a claim on file for the property on the current roll, you do not need to file again. The county assessor will assess the new construction and apply any unused exemption amount to your supplemental taxes. If the assessed value of the new construction exceeds the excess exemption, you will be billed for the net supplemental taxes owed.

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23. **I purchased a home in September and filed for the low-income disabled veterans' exemption on the following January 6. Because I filed late, the county assessor granted 85 percent of the exemption on the regular roll. I later received a supplemental assessment notice in April for \$210,000. Since I already filed for the exemption in January, will I be allowed the remaining 15 percent of the exemption on the supplemental tax bill?**

Yes. Since you received 85 percent of the exemption on your regular bill and your supplemental bill was received after you filed for the exemption, you are considered to have timely filed on your supplemental bill. The remaining 15 percent of the exemption may be applied to your supplemental bill.

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24. **I sold my home that was receiving the disabled veterans' exemption and moved into another home that I purchased. Am I allowed the exemption on my new home right away or do I have to wait for the next lien date (January 1)?**

The effective date of the exemption on your new home is the date you move in, and termination of the exemption on your previous home is as of the date it no longer is your permanent place of residence. You must file form *BOE-261-GNT, Disabled Veterans' Exemption Change of Eligibility Report*, with your county assessor to terminate the exemption on your old home and file a claim for your new home using form *BOE-261-G*.

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25. **My brother and I purchased a rental property many years ago. I am a disabled veteran, and now I plan to move into the rental property myself as my permanent home. When can I file a disabled veterans' exemption claim form and when does the exemption go into effect?**

A property that was previously owned, but not occupied by the qualified claimant, may receive the exemption as of the date the property becomes eligible (when it becomes the claimant's primary residence). Other mid-year eligibility may take place as of:

- the date a qualified claimant purchases a residence and occupies it within 90 days of acquisition
- the effective date of the veteran's disability as determined by the U.S. Department of Veterans' Affairs
- the date of a serviceperson's death as a result of a service-connected injury or disease, whereby the spouse receives the exemption.

You may file for the exemption after the property become eligible for the exemption. To ensure a timely filing, [see question below.](#) ([boe.ca.gov/proptaxes/faqs/faqs\\_dvbe.htm#46](http://boe.ca.gov/proptaxes/faqs/faqs_dvbe.htm#46))

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**26. I purchased my home on February 2, 2016, and I filed for the disabled veterans' exemption on September 8, 2016. To what extent would the exemption apply to me?**

If your disability rating was effective prior to your buying your home, the exemption amount will be prorated from the date the property became eligible for the exemption. If your disability rating became effective after the purchase, the exemption will be prorated as of the effective date of your disability. Since you filed for the exemption timely, that is, before the next lien date (January 1, 2017), the full prorated exemption amount is available to you.

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**27. I could have received the disabled veterans' exemption as of last year but the Veterans' Administration has not finished processing my disability rating certification. It's been over a year since I applied for the rating. Are there any retroactive provisions for the exemption once I get my rating?**

Yes. Revenue and Taxation Code section 276.1 provides that the retroactive period begins from the effective date of your disability rating. Rather than receiving a partial exemption when you file late due to the "delayed" disability rating, the full amount of the disabled veterans' exemption for which you qualify may be granted. Once you file the appropriate claims and the exemption is granted, your taxes will be cancelled or refunded, including any interest and penalties, subject to an eight-year statute of limitation (Revenue and Taxation Code section 5097(a)(4)), on your property's assessed value that would have been exempt had you filed the claim timely. For a 100 percent of eligible exemption, you must file the claim with the county assessor within 90 days after you receive the disability rating, or on or before the next lien date, whichever occurs later.

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**28. I filed for a disability rating with the Department of Veterans' Administration in May 2016, and finally in October 2017 I received a 100 percent rating effective as of March 1, 2016. I filed a timely claim for the basic disabled veterans' exemption on my condo that was assessed for \$220,000 in 2015. What exemption am I entitled to receive?**

Your exemption falls under the provisions of section 276.1, delayed disability rating. You are entitled to receive the full amount of the exemption as of the effective date of your disability rating, March 1, 2016. Your property tax reduction is prorated from the date the property became eligible for the exemption.

Your 2015-2016 prorated exemption and taxes would be calculated as follows:

$\$126,380 \text{ exemption} / 365 \text{ days} = \$346.25 \text{ exemption/day}$

$\$346.25 \text{ exemption/day} \times 122 \text{ days eligible (March 1 – June 30, 2016)} = \$42,243 \text{ prorated exemption}$

You will receive the full amount of the exemption for all years thereafter, until you or the property no longer qualifies for the exemption.

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29. **I have recently become eligible for the disabled veterans' exemption due to a service- connected injury. Where can I get the proper forms and instructions to file for the exemption?**

The claim form, titled *Claim for Disabled Veterans' Property Tax Exemption (BOE-261-G)*, must be filed with the county assessor where your property is located. The form may be obtained from the county assessor's office, although some counties offer a downloadable form from their internet website. You may find the appropriate contact number for your county assessor's office in your telephone book or from the Board's property tax website under "[Listings of County Assessors \(boe.ca.gov/proptaxes/assessors.htm\)](http://boe.ca.gov/proptaxes/assessors.htm)."

Your application must also include:

1. Your letter from the United States Department of Veterans Affairs (USDVA) (or from the military service which discharged you), certifying that you have a service-connected disability rating of 100 percent or is compensated at the 100 percent rate due to individual unemployability ; and
2. Proof that character of service was under a condition that is other than dishonorable (i.e., honorable, general (under honorable condition), other than honorable, or bad conduct).

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30. **Do I have to file for the disabled veterans' exemption annually?**

For the **basic** disabled veterans' exemption, you need only file once. Once granted, the exemption is continuous unless you become ineligible because:

- a. the property is no longer being used as your primary residence (sold or rented), or
- b. title to the property in which the qualified claimant resides is no longer in the name of the veteran, the veteran's spouse, or the unmarried surviving spouse, or
- c. you are no longer considered totally disabled as defined in Revenue and Taxation Code section 205.5, or
- d. you, as the surviving spouse of a deceased disabled veteran, have remarried, or
- e. the property is altered so that it is no longer a dwelling.

For the **low-income** disabled veterans' exemption, annual filing is required to certify that your yearly household income for the prior calendar year does not exceed the maximum allowable income, as calculated, for the ensuing fiscal year.

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31. **What is the filing period for the disabled veterans' exemption?**

To receive 100 percent of the basic or low-income exemption as of the date the claimant or the property qualifies, the **initial** claim must be filed between a qualifying event date and on or before the next following January 1, or 90 days after the event date, whichever is later.

Event dates:

Purchase date of a principal place of residence by a qualified claimant, provided residency is established within 90 days of purchase

USDVA notice date to veteran of a 100 percent rating

USDVA notice date to surviving spouse that veteran's death was due to a service-connected injury or disease

Claimant establishes residency at a property previously owned

For the **low-income exemption only**, a claim must be filed with your county assessor each year. Following the initial claim, subsequent annual filing periods are as follows:

Between January 1 and February 15 to receive 100 percent of the exemption

Between February 16 and December 10 to receive 90 percent of the exemption

Any time after December 10 of the current year to receive 85 percent of the exemption.

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32. **How does one notify the county assessor that the property is no longer the principal place of residence or that one no longer qualifies for the exemption?**

Annually, the county assessor will mail a notice, form *BOE 261-GNT*, to all taxpayers who received the exemption in the preceding year. When applicable, the claimant must return this notice and provide the reason for the change in eligibility. If there is no change, the taxpayer may ignore the notice.

The notice also provides information on the qualifying and disqualifying conditions of the exemption, the annual adjusted threshold income limit for the low-income exemption, and the annually adjusted exemption amounts for both the basic and low-income exemptions.

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33. **I was a qualified disabled veteran when I purchased a home in 2010. I lived in it until 2016 at which time I sold it and moved away. Now I have found out that I could have qualified for the disabled veteran exemption. Can I claim the exemption now to receive a refund?**

If your previous property meets all the qualifications of the exemption, the disabled veterans' exemption is available to you even if you already sold the property and no longer living there. Since you no longer own or live at the property, you must be able to demonstrate that you resided at the property during the periods you are seeking the exemption. As of January 1, 2015, the law allows refunds on property taxes paid for those related to the disabled veterans' exemption up to eight years after the date taxes were paid (previously four years).

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34. **I still have questions about the disabled veterans' exemption. Where can I find more information?**

If you still have questions about this exemption, you may call the Board's County-Assessed Properties Division at 1-916-274-3350.

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