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# Real Property Tax - Homestead Means Testing



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## 1. For estate planning purposes, I placed the title to my property in a trust. Can I still receive the homestead exemption?

You are eligible for the homestead exemption if the trust agreement contains a provision that says you have complete possession of the property. Revocable and irrevocable trusts may qualify. Most of the other common forms of property ownership (such as survivorship deeds) also qualify for the exemption. Properties owned by corporations, partnerships, limited liability companies are not eligible for the homestead exemption because such properties are not owned by an individual. If you have questions about what constitutes eligible home ownership for the homestead exemption, consult your county auditor.

## 2. Will my MAGI be verified?

The application form requires individuals to report MAGI, and it is signed under penalty of perjury. Ohio law also provides that anyone who makes a false statement for purposes of obtaining a homestead exemption is guilty of a fourth-degree misdemeanor. Individuals convicted of such a misdemeanor are ineligible to receive the homestead exemption for the three years following the conviction.

County auditors will also be able to verify MAGI using a web-based application for those who file Ohio income tax returns.

DTE Form 105H may be provided to applicants who have not filed an Ohio income tax return. DTE Form 105H is a tool for auditors to estimate Ohio income. It is not intended to be a substitute for filing an income tax return. Applicants may be asked to supply source documents such as W-2s, 1099s, etc. to verify income.

### 3. When did the resumption of a means-tested homestead exemption begin?

The means-tested homestead exemption started with persons who turned 65 in 2014. The means-tested homestead exemption began with real property tax bills payable in 2015. For real property, bills paid in the current year cover the previous tax year. So, for example, bills paid in 2018 cover the 2017 tax year, and so on for subsequent years. For manufactured or mobile homes, bills paid in the current year cover the current year, so bills paid in 2018 cover the 2018 tax year, and so on for subsequent years.

### 4. What is the homestead exemption?

The homestead exemption allows low-income senior citizens and permanently and totally disabled Ohioans, to reduce their property tax bills, by shielding some of the market value of their homes from taxation. The exemption, which takes the form of a credit on property tax bills, allows qualifying homeowners to exempt up to \$25,000 of the market value of their homes from all local property taxes. For example, through the homestead exemption, a home with a market value of \$100,000 is billed as if it is worth \$75,000.

The exact amount of savings varies from location to location. But overall, across Ohio, qualified homeowners saved an average of about \$495 per taxpayer during the 2015 tax year. The tax exemption is limited to the homestead, which Ohio law defines as an owner's dwelling and up to one acre of land.

The value of the exemption may not exceed the value of the homestead. The 2017 income threshold is \$31,800, the 2018 threshold is \$32,200, the 2019 threshold is \$32,800, the 2020 threshold is \$33,600 and the 2021 threshold is \$34,200.

## 5. What is MAGI

Effective beginning tax year 2020 for real property and tax year 2021 for manufactured homes, the definition of “income” has been changed for the purpose of determining eligibility for the homestead exemption. The new definition is described as “Modified Adjusted Gross Income” (MAGI). Modified Adjusted Gross Income is Ohio Adjusted Gross Income (line 3 of the Ohio income tax return) plus any business income that has been deducted in computing OAGI on line 11 of Ohio Individual Income Tax Schedule A. This business income must now be included in the income calculation used to determine eligibility for the homestead exemption.

## 6. I received the Homestead Exemption in 2013, what happens if I move?

Eligibility for Homestead is portable, even if a person temporarily resides outside of Ohio or does not own property for a time. This means that if a person or person’s surviving spouse moves to another residence in Ohio, and that person received a Homestead reduction on real property in 2013 or on a manufactured home in 2014, that person and the surviving spouse will not be required to disclose OAGI, when applying for Homestead for the new property.

## 7. How do I show proof of age?

The application form requires individuals to report their age and date of birth, which is signed under penalty of perjury. Ohio law also provides that anyone who makes a false statement for purposes of obtaining a homestead exemption is guilty of a fourth-degree misdemeanor. Individuals convicted of such a misdemeanor are ineligible to receive the homestead exemption for the three years following the conviction. Your county auditor may require some evidence of age, such as a driver’s license or birth certificate.

## 8. How do I apply for the homestead exemption?

To apply, complete the application form ([DTE 105A, Homestead Exemption Application Form for Senior Citizens, Disabled Persons, and Surviving Spouses](#)), then file it with your local county auditor. The form is available on the Department of Taxation’s website and is also available from county auditors.

### 9. I'm 65 but my spouse is younger than I am. Are we eligible for the homestead exemption?

If one of the principal owners of the property is 65 (or disabled) and the home is that person's principal place of residence, the property is eligible for the homestead exemption. Ohio law anticipates many applicants may be in this situation, which is why an eligible owner's surviving spouse, may continue to receive the homestead exemption if the eligible spouse dies, and the surviving spouse is at least 59 on the date of death.

### 10. What is the income threshold for the means-test?

Ohio Revised Code initially established a maximum Ohio Adjusted Gross Income (OAGI) of the applicant and the applicant's spouse of \$30,000. This maximum is to be indexed for inflation each year. OAGI can be found on line 3 of the Ohio Income Tax Return. With indexing, the 2021 income threshold is \$34,200, the 2020 income threshold was \$33,600, the 2019 threshold was \$32,800, the 2018 threshold was \$32,200, and the 2017 income threshold was \$31,800.

Newly effective for tax year 2020 for real property and tax year 2021 for manufactured homes, a law change has revised the definition of "income" from OAGI to now "**Modified Adjusted Gross Income**" (MAGI). MAGI is essentially OAGI **plus** any business income that has been deducted in computing OAGI on line 11 of Ohio Schedule A. This business income must now be included in the income calculation used to qualify for the homestead exemption. Previously, certain eligible property owners were able to deduct up to \$250,000 of business income from their OAGI, dropping them below the income threshold and allowing them to claim the homestead exemption. This previous practice is no longer allowed.

### 11. I already receive the homestead exemption. Do I have to reapply to receive benefits under the new program?

No. If you are already receiving the homestead exemption credit on your tax bill, you do not need to file a new application. You will automatically receive the new homestead exemption for the next tax year, if you otherwise qualify.

If your spouse died during the previous year, and if you received the homestead exemption credit on the tax bill you paid in the current year, only because your spouse met the age or disability criteria, you do not need to file a new application for the exemption. If you were at least 59 at the time of your spouse's death, you will continue to qualify.

## 12. Who qualifies for the means-tested homestead exemption?



For real property owners who are not currently receiving homestead, or do not qualify for 2013, the homestead exemption is available to any Ohio resident homeowner who:

- Qualifies under the means-test and.
- Is at least 65 years old or turns 65 in the year for which they apply; or
- Is totally and permanently disabled as of January 1 of the year for which they apply, as certified by a licensed physician or psychologist, or a state or federal agency; or
- Is the surviving spouse of a person who was receiving the previous homestead exemption at the time of death, and where the surviving spouse was at least 59 years old on the date of death.

Since applications for real property are filed in the year for which homestead is sought, the owner must be 65 by December 31 of the year the application is filed. For manufactured or mobile homes, applications are due in the year preceding the year for which homestead is sought. Those applicants must be 65 years old, or turn 65 during the year following the year in which they apply.

To qualify, an Ohio resident also must own and occupy a home as their principal place of residence as of January 1 of the year, for which they apply, for either real property or manufactured home property. For individuals who own more than one home, the principal place of residence is the home where the person is registered to vote, and the person's place of residence for income tax purposes.

## 13. Will I have to apply every year to receive the homestead exemption?



No. However, if your circumstances change and you no longer qualify for the homestead exemption, you must notify the county auditor by the first Monday in June.

In January each year the county auditor will mail you a copy of the continuing application form ([DTE 105B, Continuing Homestead Exemption Application Form for Senior Citizens, Disabled Persons, and Surviving Spouses](#)). Please return this form to the auditor **only** if you no longer own the home, no longer occupy it as your primary place of residence, if your disability status has changed, or if your income has changed.

## 14. How will I know if my application has been approved?



You will receive a notice from the county auditor by the first Monday in October indicating whether or not your application was approved. If your homestead exemption application was denied, the notice will explain why it was

denied.

If you believe your application was improperly denied, you may appeal the auditor's decision to the county Board of Revision by filing form [DTE 106B, Homestead Exemption and 2.5% Reduction Complaint](#), on or before the deadline for paying the first-half taxes for the year for real property (in most counties, the due date is in January or February of the following year). Owners of manufactured or mobile homes may also appeal the denial of a homestead exemption application, but their complaint forms must be filed no later than January 31 of the year immediately following the year of the denial. The complaint form is also available from county auditors.

#### 15. I'll save quite a bit of money through the homestead exemption. Will this hurt my local schools?

The state of Ohio reimburses school districts and local governments for the amount of revenue taxpayers save through the homestead exemption. Local governments and schools do not lose out.

#### 16. Where do I apply?

The application must be filed with the county auditor of the county in which the property is located. This [directory of county auditors](#) has addresses and telephone numbers for those officials.

#### 17. What's the deadline to apply?

Applications for real property must be filed on or before December 31 of the year for which homestead is sought. Applications for manufactured or mobile homes must be filed anytime on or before the first Monday in June of the year preceding the year for which homestead is sought.

#### 18. What documentation do I need to provide to prove my disability?

If you are claiming a physical disability, you must complete a disability certificate, [DTE 105E, Certificate of Disability for the Homestead Exemption](#), and have it signed by a physician licensed to practice medicine. If you are claiming a mental disability, you must have the certificate signed by a physician or psychologist. The psychologist must be licensed to practice in Ohio. In order to qualify for the homestead exemption, an owner's disability must be permanent and total, and prevent the person from working at any substantial employment. You may also submit a current certificate from any state or federal agency that classifies you as disabled, as defined above.

The disability certificate, [DTE 105E, Certificate of Disability for the Homestead Exemption](#), must be attached to the general homestead exemption application. The certificate is also available from county auditors.

**19. Will I receive an annual notification of my property tax reduction under the homestead exemption?**



Starting in tax year 2009 (bills payable in 2010) a property owner received formal notification of the amount of their reduction only once, when a certificate of approval of the exemption is received from the county auditor following the initial application. The reduced amount will then be reflected on future property tax bills received from the county treasurer.

**20. May I file electronically?**



Not at this time. A paper copy of the application bearing your original signature must be filed with the county auditor of the county in which your home is located.

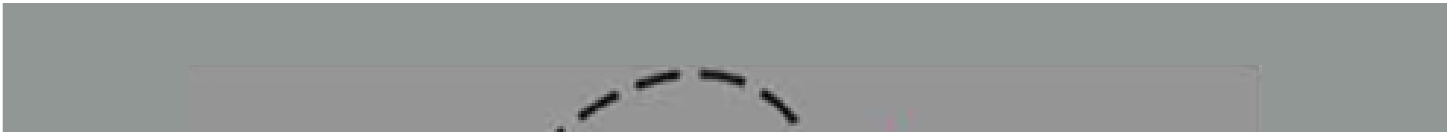
**21. How has the homestead exemption changed?**



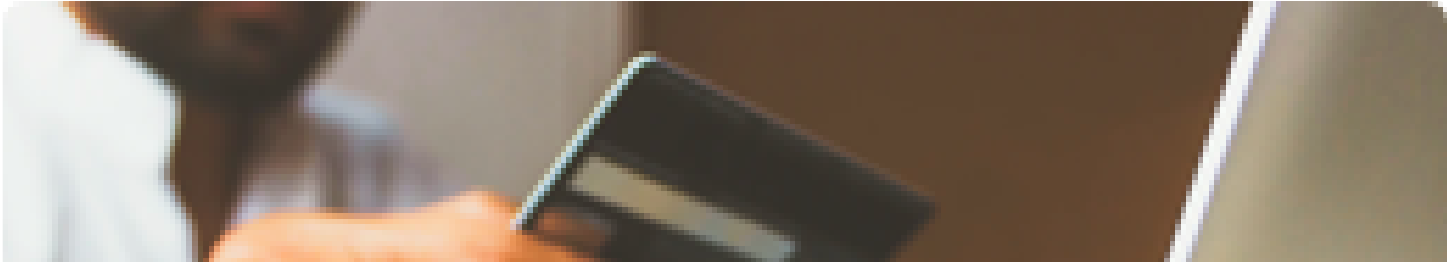
In 1970, Ohio voters approved a constitutional amendment, permitting a homestead exemption that reduced property tax for lower income senior citizens. Then in 2007, the General Assembly expanded the program to include all senior citizens, regardless of their income. Now, the state of Ohio is returning to the originally approved system, of applying means/income testing to determine eligibility for the homestead exemption.

Current program participants and their eligible surviving spouses are exempt from the income requirements; current program participants are those who received a homestead exemption tax credit for real property for tax year 2013. Current program participants or manufactured homeowners are those who received the credit for tax year 2014.

## Additional Resources



**Individual I-File**



**Individual Pay Online**



**Ohio Business Gateway**



**Business Pay Online**

**Due Dates**

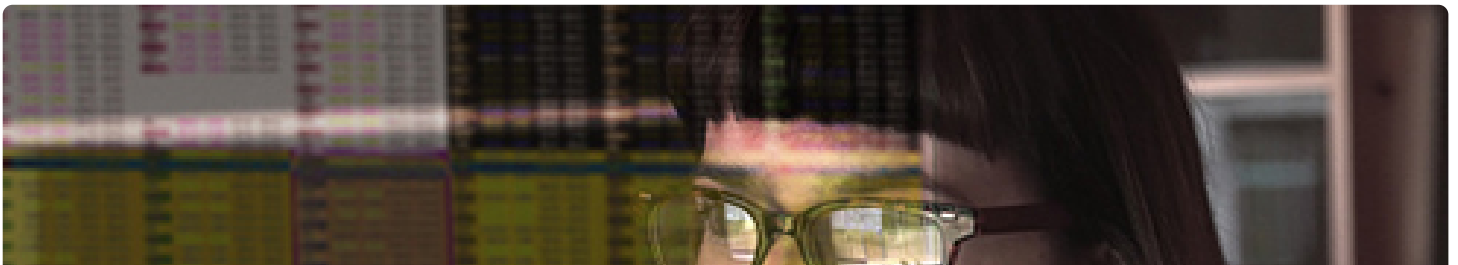




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