



# Property Tax Relief FAQ

**General Information** (<https://propertytax.utah.gov/tax-relief/>)

**Tax Relief Table** (</media/tax-relief.pdf>)

**Property Tax Relief FAQ** (<https://propertytax.utah.gov/tax-relief/tax-relief-faq/>)

**Household Income Quick Reference** (</media/income-reference.pdf>)

**Property Tax Calendar** (</media/property-tax-calendar.pdf>)

**Property Tax Legislation** (<https://propertytax.utah.gov/general/legislation/>)

**Primary Residential Exemption** (<https://propertytax.utah.gov/tax-relief/primary-residential-exemption/>)

Does eligible property need to be owned by a claimant on January 1 to be eligible for property tax relief?

If a claimant is seeking property tax relief under the circuit breaker homeowner's credit, indigent abatement, or a property tax deferral program, they must own the property as of January 1 in the year the relief is claimed. If the taxpayer is seeking an armed forces exemption, as a veteran claimant or active duty claimant, they are still eligible if they acquire the property after January 1 in the year the relief is claimed.

**Note about property tax deferral programs:** Authority to grant tax deferrals exists under Section 59-2-1802 (<https://le.utah.gov/asp/codelookup/codelookup.asp?section=59-2-1802>), and Section 59-2-1347 (<https://le.utah.gov/asp/codelookup/codelookup.asp?section=59-2-1347>).

Does a property need to be owned by a claimant for an entire year to be eligible for property tax relief?

Since the indigent abatement, or deferrals require a property to be owned from January 1, they must be owned from January 1 to the time of application. As of January 1, 2021, claimants seeking a circuit breaker homeowner's credit are not eligible for circuit breaker relief in the year a property is transferred. This means that potential claimants who are intending to move during the year should not apply for the circuit breaker program, and counties should work with title companies to ensure circuit breaker relief is removed from a property when taxes are paid at closing. Claimants seeking the armed forces exemption may own eligible property for any amount of time during a year relief is granted.

## What latitude do counties have to grant the circuit breaker homeowner's credit or indigent abatements to claimants who exceed household income limits?

Counties should not seek to circumvent household income limits or household membership established in statute. The authority to grant property tax relief is granted by the State Constitution, so it is important that statute conforms to the State Constitution, and subsequently, county administration of property tax relief conforms to statute. Broad interpretations of certain provisions in statute risk undermining the intent of the State Legislature. The State Legislature is the only appropriate body to modify the definitions of "household" and "household income". As of January 1, 2021, household income no longer includes income from a member of a claimant's household who is under the age of 18, or a parent or a grandparent, through blood, marriage, or adoption, of the claimant or the claimant's spouse.

## Can a claimant qualify for multiple forms of property tax relief at once?

Yes. However it is important to remember that although there are overlapping criteria for some programs, there are other important distinctions. For example, the circuit breaker homeowner's credit and indigent abatement use the same household income criteria, but the eligibility for an individual claimant differs.

The indigent abatement is generally available for claimants over 65 years of age and the circuit breaker homeowner's credit is generally available to claimants over 66 years of age. There are exceptions to both of these age requirements but they differ based on the program. There are certain exceptions to the age requirement for the indigent abatement based on hardship or disability. A circuit breaker homeowner's credit claimant may be under 66 years of age when the claimant is the unmarried surviving spouse of a previous circuit breaker homeowner's credit recipient.

Additionally, claimants for the indigent abatement must satisfy certain other criteria that circuit breaker homeowner's credit claimants do not. An indigent individual must also: reside for at least 10 months of the year in the residence that would be subject to the requested abatement or deferral, and be unable to pay the tax assessed on the individual's residence when the tax becomes due.

## Are assets included in the calculation of household income for the circuit breaker homeowner's credit or the indigent abatement?

Assets (including home equity or savings), outside those specifically included in statute or administrative rule as "non-taxable income", should not be included in the calculation of household income or for determining the eligibility status of a claimant applying for the circuit breaker homeowner's credit or the indigent abatement. The non-taxable forms of income that are included in the household income calculation in addition to FAGI are listed in this document. This includes pensions and annuities, including non-taxable distributions, and amounts withdrawn and immediately spent, or transferred into a new retirement account (e.g. from an IRA to a Roth IRA).

The starting point for considering household income is federal adjusted gross income (FAGI). Then,

additional non-taxable forms of income are added to arrive at household income (please see this document for an overview of these additional income types). If a claimant owns a business, its income may only be included when it is included in the claimant's FAGI. Conversely, if business losses reduce a claimant's FAGI, these losses cannot be disregarded (i.e. FAGI before business losses, is not an appropriate starting point for considering household income).

If a claimant is seeking a property tax deferral, a county shall consider an asset transferred to a relative by an applicant for deferral, if the transfer took place during the three years prior to the day on which the applicant applied for deferral.

If a claimant is seeking an indigent abatement, assets (particularly liquid assets and savings) may impact an applicant's ability to pay. Although this does not affect household income, it may affect whether a claimant has the ability to pay the tax assessed on the individual's residence when the tax becomes due. Ability to pay is one of the criteria used to determine whether a claimant is an indigent individual and eligible for the abatement. Each claimant's situation may be different, so a uniform standard on whether a specific asset would affect an indigent abatement claimant's ability to pay is not practicable, and each claimant's circumstances should be considered individually.

## What avenues are available for individuals who exceed household income limits for the circuit breaker homeowner's credit or the indigent abatement?

There are no income restrictions on applying for a property tax deferral. However, an indigent individual is protected from tax sale during the period of deferral. Deferrals also require permission from the mortgage holder, and accrue interest over time. Taxes deferred do not need to be paid back until the property is disposed of. Additionally, if the claimant is an indigent individual, a property tax deferral protects the property from tax sale. As such this program is often used in the fourth year of delinquency (before the property is eligible for tax sale).

## Is there property tax relief available for veterans without a disability?

Yes, for personnel with over 200 consecutive days federal active duty outside of Utah. Otherwise, armed forces exemptions are only available for veterans with a disability.

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