

# **MONTGOMERY COUNTY**

## **2023 Real Estate Tax Deferral**

### **Program Application and Instructions**

#### **MONTGOMERY COUNTY REAL ESTATE TAX DEFERRAL PROGRAM ENACTED:**

Through Act 301 of 1999, eligible residents can apply for the deferral (postponement) of payment of increases in real estate taxes. The Montgomery County Board of Commissioners adopted Resolution No. 20C485 on December 17, 2020 making this deferral program available to eligible property owners for County real estate taxes, effective January 1, 2021.

An increase in real estate tax is that amount over and above the base payment. The base payment is:

- The amount of property tax paid in the base year (i.e. 2020) which immediately precedes the first tax year (i.e. 2021) that the County implements the program, or
- The tax year immediately preceding a property owner's entry into the tax deferral program.

An annual real estate tax deferral granted under this program must equal the increase in real estate taxes upon the property of the property owner. The annual real estate tax deferral granted under this program is paid upon the sale or transfer of the property, or upon the death of the property owner.

#### **ELIGIBILITY:**

Income Eligibility: A property owner, regardless of age, shall be eligible for a tax deferral if the property owner and the property owner's spouse (or additional property owner) have a household income not exceeding the maximum household income eligible limitations set forth in the Senior Citizens Rebate and Assistance Act (Act of March 11, 1971, P.L. 104, No. 3). The household income limitation is \$35,000 with 50% of Social Security, SSI, and Railroad Retirement Tier 1 exempt from the calculations of total annual household income.

Homestead: A dwelling owned jointly in fee simple by the property owner(s), who is a natural person, which is the primary domicile of the owner(s).

Restrictions: No tax deferrals shall be granted if the total amount of deferred taxes, plus the total amount of all other unsatisfied liens on the homestead of the property owner, plus the outstanding principal on any and all mortgages on the homestead, exceeds 85% of the market value of the homestead or if the outstanding principal on any and all mortgages on the homestead exceeds 70% of the market value of the homestead.

Market Value: Shall equal the assessed value divided by the common level ratio as most recently determined by the State Tax Equalization Board for Montgomery County.

Base Year Tax: The tax year preceding the first tax year for which a taxing authority implements the provisions of this Act (year 2020), or the tax year immediately preceding an applicant's entry into the tax deferral program.

Real Property Tax Liability: In order to be eligible, there shall be no prior year's County real estate tax liability - no delinquent County real estate taxes may be owed or due in order to be considered for deferral. The immediately preceding year's non-deferred real estate tax shall have been paid in full prior to December 31<sup>st</sup> of the real estate tax year.

## **ATTACHMENT AND SATISFACTION OF LIENS**

- (A) Nature of Lien - All taxes deferred under this program shall constitute a prior lien on the homestead of the property owner in favor of the County and shall attach as of the date of application approval and in the same manner as other real estate tax liens, the deferred taxes shall be collected as other real estate tax liens, but the deferred taxes shall be due, payable and delinquent only as provided in (B).
- (B) Payment
- (1) All or part of the deferred taxes may at any time be paid to the County.
  - (2) In the event that the deferred taxes are not paid by the property owner or the additional property owner or co-owner during his or her lifetime or during their continued ownership of the homestead, the deferred taxes shall be paid either:
    - (a) Prior to the conveyance of the homestead to any third party; or
    - (b) Prior to the passing of the legal or equitable title, either by will or by statute, to the heirs of the property owner or the additional property owner.
  - (3) The surviving additional property owner shall not be required to pay the deferred taxes by reason of his or her acquisition of the homestead due to death of the other property owner as long as the surviving property owner maintains his or her domicile in the property. The surviving property owner may continue to participate in the tax deferral program in subsequent years provided he or she is eligible under the provisions of this program.

Montgomery County School Districts and municipalities are separate entities from the County and some offer a Real Estate Tax Deferment Program to its taxpayers for school district and municipal real estate taxes. These programs have similar requirements, but require separate application and approval for each. Questions regarding the Montgomery County Real Estate Tax Deferment Program should be addressed to the **Montgomery County Department of Finance at (610) 278-3436**. Or email [finance@montcopa.org](mailto:finance@montcopa.org)

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For timely consideration, an original application with supporting documentation must be received by the Montgomery County Department of Finance between January 1st and October 31<sup>st</sup>. All applications shall be filed either in person, by mail or email (finance@montcopa.org) at or to the Department of Finance.

1. Property ID Number which property owner(s) has declared as his/her Homestead and for which deferral is being sought:

\_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_  
District            Map            Parcel            Lot            Trailer

2. Property Address: \_\_\_\_\_

3. Property owner(s)/Owner(s) Name(s): \_\_\_\_\_

4. Mailing Address (if different than property address/location): \_\_\_\_\_

\_\_\_\_\_

5. The following documents are attached and are made part of my/our application: 1) Receipts showing timely payment of the immediately preceding year's non-deferred County real estate tax and 2) Proof of income eligibility (federal tax return).

I/We hereby certify that the information submitted is true and correct. I/We understand that the amount of tax deferral granted is provided in exchange for a lien against the homestead of the applicant in favor of Montgomery County and shall attach as of the date and in the same manner as other real estate tax liens. By executing this application and with full knowledge of the above, I/We hereby request the appropriate tax deferral.

\_\_\_\_\_  
Signature of Owner

Date

\_\_\_\_\_  
Signature of Owner (if co-owned)

Date

# Instructions for Completing the Income Eligibility Statement

## Section A. Property owner's and Additional Property owner's Information

Complete all of Section A. Social security number(s) is required for property owner and additional property owner in the event it is necessary to verify the truth, correctness, and completeness of the information reported in this form with Personal Income Tax records in the Pennsylvania Department of Revenue.

## Section B. Income Information

Lines 1 through 6. You must report the income you and the additional property owner (if applicable) earned during the year immediately preceding the year in which you are applying for a real property tax deferral. Enter your income, or the combined income of you and the additional property owner, for each category. You must submit photocopies of your Social Security and Railroad Retirement Tier 1 income statements. You must also submit photocopies of Railroad Retirement pension/annuity benefits statements along with other forms 1099 showing pension income for the previous year. Also submit photocopies of Form(s) W-2, Department of Public Welfare cash assistance statements, federal or PA income tax returns, and any other documents verifying income.

Report on Lines 1 through 6: You must report the income you earned, received, and realized in the year preceding the year for which you are applying for a real property tax deferral, and the income the additional property owner earned, received, and realized while residing with you.

- Salaries
- Wages
- Bonuses
- Commissions
- Value of an inheritance
- Income from self-employment, including partnership and PA S corporation income
- Alimony
- Support money
- Cash public assistance relief
- The Gross amount of pensions and annuities, including total distributions from any Individual Retirement Account
- 50% of the Social Security Equivalent Benefits Portion of Tier 1 of your 2008 Railroad Retirement Income as shown on Form RRB-1099
- 100% of your prior year's annuity or pension benefits paid by the Railroad Retirement Board (Tier 2)
- 50% of your prior year's social security benefits as shown in box 3 of your statement
- 50% of your prior year's supplemental security income (SSI) as shown on your SSA letter that shows your total yearly benefits or a listing of your monthly benefits
- Unemployment compensation
- Veterans' disability payment
- All interest and dividends
- Rental and royalty income
- Workers compensation benefits, except Section 306(c) benefits
- Gross amount of loss of time insurance benefits and disability insurance benefits
- Life insurance benefits and proceeds (except the first \$5,000 of the total death benefit payments)
- Gifts of cash or property (other than transfers by gift between members of a household) in excess of a total value of \$300
- Lottery winnings, including PA Lottery Winnings, prize winnings, and the value of other prizes
- Realized capital gains, including the gain excluded from the sale of principal residence

## Section C. Certification

Signatures are required authorizing verification of information provided. Failure to execute this Income Eligibility Statement (or to provide a copy of the prior year's PA Property Tax or Rent Rebate Program application) will cause the application process to be terminated. Questions concerning the completion of this Income Eligibility Statement should be addressed to the Montgomery County Department Finance at (610) 278-3436, or email [finance@montcopa.org](mailto:finance@montcopa.org).



C. **Certification:** I/We declare that this claim is true, correct and complete to the best of my/our knowledge and belief.

I/We authorize the Montgomery County access to my Personal Income Tax records for the purpose of verifying the truth, correctness, and completeness of information reported in this form. The property owner(s) shall be guilty of a misdemeanor punishable by a fine up to \$1,000 and/or imprisonment for up to one year upon conviction should information provided herein be found to have been provided with fraudulent intent.

\_\_\_\_\_  
Signature of Property owner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Additional Property owner

\_\_\_\_\_  
Date