



NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER

GUIDELINE - PROPERTY TAX: CREDIT FOR DISABLED VETERANS

DISABLED VETERANS

A disabled veteran may qualify for a property tax credit on the veteran's homestead.

ELIGIBILITY REQUIREMENTS

- * 1. The applicant must be a disabled veteran of the United States armed forces with an armed forces service connected disability of 50% or greater. The applicant could also be a disabled veteran who has an extra-schedular rating to include individual unemployability which results in the veteran being paid at 100% as determined by the Department of Veterans Affairs.
- 2. The veteran must have been discharged under honorable conditions or be retired from the armed forces of the United States.
- 3. The percentage of credit allowed is equal to the percentage of the disabled veteran's disability compensation rating for service-connected disabilities as certified by the Department of Veterans Affairs for the purpose of applying for a property tax credit.
- * 4. The surviving spouse of a deceased qualifying veteran is eligible for a credit applied against the first \$9,000 of taxable valuation equal to the deceased veteran's percentage of disability compensation rating as certified by the Department of Veterans Affairs. A surviving spouse who is receiving Department of Veterans Affairs dependency and indemnity compensation receives a 100% credit.
- 5. The disabled veteran's income and assets do not affect eligibility for the credit.

PROPERTY QUALIFYING FOR CREDIT

- * 6. The credit equals the disabled veteran's percentage of disability or unemployability rating applied to the first \$9,000 of taxable value of the disabled veteran's homestead.
- * 7. If two disabled veterans are married to each other and living together, their combined credits may not exceed 100% of \$9,000 of taxable value of the homestead.
- * 8. If a disabled veteran co-owns the homestead property with someone other than the disabled veteran's spouse, the credit is limited to that disabled veteran's interest in the homestead, to a maximum amount calculated by multiplying \$9,000 of taxable valuation by the disabled veteran's percentage of interest in the homestead property and multiplying the result by the applicant's certified disability percentage.
- 9. A mobile home qualifies for the credit if the mobile home is the disabled veteran's homestead.
- 10. Land is eligible for the credit.

11. A person who meets the income requirement for homestead credit may apply for that program also.
12. A person whose homestead is a farm structure exempt from taxation under North Dakota Century Code (N.D.C.C.) § 57-02-08(15) is not prohibited from filing an application for a disabled veterans property tax credit. Homestead is defined in N.D.C.C. § 47-18-01.

ADDITIONAL REQUIREMENTS

13. Property must be owned and occupied as a homestead (defined in N.D.C.C. § 47-18-01) by a qualifying disabled veteran or surviving spouse. The applicant must reside on the property for which the credit is claimed and, as of the assessment date, have an interest in the property. Generally, such an interest can best be established by a written record or document, such as a deed, contract for deed, life estate, or declaration of homestead.
14. The veteran must have 50% or greater service-connected disability on the assessment date. The percentage rating on the assessment date applies for the whole year.
15. If the applicant is a surviving spouse of a deceased disabled veteran, the deceased veteran must have been disabled prior to the assessment date.
16. A disabled veteran or surviving spouse claiming a credit for the first time shall file with the county auditor an affidavit showing the required facts, a description of the property, a copy of the DD Form 214 showing the veteran's honorable discharge from active military service and a certificate from the United States Department of Veterans Affairs certifying to the amount of the disability. Those documents are confidential under N.D.C.C. § 37-18-11.
17. A person shall thereafter furnish to the assessor or other assessment officials, when requested to do so, any information which is believed will support the claim for credit for any subsequent year.
18. If a qualifying disabled veteran or surviving spouse moves to a different homestead, the credit is portable and may be applied to the person's new homestead.
19. A credit under this section terminates at the end of the taxable year of the death of the applicant.
- *20. Applicants who have property in the ownership of a revocable trust are eligible for this credit. Applicants who have property in the ownership of an irrevocable trust are not eligible for this credit.
21. If there is more than one tax credit having the same priority, the tax credits must be allowed in the order that is most beneficial to the taxpayer (see examples 28 and 29).

CANCELLATION OF UNPAID TAXES

22. The county commissioners have the authority to cancel the portion of the tax that represents the credit calculated in accordance with this section for any year that a disabled veteran or surviving spouse is eligible for the credit.

CALCULATIONS: VARIOUS SCENARIOS (ASSUME ALL APPLICANTS QUALIFY)

23. Facts: Taxable value (TV) of the homestead is greater than \$9,000 (maximum amount of credit).
Applicant has 80% disability, is married and living with spouse.

Taxable Value (TV) of homestead (land & bldgs.)		\$ 9,775
Maximum TV credit allowed	\$ 9,000	
x Applicant's interest in the property 100%	<u>x 1.00</u>	
TV of credit allowed for 100% interest	9,000	
x Disability percentage (80%)	<u>x .80</u>	
TV of credit		- 7,200
TV of homestead after disabled veterans credit (\$9,775 - \$7,200)		\$ 2,575

24. Facts: Taxable value (TV) of homestead is less than \$9,000.
Applicant has 60% disability, is single, and co-owns the homestead with a non-spouse.

Taxable Value (TV) of homestead (land & bldgs.)		\$ 4,905
TV of credit available (TV of homestead less than \$9,000)	\$ 4,905	
x Applicant's interest in the property (50%)	<u>x .50</u>	
TV of credit allowed for 50% interest	2,453	
x Disability percentage (60%)	<u>x .60</u>	
TV of credit		- 1,472
TV of homestead after disabled veterans credit (\$4,905 - \$1,472)		\$ 3,433

25. Facts: Taxable value (TV) of homestead is greater than \$9,000.
Applicant is the surviving spouse of a disabled veteran whose disability was certified at 70%. Applicant is receiving Department of Veterans' Affairs dependency and indemnity compensation (qualifies for credit at 100%).

Taxable Value (TV) of homestead (land & bldgs.)		\$ 9,675
Maximum TV credit allowed	\$ 9,000	
x Applicant's interest in the property 100%	<u>x 1.00</u>	
TV of credit allowed for 100% interest	9,000	
x Disability percentage (100% - see above)	<u>x 1.00</u>	
TV of credit		- 9,000
TV of homestead after disabled veterans' credit (\$9,675 - \$9,000)		\$675

26. Facts: Applicant has 50% disability, is married, and is living with the spouse.
Applicant sold Homestead No. 1 on March 31, and bought and moved into Homestead No. 2 on April 1. Applicant was eligible for credit for No. 1 from January 1 through March 31.
Applicant was eligible for credit for Homestead No. 2 from April 1 through December 31.

Homestead No. 1

Taxable Value (TV) of homestead (land and bldgs.)		\$ 7,560
Maximum TV credit allowed	\$7,560	
x Applicant's interest in the property (100%)	<u>x 1.00</u>	
TV of credit allowed for this applicant	7,560	
x Disability percentage (50%)	<u>x .50</u>	
TV of credit	\$ 3,780	
x Percentage of year applicant is eligible for credit		
January 1 – March 31 (3/12 = 0.25 or 25%)	<u>x .25</u>	
TV of Applicant's credit for three months		- 945
TV of Homestead No. 1 after disabled veterans credit (\$7,560 - \$945)		\$ 6,615

Homestead No. 2

Taxable Value (TV) of homestead (land and bldgs.)		\$ 9,450
Maximum TV credit allowed	\$9,000	
x Applicant's interest in the property (100%)	<u>x 1.00</u>	
TV of credit allowed for this applicant	9,000	
x Disability percentage (50%)	<u>x .50</u>	
TV of credit	\$ 4,500	
x Percentage of year applicant is eligible for credit		
April 1 – December 31 (9/12 = 0.75 or 75%)	<u>x .75</u>	
TV of Applicant's credit for nine months		- 3,375
TV of Homestead No. 2 after both credits applied (\$9,450 - \$3,375)		\$ 6,075

27. Facts: Applicant has 60% disability, is married, and is living with the spouse. Applicant sold Homestead No. 1 on June 30, and bought and moved into Homestead No. 2 on July 1. Applicant was eligible for credit for No. 1 from January 1 through June 30. Applicant was eligible for credit for Homestead No. 2 from July 1 through December 31.

Homestead No. 1

Taxable Value (TV) of homestead (land and bldgs.)		\$ 5,000
Maximum TV credit allowed	\$5,000	
x Applicant's interest in the property (100%)	<u>x 1.00</u>	
TV of credit allowed for this applicant	5,000	
x Disability percentage (60%)	<u>x .60</u>	
TV of credit	\$ 3,000	
x Percentage of year applicant is eligible for credit		
January 1 – June 30 (6/12 = 0.5 or 50%)	<u>x .50</u>	
TV of Applicant's credit for six months		- 1,500
TV of Homestead No. 1 after disabled veterans credit (\$5,000 - \$1,500)		\$ 3,500

Homestead No. 2

Taxable Value (TV) of homestead (land and bldgs.)		\$ 6,000
Maximum TV credit allowed	\$6,000	
x Applicant's interest in the property (100%)	<u>x 1.00</u>	
TV of credit allowed for this applicant	6,000	
x Disability percentage (60%)	<u>x .60</u>	
TV of credit	\$ 3,600	
x Percentage of year applicant is eligible for credit		
January 1 – June 30 (6/12 = 0.50 or 50%)	<u>x .50</u>	
TV of Applicant's credit for 6 months		<u>- 1,800</u>
TV of Homestead No. 2 after disabled veterans credit (\$6,000 - \$1,800)		\$ 4,200

28. Facts: Applicant qualifies for 50% disabled veterans credit and 50% homestead credit. The applicant is married, is living with the spouse, owned the homestead for 12 months and has 100% ownership.

Taxable Value (TV) of homestead (land and bldgs.)	\$ 7,628
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DVC applied first:

Maximum TV credit allowed	\$7,628	
x Applicant's interest in the property	<u>x 1.00</u>	
TV of credit allowed for this applicant	7,628	
x Disability percentage (50%)	<u>x .50</u>	
TV of credit	\$ 3,814	
x Percentage of year applicant is eligible for credit		
January 1 – December 31	<u>x 1.00</u>	
TV of Homestead after disabled veterans credit		<u>-3,814</u>
		\$ 3,814

HPC applied to remaining taxable value (\$3,814).

Remaining Taxable Value		\$ 3,814
x Applicant's interest in the property	<u>x 1.00</u>	
TV of credit allowed for this applicant	\$ 3,814	
x Homestead percentage (50%)	<u>x .50</u>	
TV of credit	\$ 1,907	
x Percentage of year applicant is eligible for credit		
January 1 – December 31	<u>x 1.00</u>	
TV of Homestead after both credits applied		<u>- 1,907</u>
		\$ 1,907

Taxpayer will owe taxes on the remaining 1,907 taxable value (7,628 - (3,814 + 1,907) = 1,907).

29. Facts: Applicant qualifies for 100% disabled veterans credit and 100% homestead credit. The applicant is married, is living with the spouse, owned the homestead for 12 months and has 100% ownership.

Taxable Value (TV) of homestead (land and bldgs.) \$20,000

DVC applied first:

Maximum TV credit allowed	\$9,000	
x Applicant's interest in the property	<u>x 1.00</u>	
TV of credit allowed for this applicant	9,000	
x Disability percentage (100%)	<u>x 1.00</u>	
TV of credit	\$ 9,000	
x Percentage of year applicant is eligible for credit January 1 – December 31	<u>x 1.00</u>	
TV of Homestead after disabled veterans credit		<u>-9,000</u> \$11,000

HPC applied to remaining taxable value (\$11,000).

Maximum TV allowed	\$9,000	
x Applicant's interest in the property	<u>x 1.00</u>	
TV of credit allowed for this applicant	9,000	
x Homestead percentage (100%)	<u>x 1.00</u>	
TV of credit	\$ 9,000	
x Percentage of year applicant is eligible for credit January 1 – December 31	<u>x 1.00</u>	
TV of Homestead after both credits applied		<u>- 9,000</u> \$ 2,000

Taxpayer will owe taxes on the remaining \$2,000 taxable value (20,000 - (9,000 + 9,000) = \$2,000).

- *30. Facts: Applicant qualifies for 60% disabled veterans credit and the applicant's spouse also qualifies for 60% disabled veterans credit. The applicant is living with the spouse, owned the homestead for 12 months and has 100% ownership in the home.

Taxable Value (TV) of homestead (land and bldgs.) \$13,500

DVC applied first:

Maximum TV credit allowed	\$9,000	
x Applicant's interest in the property	<u>x 1.00</u>	
TV of credit allowed for this applicant	9,000	
x Disability percentage (60% + 60% = 100%)	<u>x 1.00</u>	
TV of credit	\$ 9,000	
x Percentage of year applicant is eligible for credit January 1 – December 31	<u>x 1.00</u>	
TV of Homestead after disabled veterans credit		<u>-9,000</u> \$ 5,400

NOTE - Remember to perform calculations to determine which credit should be applied first to determine the greater benefit for the applicant.

* Indicates significant change since last revised.

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