



# TAX ABATEMENT

**Local communities may offer real and personal property tax abatement as an incentive to new and expanding businesses. Property tax abatement allows a property owner to phase in payment of property taxes over a designated period. This period may be any number of years between one and ten. The designating body determines the period.**

Property tax abatement in Indiana is authorized under Indiana Code 6-1.1-12.1 in the form of deductions from assessed valuation. Any property owner in a locally designated Economic Revitalization Area (ERA) who makes improvements described below is eligible for property tax abatement.

## Real Property Tax Abatement

With respect to real property (buildings), the deduction is a percentage of the increase in assessed valuation that results from rehabilitation or redevelopment. Improvements to existing buildings may be eligible.

## Real Property Tax Abatement Deduction Period

Real property tax abatement is a declining percentage of the increase in assessed value of the improvement based on one of the following ten time periods. The local designating body determines the time period for the abatement.

## Personal Property Tax Abatement

New manufacturing equipment and new research and development equipment are eligible for personal property tax abatement. Used manufacturing equipment can also qualify as long as such equipment is new to the state of Indiana. Equipment not used in direct production, such as office equipment, does not qualify for abatement.

## Personal Property Tax Abatement Deduction Period

Personal property tax abatement is a declining percentage of the assessed value of the newly installed manufacturing and/or research and development equipment. Taxes are phased in as described above. The designating body may approve a deduction period of any number of years not to exceed ten years.

## How to Obtain Tax Abatement

### Application

Property owners must apply for designation to the designating body, usually the town board, city council, county council or the metropolitan development commission having jurisdiction over the area.

### Compliance

After the abatement is granted, an abatement deduction application must be filed in the office of the county auditor in the county in which the property is located. (Please see IC 1-6.1-12.1 and 50 IAC 4.2-13.) Failure to file the required abatement applications by the due date will result in loss of the abatement.

*NOTE: Each community in the North Central Indiana Region has its own policies and procedures for granting tax abatement. For local tax abatement policies contact the specific Economic Development director.*