

Deferral Application for Homeowners with Limited Income

Chapter 84.37 RCW

Complete this application in its entirety and file along with all supporting documents at your county assessor’s office. File no later than September 1 in the year the taxes are due. For assistance, contact your county assessor at dor.wa.gov/countycontacts.

County use only

Deferral number: _____ Processed by: _____

Approve/deny date: _____ Deny reason: _____

This deferral application is for the second half of real property taxes due in the year.

Year: _____ Parcel or account number: _____

1 Applicant information

Applicant name: _____ Date of birth: _____

Spouse/domestic partner or co-tenant name: _____ Date of birth: _____

Other occupants: _____

Residence address: _____

City: _____ State: _____ Zip: _____

Mailing address (if different than residence address): _____

City: _____ State: _____ Zip: _____

Home phone: _____ Cell phone: _____ Email: _____

2 Ownership and occupancy

Date property purchased: _____ Date property initially occupied: _____

I occupy the residence: More than 6 months in a calendar year. Less than 6 months in a calendar year.

3 Property information

Type of residence:

Single-family home Single unit of a multi-unit dwelling duplex/condo Mobile home

If mobile home, provide a copy of the Department of Licensing Certificate of Title or Title Elimination document.

This residence includes:

Less than or equal to one acre of land.

More than one acre of land.

If more than one acre, list the zoning regulation for your parcel.

Homeowners insurance: Yes No

If yes, provide a copy of your most recent Fire and Casualty Insurance policy and/or statement. See the instructions for more information regarding homeowners insurance.

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Liens and obligations (include balance as of January 1)

Reverse Mortgage	Yes	No \$
1st Mortgage	Yes	No \$
2nd Mortgage	Yes	No \$
Special assessments	Yes	No \$
Other liens, HELOC, etc.	Yes	No \$

4 Combined disposable income

Year:

Total combined disposable income from the Combined Disposable Income Worksheet: \$
(See instructions. Submit your completed worksheet with this application.)

5 Certification

By signing this form, I confirm that I:

- Understand that any deferred real property taxes and/or special assessments, with interest, are a lien upon this property and the lien becomes due when:
 - I transfer ownership of your property to someone else.
 - I no longer permanently reside at the residence.
 - My property is condemned.
 - I no longer maintain a fire and casualty insurance policy naming the Washington State Department of Revenue as a loss payee in an amount that is sufficient to protect the interest of the state, and the deferred amount exceeds 100% of my equity in only the land value.
 - I die. Unless my surviving spouse, domestic partner, heir, or devisee is at least 57 years old, meets the qualifications for the deferral, and files an application with the county assessor within 90 days of your death.
- Understand that future deferrals are not automatic and I must renew my application to defer property taxes in a future year.
- Understand the annual interest rate on deferrals made in 2021 is 3%.
- Declare under penalty of perjury that the information in this application is true and complete.

Applicant signature:

Date:

Percent ownership:

Spouse/domestic partner signature:

Date:

Percent ownership:

Other owner signature:

Date:

Percent ownership:

Instructions for completing the application

Complete Parts 1 through 5 in their entirety and include supporting documents to avoid delays in application processing. If you have questions, contact your county assessor's office at dor.wa.gov/countycontacts.

This deferral does not have an age or disability requirement. However, before you can qualify to defer your second half taxes you must pay your first half taxes. In addition, your income must be \$57,000 or less, and you must have owned your home for at least 5 years.

Part 1

A co-tenant is someone who lives with you and has an ownership interest in your home. Other occupants are people who live with you who don't have ownership interest in your home.

Part 2

Check the appropriate box. See the Documents to Include section in these instructions to determine what to send for proof of age or disability. If you are the surviving spouse/domestic partner, heir, or devisee of a person who previously received the deferral, provide a copy of their death certificate as well as a copy of their Last Will and Testament if they had one. If they died without a Last Will and Testament, provide a statement explaining why you as the surviving spouse/domestic partner, heir, devisee are entitled to receive the property after their death.

Part 3

Details regarding your specific residence and parcel data can be obtained from your county assessor's office.

If your parcel is more than one acre, but you are only allowed to defer the taxes on one acre, a lien will be placed on your entire property unless you provide a clear legal description for only the portion eligible for the deferral.

You can defer up to 40% of your equity value in the residence. If you have a homeowner's insurance policy that you have **Washington State Department of Revenue-Property Tax Division, PO Box 47471, Olympia WA 98504** as a loss payee, your equity value is the assessed value of the residence plus land minus the debts and encumbrances secured by the property.

If you do not have homeowners insurance or your policy does not list the department as a loss payee, your equity value is the assessed value of land only minus the debts and encumbrances secured by the property.

List the balance of all liens and obligations secured by your property as of January 1 of the application year.

Part 4

Complete and attach the Combined Disposable Income worksheet and enter the total here.

How combined disposable income is calculated

Per RCW 84.36.383(1) "combined disposable income" is your disposable income plus the disposable income of your spouse/domestic partner and any co-tenants, minus deductible expenses.

How disposable income is calculated

"Disposable income" has a specific definition for the purpose of this program. Per RCW 84.36.383(6), "disposable income" is adjusted gross income, as defined in the federal internal revenue code, plus all of the following that were not included in, or were deducted from, adjusted gross income:

- Capital gains, other than a gain on the sale of a principal residence that is reinvested in a new principal residence.
- Amounts deducted for losses or depreciation.
- Pensions and annuities.
- Social security act and railroad retirement benefits.
- Military pay and benefits other than attendant-care and medical-aid payments.
- Veterans pay and benefits other than attendant-care, medical-aid payments, VA disability benefits, and DIC.
- Dividend receipts.
- Interest received on state and municipal bonds.

These incomes are included in "disposable income" even when it is not taxable for IRS purposes.

What are deductible expenses

Expenses paid by you or your spouse/domestic partner (not reimbursed or covered by insurance) for:

- Prescription drugs.
- Treatment or care of either person in the home or in a nursing home, boarding home, or adult family home.
- Health care insurance premiums for Medicare Parts A, B, C, and D and Medicare supplemental (Medigap) policies.
- Durable medical and mobility enhancing equipment and prosthetic devices.
- Medically prescribed oxygen.
- Long-term care insurance.
- Cost-sharing amounts (amounts applied towards your health plan's out of pocket maximum).
- Nebulizers.
- Medicines of mineral, animal, and botanical origin prescribed, administered, dispensed, or used in the treatment of an individual by a Washington licensed naturopath.
- Ostomic items.
- Insulin for human use.
- Kidney dialysis devices.
- Disposable devices used to deliver drugs for human use.

For additional information, review the instructions for the Combined Disposable Income Worksheet.

Income thresholds

The income threshold to qualify for this deferral is \$57,000.

Part 5

Sign and date the application. You are signing under oath acknowledging all information is true and accurate. You understand the deferred amount plus interest is due under the circumstances listed. If any other person, including your spouse/domestic partner has an ownership interest in the residence, they must also sign and date the application.

Documents to include

You must provide documentation to your county assessor's office to support the information reported on the application.

Proof of age or disability, ownership, and occupancy

Include copies of documentation showing you meet the age or disability, ownership, and occupancy requirements such as:

- A copy of your driver's license or state issued photo id.
- A copy of your voter registration.
- A copy of your birth certificate.
- If your eligibility is based on a disability: a copy of your disability award letter from SSA or VA, or a Proof of Disability statement completed and submitted by your physician.
- A complete copy of trust documents, if applicable.
- A copy of your deed.
- Any other documents your county assessor requests.

Proof of income

Attach a completed Combined Disposable Income Worksheet and supporting documents.

For additional detail on what to include, see the instructions for the Combined Disposable Income Worksheet.

Combined Disposable Income Worksheet

Attach and submit the completed worksheet with your property tax relief application.

Instructions (worksheet is on the last page)

The terms disposable income and combined disposable income for the purpose of Washington's property tax relief programs for individuals are defined in RCW 84.36.383 and WAC 458-16A-100. Use this worksheet to calculate your combined disposable income and enter the result on your property tax relief application(s).

Enter the calendar year of the income you are reporting.

If you, your spouse/domestic partner, and/or co-tenants are required to file a federal income tax return, mark yes even if they have not been filed yet. Note: if federal income tax returns are required to be filed, you will need to provide a complete copy of the federal income tax returns submitted to the IRS. Your county assessor may require you to wait to complete your application(s) until the federal income tax returns have been filed with the IRS.

Disposable income: Include amounts for you and your spouse or domestic partner as well as amounts of anyone living in the residence that has an ownership interest in the residence.

Line 1 If you filed a federal income tax return enter your federal Adjusted Gross Income (AGI) on Line 1 and include a complete copy of your federal income tax return. If you did not file a federal income tax return enter zero.

Line 2 If you filed a federal income tax return, enter the amount of capital gains exempted or not reported on your federal income tax return. If you did not file a federal income tax return, enter all your capital gains from all sources. This includes the gain on the sale of a primary residence to the extent the gain was not used to purchase a replacement primary residence. Do not use losses to offset gains. Include copies of 1099's and year-end account statements.

Line 3 If you filed a federal income tax return and reported losses, you must add back the losses to the extent they were used to offset or reduce income. Ex1: On Schedule D, you reported a \$10,000 loss but the loss was limited to \$3,000. Enter \$3,000 on Line 3. Ex2: You filed two Schedule C's – one with a \$10,000 loss and one with a \$5,000 net income. A net loss of \$5,000 was reported on your federal income tax return. Enter \$10,000 on Line 3. If you did not file a federal income tax return, enter zero.

Line 4 If you filed a federal income tax return and reported depreciation and the net result was a loss, you must recalculate the net income/loss without the depreciation expense. If there is still a net loss enter zero on Line 4. If the result is net income, enter the net income on Line 4. If you did not file a federal income tax return, calculate any business, rental, etc. net income/loss without a deduction for depreciation expense. Include copies of all supporting documents.

Line 5 If you filed a federal income tax return, enter the amount of nontaxable wages you received. If all your wages were taxable and included on your federal income tax return, enter zero. If you did not file a federal income tax return, enter the total wage income you received. Include copies of W-2's or wage statements.

Line 6 If you filed a federal income tax return, enter the amount of nontaxable interest and dividends received. Include nontaxable interest on state and municipal bonds. If you did not file a federal income tax return, enter the total interest and dividend income you received including interest on state and municipal bonds. Include copies of 1099's or other tax statements.

Line 7 If you filed a federal income tax return, enter the amount of nontaxable pension and annuity distributions you received. Ex: You received \$10,000 in pensions and annuities. The taxable amount was \$6,000. Enter the nontaxable \$4,000 on Line 6. If you did not file a federal income tax return, enter the gross pension and annuity distribution amounts on Line 6. Do not include nontaxable IRA distributions. Include copies of 1099's.

Line 8 If you filed a federal income tax return, enter the amount of nontaxable military pay and benefits, including Combat Related Special Compensation (CRSC), you received. Do not include attendant-care and medical-aid payments. If you did not file a federal income tax return, enter the amount of all military pay and benefits regardless of whether it is subject to federal income tax. Do not include attendant-care and medical-aid payments. Include copies of award letters or other supporting documents.

Line 9 If you filed a federal income tax return, enter the amount of nontaxable veteran pay and benefits you received. Do not include attendant-care and medical-aid payments, disability compensation, or dependency and indemnity compensation paid by DVA. If you did not file a federal income tax return, enter the total amount of veteran pay and benefits you received. Do not include attendant-care and medical-aid payments, disability compensation, or dependency and indemnity compensation paid by DVA. Include copies of award letters or other supporting documents.

Line 10 If you filed a federal income tax return, enter the amount of nontaxable social security and railroad retirement benefits. Ex: Your gross Social Security benefit was \$10,000 and \$4,000 was subject to federal income tax, enter the nontaxable \$6,000 on Line 9. If you did not file a federal income tax return, enter the gross social security and railroad retirement benefits you received. Include copies of 1099's.

Line 11 If you filed a federal income tax return, enter the amount of business, rental, or farming income not reported on your federal income tax return or related schedules. If you did not file a federal income tax return enter the total amount of business, rental, or farming income. You can deduct normal expenses, except depreciation, but do not use losses to offset income. Include copies of all supporting documents.

Line 12 If you filed a federal income tax return, enter the amount of any other income you received not reported on your federal income tax return or disclosed on a previous line including money contributed to household expenses from other residents. If you did not file a federal income tax return, enter the amount of any other income you received not reported on a previous line including money contributed to household expenses from other residents.

Deductions: Include amounts paid by you and your spouse or domestic partner that were not reimbursed by insurance or other organizations or providers.

Line 14 Enter nursing home, assisted living facility, or adult family home expenses incurred. Provide copies of invoices or equivalent documents for the amounts entered.

Line 15 Enter home health care expenses incurred. Home health care means the treatment or care received in the home that is similar to the type of care provided in the normal course of treatment or care in a nursing home. The providers of home health care do not have to be licensed for the cost to be deductible under this provision. Qualifying expenses may be: physical therapy received in the home, medical treatments or care received in the home, attendant care, light housekeeping tasks, meals-on-wheels, or life alert. Provide copies of invoices or equivalent documents for the amounts entered.

Line 16 Enter the amounts paid for prescription drugs. Provide a summary from your pharmacies or equivalent documents for the amounts entered.

Line 17 Enter the amounts paid for Medicare Parts A, B, C, or D insurance premiums. Provide copies of SSA-1099, invoices, or equivalent documents for amounts entered.

Line 18 Enter the amounts paid for approved Medicare supplemental insurance premiums. Provide copies of statements identifying insurance company, plan number, and premiums paid.

Line 19 Enter amounts paid for durable medical equipment, mobility enhancing equipment, and prosthetic devices. Deductible amounts include for purchase, rental, repair, cleaning, replacement parts, etc. Review WAC 458-20-18801 tables 1, 3, and 5 for qualifying items. Provide receipts or invoices for amounts entered.

Line 20 Enter amounts paid for medically prescribed oxygen, including but not limited to, oxygen concentrator systems, oxygen enricher systems, liquid oxygen systems, and gaseous, bottled oxygen systems prescribed. Provide receipts or invoices for amounts entered.

Line 21 Enter amounts paid for long-term care insurance premiums. Provide invoices or equivalent documents for amounts entered.

Line 22 Enter amount paid for cost-sharing. Cost-sharing amounts included deductibles, co-insurance, co-payments for enrollees in health plan; the amounts counted toward the plans out-of-pocket maximum. Provide a coverage summary that identifies the amount of out-of-pocket maximum incurred.

Line 23 Enter amounts paid for nebulizers; a device, not a building fixture, that converts a liquid medication into a mist so that it can be inhaled. Provide receipts or invoices for amounts entered.

Line 24 Enter amounts paid for medicines of mineral, animal, and botanical origin prescribed, administered, dispensed, by a naturopath licensed under Washington law. Provide the receipts or invoices for amounts entered, a copy of the treatment plan, and the name of the naturopath and their Washington license number.

Line 25 Enter the amounts paid for ostomic items; disposable medical supplies used by colostomy, ileostomy, and urostomy patients, and includes bags, belts to hold up bags, tapes, tubes, adhesives, deodorants, soaps, jellies, creams, germicides, and other like supplies. Does not include undergarments, pads, and shields to protect undergarments, sponges, or rubber sheets. Provide receipts or invoices identifying items and amounts paid.

Line 26 Enter amounts paid for insulin for human use. Provide receipts or invoices identifying items and amounts paid.

Line 27 Enter amounts paid for kidney dialysis devices. Provide receipts or invoices identifying items and amounts paid.

Line 28 Enter amounts paid for disposable devices used to deliver drugs such as syringes, tubing, or catheters. Does not include a stand or device that holds the tubing or catheter. Provide receipts or invoices identifying items and amounts paid.

Line 29 If you filed a federal income tax return, enter zero. The amount you entered on Line 1 accounts for adjustments to income if you filed a federal income tax return. If you did not file a federal income tax return, review federal form Schedule 1 (Form 1040) and federal form Schedule 1 instructions for valid adjustments to income. If any adjustments are applicable, enter the amounts. Provide supporting documents for all amounts entered.

Line 31 Combined disposable income. Enter this amount on your main application; Senior Citizen and People with Disabilities Exemption from Real Property Taxes, Deferral Application for Senior Citizens and People with Disabilities, Deferral Application for Homeowners with Limited Income, or Property Tax Assistance Application for Widows/Widowers of Veterans.

Income year:	
Are you required to file a federal income tax return?	Yes No
<u>Disposable income</u>	<u>Amount</u>
1. Federal adjusted gross income from Federal Form 1040	
2. Capital gains not reported on your federal income tax return	
3. Losses reported on your federal income tax return	
4. Depreciation reported on your federal income tax return	
5. Wage income: nontaxable and/or not reported on your federal income tax return	
6. Dividend or internet income: nontaxable and/or not reported on your federal income tax return	
7. Pension and annuity income: nontaxable and/or not reported on your federal income tax return	
8. Military pay and benefits: nontaxable and/or not reported on your federal income tax return	
9. Veterans pay and benefits: nontaxable and/or not reported on your federal income tax return	
10. Social security or railroad retirement benefits: nontaxable and/or not reported on your federal income tax return	
11. Business, rental, or farming income not reported on your federal income tax return	
12. Other income not included in amounts on Lines 1-11, provide the source, type and amount	
13. Add lines 1-12 This is your total disposable income:	
<u>Deductions</u>	
14. Nursing home, assisted living or adult family home	
15. Home health care	
16. Prescription drugs	
17. Medicare parts A,B,C, D insurance premiums	
18. Medicare supplemental/Medigap insurance premiums	
19. Durable medical and mobility enhancing equipment and prosthetic devices	
20. Medically prescribed oxygen	
21. Long-term care insurance	
22. Cost-sharing amounts	
23. Nebulizers	
24. Medicines of mineral, animal and botanical origin prescribed, administered, dispensed, by a naturopath licensed under Washington law	
25. Ostomic items	
26. Insulin for human use	
27. Kidney dialysis devices	
28. Disposable devices used to deliver drugs for human use	
29. Adjustments to income	
30. Add lines 14-29 This is your total deductions:	
31. Subtract line 30 from line 13 This is your total combined disposable income:	