



## Montgomery County Real Estate Tax Deferral Program

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 claimant'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 claimant.

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 claimant.

### Who Qualifies?

Participants must be:

- Homeowners who are at least 65 years of age by December 31 of the year in which the applications are made.
- Those whose household income is \$35,000 or less (includes 50% of social security income).
- Those who have owned and occupied the qualifying property for at least the last twelve (12) months.
- Those who have fire or casualty insurance coverage for the qualifying property in an amount not less than the amount of the taxes being deferred.
- Those who do not owe outstanding property tax or special assessments.
- Those who have written approval from the spouse, if filing jointly, or Trustee, if the property is held in a qualifying Trust, to participate in the program.

### How do I apply?

- Applications will be made available through the Montgomery County Finance Department January 1 through the October 31 application deadline.
- Claimants will be required to fill out the application completely and provide copies, not originals, of the required documents.
- Claimants will be required to return applications to the Montgomery County Finance Department located at One Montgomery Plaza, 425 Swede Street, 8<sup>th</sup> Floor, Norristown, PA 19401 no later than October 31. There are no time extensions.
- Claimants must apply each year the County approves a new increase to the County Real Estate Tax Millage Rate

How much will it cost?

- The County does not charge an administrative fee or interest fee to participate in this program.

How much real estate tax can be deferred?

- The maximum annual property tax deferral shall not exceed the annual real estate tax increase over the base year. For example, a taxpayer with an annual tax bill of \$444 in 2022 (base year) will only be able to defer \$35 or the 8% real estate tax increase, approved for 2023. In the first year of being approved for the program, the County will provide a refund of the approved real estate tax deferrals, upon proof of payment of the annual 2023 real estate tax to the local tax collector.

When is the deferred real estate tax collected?

- Should a homeowner choose to apply to the program, they would be permitted to defer the increase of real estate taxes using 2022 as the base year. They would pay the 2023 amount, and any amounts over that would constitute a lien on the property of the applicant in favor of the County, with a new lien filed annually. Deferred real estate tax amounts must be repaid immediately upon the sale or transfer of the property. The lien would remain on the property until the property is sold, the property owners are no longer the sole residents, or the property is transferred through will or intestacy.

What if there is a mortgage?

- Although written approval from your mortgage lender is not required in order to qualify for the program, residents should advise their mortgage lender of their intention to participate in the program and confirm that their participation will not violate any terms of their mortgage agreement. The same is recommended if a resident has entered into a "reverse-mortgage" agreement.

What if I change my mind?

- The program is flexible. A homeowner may withdraw, keep the granted real estate tax deferral, pay off the real estate tax deferral and/or re-enter the following year.

**REMINDER:** Last day to file will be October 31 of the year the taxes otherwise would be paid. There are no time extensions.

Residents can call the Montgomery County Department of Finance at (610) 278-3436 or email [finance@montcopa.org](mailto:finance@montcopa.org) for more information.