

# THE B&B ALERT

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## *New Jersey Property Tax Savings Programs*

By Philip R. Saunders

Are you missing a chance to reduce your property taxes? If you live in New Jersey there are many programs to assist in dealing with the increasing burden of property taxes. If you are not taking advantage of any programs now, you are likely missing out on a chance to put money back in your pocket. Below is a brief synopsis of some of the programs available:

### Property Tax Freeze

The property tax freeze is a program that provides a reimbursement for the difference between property taxes due and paid in the current year, and your property tax liability for the year in which you first met the eligibility requirements, called the base year. For instance, John met the eligibility requirements for the tax freeze in 2003, and his property tax liability for 2003 was \$3,000. If John claims the reimbursement in 2005, and his liability in 2005 was \$5,000, he would receive a reimbursement of \$2,000. Applications to claim the reimbursement for 2005 must be filed by June 1, 2006. The eligibility requirements for the program are:

- (1) New Jersey resident and citizen 65 years or older, or receiving SSD benefits, and
- (2) lived in NJ continuously for the previous 10 years as a homeowner or renter, and
- (3) owned and lived in your home for the last 3 years, and
- (4) paid all taxes due for base year and each year up to the year for which the reimbursement is claimed, and
- (5) meet income limits for the base year and each succeeding year. If applying for reimbursement in 2005, income limits for 2004 would be \$40,869(single) or \$50,113(married) and for 2005 would be \$41,972(single) or \$51,466(married).

### Property Tax Deductions

There are two programs that provide for a deduction from your property tax liability. The first program is for veterans and provides a \$250 deduction. The second is for those 65 and older or permanently and totally disabled, which also provides a \$250 deduction.

The requirements of the veteran deduction are:

- (1) citizen and resident of NJ, and
- (2) honorable discharge or release, and
- (3) active service in time of war

The application for the deduction must be filed by December 31<sup>st</sup> of the preceding tax year.

The requirements of the deduction for those 65 and over or totally disabled are:

- (1) Income is less than \$10,000
- (2) 65 years or older or 100% permanent disability

An important note to this program is a surviving spouse may keep the deduction if he or she is less than 65 years old, as long as the spouse is 55 or older and not remarried.

### FAIR Rebate

The FAIR rebate is a program that provides taxpayers with a rebate of a portion of their property taxes. The amount of the rebate depends on your age and income level. In order to qualify for the rebate you must:

- (1) own and occupy a home in NJ that was your principal residence on 10/1/05.
- (2) have gross income for 2005 of \$200,000 or less
- (3) home must be subject to local property taxes, and taxes must have been paid

A deduction from your NJ state income tax is also available if you do not qualify for the FAIR rebate or elect to take the deduction instead of the FAIR rebate. The deduction is equal to 100% of property tax due and paid or \$10,000, whichever is less.

### Veteran's Exemption

For veterans that meet the eligibility requirements a full exemption from property tax is available. The requirements of the program are:

- (1) Served during wartime
- (2) Honorable discharge or dismissed under honorable conditions
- (3) Rated 100% service connected disability by the VA, and disability is not temporary or the result of hospitalization, surgery or recuperation

The rebate is also available to the surviving spouse, where the veteran was receiving the exemption or would have been eligible if the application had been filed. This applies to the surviving spouse of a veteran that died in active service during wartime.



Begley & Bookbinder, P.C. is an Elder & Disability Law Firm with offices in Moorestown, Stone Harbor and Lawrenceville, New Jersey and can be contacted at 800-533-7227. The firm services southern and central New Jersey and eastern Pennsylvania.

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