

Q. Where do I file the application?

A. With your local assessor, who can provide you with additional documents that may also need to be filed.

Q. Do I have to prove my age?

A. Senior citizens applying for the Enhanced STAR must supply proof of age with their initial STAR application.

Q. By what date must I turn 65 to receive the Enhanced STAR exemption?

A. In most localities the filing deadline is **March 1, 2017**, but please check with your local assessor to be sure. Even if you do not turn 65 until later this year, you must apply before this deadline in order to get the Enhanced STAR benefit. Remember, for property owned by spouses, or by siblings, only one of them has to be at least 65 years old as of December 31 of the year in which the exemption will begin.

Q. Do I have to prove my income for Enhanced STAR?

A. Yes, if you have not already applied for the automatic income verification program. Remember, for property owned by more than one person, the combined annual income must be no greater than \$86,000.

Q. I am a senior citizen whose income exceeds \$86,000. Can I still receive the Basic STAR exemption?

A. Of course. And like other Basic STAR recipients, as long as you've been receiving Basic STAR in previous years on your home, you won't need to reapply unless you move.

Q. What if I buy a new home?

A. Your STAR exemption is not transferred automatically. You will have to apply for the exemption on your new primary residence.

2016 STAR Changes

▶ New homeowners will be eligible for a school tax relief (STAR) personal income tax credit, rather than the property tax exemption under the traditional STAR or Enhanced STAR. The credit will be equal to the exemption granted under traditional STAR or Enhanced STAR;

- ▶ All of the same requirements from STAR will apply to the new credit;
- ▶ It will be an advanced tax credit mailed out between September 15 and 30 each year to avoid cash flow issues for those claiming;
- ▶ Individuals' school tax bill will have a specific line indicating how much the credit will be;
- ▶ Allows seniors to file late for Enhanced STAR and senior citizens exemption where "good cause" is demonstrated;
- ▶ Allows the Department of Tax and Finance to remit direct payments to individuals who were incorrectly denied STAR benefits;
- ▶ Converts the NYC personal income tax credit into a NYS personal income tax credit; and
- ▶ Makes minor changes to the recoupment of incorrectly given STAR benefits by switching the look back period from three years of assessment rolls to three school years.

Application and Credit Procedure

New homeowners are required to apply to the Department of Tax and Finance by July 1 in order to ensure that they will receive the pre payment of the credit in a timely manner.

New homeowners include those who purchased their home after the 2015 taxable status date (generally March 1, 2015 but may vary by locality) or did not apply for the STAR exemption for their home by the 2015 application deadline.

Homeowners who have applied for the STAR credit but did not receive the credit or the credit amount is less than the amount they believe it should be, may request payment from the Department of Tax and Finance.

Tax Implications

Since the credit is being prepaid in the fall and in the same year that taxpayers pay their property tax bills, taxpayers who itemize their deductions and include real estate taxes paid (including school taxes) must offset that deduction by the amount of the STAR credit they receive. This is for both federal and state tax purposes. As a result, the amount of real estate taxes a person can deduct will be the same regardless if they get the credit or the exemption. If homeowners do not itemize deductions there will be no tax implications.

Mobile Homes and Co-Ops

Most homeowners receive their STAR exemption tax benefits directly on their school tax bills. However, owners of mobile homes and co-ops that are not separately assessed, receive their STAR exemption tax benefits from the property owner.

Given the different mechanism by which these homeowners receive their STAR tax benefit, the 2016 PIT credit for most mobile homeowners would equal the basic or enhanced STAR tax savings for the school district portion, whichever is applicable, that would be applied to a separately assessed parcel with a taxable assessed value equal to \$20,000 multiplied by the appropriate state equalization rate. The 2016 PIT credit for most co-op homeowners would equal the basic or enhanced STAR tax savings for the school district portion, whichever is applicable.

For more information, please visit the NYS Tax Department website:
<https://www.tax.ny.gov/pit/property/star>.

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NEW YORK STATE SENATE

QUESTIONS & ANSWERS STAR: THE SCHOOL PROPERTY TAX EXEMPTION



IMPORTANT INFORMATION FROM

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Q. What is STAR?

A. The School Tax Relief Program, or STAR, was sponsored by the New York State Senate to provide a partial exemption from school property taxes for New York State residents who own homes. To obtain Basic STAR savings, you need to file an application with your local assessor. (You will subsequently be asked to register the exemption with the State Tax Department.)

Q. Who benefits from the STAR program?

A. STAR benefits all of us by:

- ▶ making home ownership more affordable for New York State residents;
- ▶ helping senior citizens stay in their homes and their communities;
- ▶ helping taxpayers better understand their property tax bills; and
- ▶ reimbursing schools dollar for dollar to ensure quality education programs.

Q. How does STAR work?

A. There are two parts to the STAR program:

Basic STAR is available to all New Yorkers with an income of \$500,000 or less, who own and live in their one-, two- or three-family home, condominium, cooperative apartment, mobile home or farm home. Basic STAR works by exempting \$30,000 of the full value of a home from school taxes. New Yorkers are eligible for this exemption on their primary residence, regardless of age.

Enhanced STAR is available to senior citizens (age 65 and older) who meet the income requirements. For qualifying seniors, Enhanced STAR exempts \$65,500 of the full value of their primary residence. For property owned by spouses, or by siblings, only one of them must be at least 65 years of age to qualify for Enhanced STAR.

Q. What is the income requirement for Enhanced STAR?

A. The Enhanced STAR plan for seniors automatically adjusts income limits based on the annual federal Social Security cost-of-living adjustment (COLA). The current income limit is \$86,000 for the 2017-18 school year, and it will continue to increase at the same rate as COLA. The STAR income eligibility limit will never decrease. If the annual Social Security COLA is ever a negative amount, the STAR COLA will remain at the previous year's level.

Income is defined as your federal "adjusted gross income" minus the "taxable amount" of total distributions from individual retirement accounts or individual retirement annuities (IRAs). Eligibility in 2017 is based on income information from the 2015 tax year.

Q. How do I get my Enhanced STAR tax cut?

A. You must file an application with your local assessor. Senior citizens applying for the Enhanced STAR exemption must demonstrate that the combined income of all of the owners of the property, and of any owner's spouse who resides on the premises, is no greater than the income standard for the applicable income tax year. You may do this in one of two ways:

OPTION 1: Traditional method. Submit a copy of your income tax return(s) for the appropriate income tax year to the assessor with your STAR application by the application deadline each year.

OPTION 2: STAR Income Verification Program. Supply your Social Security Number(s) and authorize the New York State Department of Taxation and Finance to verify your income eligibility each year. If you choose this option, you do not need to submit an application and copy of your tax return(s) to the assessor every year. To choose this option, in the initial year you must complete form RP-425-IVP and submit it to the assessor along with a traditional STAR application and the necessary income tax return(s) by the application deadline.

Q. How do I get my Basic STAR tax cut?

A. You must file an application with your local assessor if you are applying for the first time. You will also receive a mailing from the State Tax Department prompting you to register with the state to obtain Basic STAR savings in subsequent years. Basic STAR recipients will need to notify their assessor any time their primary residence changes.

Q. Where do I get the STAR application?

A. Application forms RP-425-B (Basic STAR Exemption) and RP-425-E (Enhanced Star Exemption) are available on the NYS Department of Taxation and Finance website: <https://www.tax.ny.gov/forms/orpts/star.htm>.

Q. Does the STAR exemption apply to all taxes on my property?

A. The STAR exemption applies only to school district taxes. It does not apply to other property taxes such as county, town or city.

Q. How will I know how much my STAR exemption is worth in tax dollars?

A. Along with unprecedented savings, the STAR program created a Property Taxpayer's Bill of Rights which aims to keep property owners more informed than ever about their taxes. As a key component of the STAR program, your school tax bill (or other "Bill of Rights" notice) clearly states the amount of the STAR exemption and your tax savings.

Other information now included on your tax bill:

- ▶ the market value of your property;
- ▶ the percent of market value used in assessing property in your community;
- ▶ the total tax levy and percent change from the prior year;
- ▶ how to challenge your assessment if you believe it is too high;
- ▶ the uniform percentage of value being used in the assessing unit; and
- ▶ the full value of each property.

Property owners can also use this information to help decide whether their properties are being assessed fairly and correctly.

Q. If my mortgage is in an escrow account, when will I see my STAR tax reduction?

A. Mortgage institutions are required to reduce a homeowner's escrow account within one month of notification that the homeowner has received the STAR exemption. Mortgage institutions are not allowed to charge any additional fees for this adjustment.

Q. What types of properties are eligible for the STAR tax cuts?

A. STAR will reduce school property taxes on your primary residence only. To be eligible for either the Basic or Enhanced STAR tax cut, you must own and live in a one-, two-, or three-family home, condominium, mobile home, cooperative apartment, or farm home.

Q. I own more than one residential property. Can I receive the STAR exemption on all my residences?

A. No. The STAR exemption can be applied only to your primary residence.

Q. What is meant by "primary residence?"

A. There is no single factor that determines whether a property is your primary residence, but factors such as voting, vehicle registrations, and length of time spent each year on the property may be relevant. Your local assessor may ask you to provide proof of residency with the application. In addition, the assessor may occasionally request proof of residency after the exemption has been granted to verify that the property remains your primary residence.

Q. What if part of my property is used for other than residential purposes?

A. If the property is an eligible type of property, such as a one-, two-, or three-family home, and is the owner's primary residence, it may still be eligible to receive the exemption if the non-residential use is incidental. It is the responsibility of the local assessor to make this determination.

Q. Do I receive a notice if I am denied the STAR exemption?

A. Yes. Assessors are required by law to notify applicants if their STAR application has been denied at least 10 days prior to the date for hearing complaints in relation to assessments.

Q. Is there a deadline by which I must file the application?

A. Yes. In most municipalities, this date is March 1, but deadlines vary across the state. It is important to contact your local assessor for deadline information in your area.