

Local communities have the option to 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 10. The designating body determines the period.

Property tax abatement in Indiana is authorized 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 10 time periods. The local designating body determines the time period for the abatement.

Term of the Abatement										
	1	2	3	4	5	6	7	8	9	10
	Year	Years	Years	Years	Years	Years	Years	Years	Years	Years
YR 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
YR 2		50%	66%	75%	80%	85%	85%	88%	88%	95%
YR 3			33%	50%	60%	66%	71%	75%	77%	80%
YR 4				25%	40%	50%	57%	63%	66%	65%
YR 5					20%	34%	43%	50%	55%	50%
YR 6						17%	29%	38%	44%	40%
YR 7							14%	25%	33%	30%
YR 8								13%	22%	20%
YR 9									11%	10%
YR 10										5%

Personal Property Tax Abatement

New manufacturing equipment, new research and development equipment, new logistical distribution equipment and new information technology equipment are eligible for personal property tax abatement. Used equipment can also qualify as long as such equipment is new to the state of Indiana or acquired within the state in an “at arms length” transaction between distinctly separate corporate entities. Equipment not used in direct production, such as office equipment, furniture and fixtures, 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 below. The designating body may approve a deduction period of any number of years not to exceed 10 years.

Term of the Abatement										
	1	2	3	4	5	6	7	8	9	10
	Year	Years	Years	Years	Years	Years	Years	Years	Years	Years
YR 1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
YR 2		50%	66%	75%	80%	85%	85%	88%	88%	90%
YR 3			33%	50%	60%	66%	71%	75%	77%	80%
YR 4				25%	40%	50%	57%	63%	66%	70%
YR 5					20%	34%	43%	50%	55%	60%
YR 6						17%	29%	38%	44%	50%
YR 7							14%	25%	33%	40%
YR 8								13%	22%	30%
YR 9									11%	20%
YR 10										10%

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. Information on the procedure for designation of an Economic Revitalization Area and the responsibilities of the property owner and designating body is available by contacting The Indy Partnership. (See contact information below)

Compliance

After the abatement is granted, an abatement deduction application must be filed in the county or township office where the property is located. Failure to file the required abatement applications by the due date will result in loss of the abatement.

Each community in the Indianapolis Region has its own policies and procedures for granting tax abatement. We encourage you to contact The Indy Partnership before an investment decision is made for assistance with the application and compliance process.