

Tax Deferral for Homeowners

Texas law permits a homeowner who is 65 or older or a disabled person to defer payment of current property taxes on the person's residence homestead until he or she no longer owns or occupies the home as a residence. For purposes of this law, a person is considered disabled if he or she is under a disability for purposes of payment of disability insurance benefits under Federal Old-Age, Survivors, and Disability Insurance.

Property taxes continue to accrue during the deferral period, and are assessed interest at the rate of 8% per year. Once an over-65 or disability deferral has been granted, additional charges cannot be levied for delinquent penalty and interest.

The downside of a deferral is that rather than eliminating property taxes, it merely postpones when the taxes must be paid.

Before applying for tax deferral, which is not the same thing as an over-65 or disability homestead exemption, people need to understand that the taxes and accrued interest must eventually be paid. The deferral ends when the person who applied to the deferral ceases to occupy the home as the person's residence homestead. If the person who applied dies, the deferral passes to the person's surviving spouse if the spouse is 55 or older, owns the residence, and was living in it at the time of death. Once the deferral has ended, the person or spouse must pay all accrued taxes, penalty, and interest within 180 days. On the 181st day, the entire amount becomes delinquent and the taxing units may pursue foreclosure. Also, those who have an outstanding mortgage should check with their mortgage company to make certain the deferral doesn't violate terms of the deed of trust. If the home has a mortgage, the deed of trust may permit the mortgage company to foreclose if all taxes aren't paid on time.

Eligible homeowners in Waller County may obtain a deferral by filing a deferral affidavit with the Waller County Appraisal District. WCAD will then notify each affected jurisdiction, such as the county, city, school district or other entity, that a tax deferral has been granted. If a suit to collect delinquent taxes is already pending on the property, the affidavit may be filed with the court in which the suit is pending as well as with WCAD.

In addition to the over-65 and total disability deferrals, a limited form of deferral may be available to homeowners whose appraised value increased by more than 5% from one tax year to the next, excluding any improvements made to the home. Under this provision, taxes must be paid before delinquency on any increase in value up to 5%. Taxes on the remaining amount of increase may then be deferred on terms similar to those for the over-65 or total disability deferral.

Before using the appraisal increase deferral, homeowners should first contact the tax offices for the jurisdictions in which their property is located to determine how much tax can legally be deferred. Application for this deferral should be made no later than January 31 on a special affidavit form available from WCAD. Homeowners interested in this type of tax deferral should check with their mortgage company to ensure that a deferral won't violate the terms of their deed of trust.

Over-65 and disabled homeowners should also ensure that they have applied for and received applicable homestead exemptions for over-65 and disabled homeowners. These exemptions can substantially reduce tax liability.

The Over-65 or Disabled Tax Deferral Affidavit form can be found under forms on the website.

For any questions or additional assistance, you are encouraged to call an WCAD representative at the numbers and location listed on the home page