

Beware of “Tax Reduction” Scams



Protecting senior citizens is a top priority of my administration. We do not tolerate individuals or businesses that target senior

Texans for financial exploitation. That is why we recently took legal action to halt alleged violations of the Deceptive Trade Practices Act by an outfit offering “tax reductions” to seniors for a fee.

In Texas, certain tax advantages are available to persons over the age of 65. Any homeowner, not just a senior, can apply for a homestead exemption on a primary place of residence. However, there are special, additional exemptions available to seniors. You can contact your local tax assessor/collector for more information.

There is no fee for making the application for a homestead exemption. However, certain companies offer to “process” the application for a fee. Generally, the company is simply filling out the application and filing it for you. You could easily save the fee by filling out this simple application for yourself.

Some companies in the past have styled their advertising to make it appear that they are an official taxing authority, or that their fee must be paid in order for the homeowner to receive the exemption. In fact, the law requires

the company to make it quite clear that they are not a governmental agency.

Our regional Consumer Protection Office in Dallas, acting on consumer complaints, filed a lawsuit and obtained a temporary restraining order on December 17, 2003, against a company that presented itself as a “tax processing center.” The company mailed a solicitation to Collin County seniors, seeking a \$55 fee. In addition to taking immediate legal action, we issued a Senior Alert to inform homeowners that the reductions offered in the sales pitch were all available directly from their local taxing authority.

The solicitation also mentioned a tax “freeze” for the elderly. This is a reference to another option available to seniors. The option is better described as a ceiling, rather than a freeze, because it provides that their property taxes will not go up for that home so long as there are no new improvements, once they have registered as over-65 homeowners. If for some reason their property is reassessed at a lower value, their taxes may go down, but they may not go up. There is no fee for applying for this benefit.

Another tax provision that may benefit a senior homeowner is the property tax deferral. This is an arrangement that makes it so that seniors may defer, or delay, the payment of taxes. The tax must still eventually be paid, but it is allowed to simply accrue

during the homeowner’s lifetime. The unpaid taxes do accrue interest, however. The deferred taxes and interest are then eventually paid out of the estate after the homeowner’s death.

The tax deferral can be a great benefit for certain homeowners with limited income. If the homeowner has applied for deferral, there are no penalties for delaying the payment of the taxes. However, a tax lien is placed on the property.

Seniors may choose not to use the deferral option, because it can significantly reduce the value of their estate and the amount their heirs will inherit. But for some senior homeowners, it may provide much needed relief.

Beware of any solicitation that involves a fee to apply or register you for tax reductions, freezes, ceilings or deferrals. You can apply for any of those benefits yourself from your local taxing authority.

POINTS TO REMEMBER

TAX BREAKS FOR SENIOR TEXANS

- No fee to apply for special homestead exemptions
- No fee to register for tax ceilings
- No fee to apply for deferrals
- Deferrals are recouped from the estate, with interest
- Tax deferral creates a tax lien on the property

Contact your local county tax assessor-collector for more information

Sign up to receive our Senior Alerts in the Senior Texans section of our Web site at:
www.oag.state.tx.us

Contact your local Area Agency on Aging to inquire about programs and services for seniors at (800) 252-9240

Legal Hotline for Older Texans
free legal advice to Texans age 60+
(800) 622-2520



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Information on this and other topics is available on the Attorney General’s Web site at www.oag.state.tx.us.