



Guide to Charitable, Religious, or Educational Property Tax Exemptions

WHAT ARE THE REQUIREMENTS FOR AN EXEMPTION?

In Delaware, taxation is the rule, and exemption is the exception. There are no automatic exemptions. The burden is on the landowner to establish, clearly and convincingly, that the property meets the requirements for exemption. Eligibility for an exemption is analyzed on a property by property basis. The fact that your organization has received a tax exemption on another property does not mean that your organization is entitled to an exemption for the property which is the subject of the application.

Charitable Exemption:

(1) The organization must have a “charitable purpose” under Delaware law. There are many types of charitable purposes. Examples of a charitable purpose include helping sick people, and providing shelter for the homeless. Delaware law further requires analysis of the actual operations of the organization. Some considerations the County takes into account under this factor are:

- Do the organization’s articles of incorporation clearly state the organization’s charitable purpose?
- Is charity the primary objective of the organization?
- Is the element of gift or giving present?
- Is the organization incorporated and organized as a non-profit?
- Is the charitable activity for the direct good or benefit of the community or public at large?
- Is the charitable activity relieving a burden that the government would otherwise have?

(2) The property may not be “held by way of investment.” In practice, this requires an in-depth look at what the property is used for. If it appears that the property is generating income (such as rent or fees), or that the property is not being used for the organization’s charitable purpose, it is likely that the property is “held by way of investment” under Delaware law, and is not entitled to an exemption. Some considerations under this factor are:

- Is the property actually used or occupied for the charitable work carried on by the organization?
- Is the property generating income? If so, is it merely temporary, or incidental to the primary use?
- Is the property unused or vacant, without concrete plans of future use for a charitable purpose?
- If income is being generated, is the organization actually securing a profit?

Religious Exemption:

(1) The property owner must be a church or a religious society.

(2) The property may not be “held by way of investment.” An explanation of what this means is contained above, under “Charitable Exemption.”

Educational Exemption:

(1) The property owner must be a college or school.

(2) The property must be used for educational or school purposes. Property owned by a school does not necessarily need to be used as a classroom to qualify for an exemption. If the property is being used to serve the “welfare, convenience and safety” of the school, it may qualify for an exemption.

APPLICATION PROCESS

Where Do I Get the Form?

The New Castle County **Division of Assessment** processes applications for tax exemptions. Here is the website for property tax exemptions: <http://nccde.org/181/Assessment>. The form for these kinds of exemptions is titled “**General Exemption.**” If you are unable to access the internet, you may visit the Division of Assessment in person, or call and request that a form be mailed to you: 87 Reads Way, New Castle, DE 19720; (302) 395-5520.

When Do I Apply?

You can apply for an exemption at any time. However, you must submit your General Exemption application form by March 1st to be eligible for the County’s fiscal year that begins on July 1st. You may be eligible for an exemption as of the date you acquired the property. However, this requires you to submit your form within 30 days of the date you acquired it.

TIP: Submit your application form as soon as possible after you acquire the property to ensure that you are able to obtain the maximum exemption to which you may be entitled.

How Do I Apply?

You apply by filling out the General Exemption application form and returning it to the Division of Assessment at: 87 Reads Way, New Castle, DE 19720. Please note that it is **very** important for your form to be as complete as possible. This includes submitting all of the information requested in the form. If your form is incomplete or missing requested information, it will significantly delay processing your application.

TIP: The more complete your form, and accompanying documents, the faster your application may be processed.

FREQUENTLY ASKED QUESTIONS

Q: [The organization is a 501\(c\)\(3\) – do I need to apply?](#)

A: **Yes.** Although the County considers 501(c)(3) status in making a determination as to whether your property is tax exempt, there are no automatic property tax exemptions. Every property owner must apply for a tax exemption. In addition, 501(c)(3) status does not necessarily mean that you are entitled to a property tax exemption – the Federal legal standard for 501(c)(3) status is different and broader than the State and County property tax exemption standards. In addition, it may be that your organization serves a charitable purpose, but the property itself is not being used for that purpose, or is held by way of investment.

Q: [More than one exemption category applies – which do I choose?](#)

A: You may select as many categories that you believe apply to you. The County will analyze each category you select to the extent necessary.

Q: [I have more information than what fits on the form, what should I do?](#)

A: You may attach an addendum, cover letter, or memorandum to provide additional information. Often, explaining your situation is helpful to the County.

Q: [I don’t have some of the information you request – should I wait to file my application form?](#)

A: Submit your application form as soon as possible. You may supplement it at any time prior to the County rendering a final determination on your application.