



PROPERTY TAX SAVINGS: TRANSFERS IN FAMILY

May 2015

DO YOU KNOW property owners in California may avoid reassessment to market value if the property transfers from their parents, children or grandparents?

Please see below for more information.



Parent - Children Transfer

Parent to Child or Child to Parent Transfers: passed by California voters in 1986, **Proposition 58** allows property to be transferred between parents and children (both-way) without reassessment if certain conditions are met.



ELIGIBILITY CHECK LIST

Eligible Child

- Biological child
- Stepchild
- Child adopted before the age of 18
- Son-in-law or daughter-in-law
- Spouse of eligible child until divorce, or remarriage of the surviving spouse if the marriage was terminated by death

Eligible Transfer

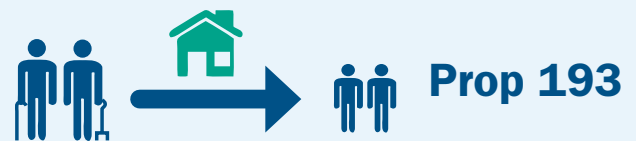
- A sale, a gift, an inheritance, or transfer via trust

Eligible Property

- No value limit if it is the principal residence of the person(s) transferring ownership
- First \$1 million in assessed value of real property other than the principal residence (see FAQ Q3)

Grandparent - Grandchild Transfer

Grandparent to Grandchild Transfers : passed by California voters in 1996, **Proposition 193** allows property to be transferred from grandparents to grandchildren (one-way) without reassessment if certain conditions are met.



ELIGIBILITY CHECK LIST

Eligible Grandchild

Any child of an “Eligible Child” (left) if:

- The parents of the grandchild are deceased before the date of transfer
- OR
- The grandparent’s child is deceased, and the surviving in-law parent has remarried before the date of transfer

Eligible Transfer

- A sale, a gift, an inheritance, or transfer via trust

Eligible Property

- No value limit if it is the principal residence of the person(s) transferring ownership
- First \$1 million in assessed value of real property other than the principal residence (see FAQ Q3)

FREQUENTLY ASKED QUESTIONS

Q1: HOW DO I APPLY FOR PROP 58 OR PROP 193 EXCLUSION FROM REASSESSMENT?



A1: Download, complete, and return Form BOE-58-AH (Prop 58) and BOE-58-G (Prop 193) to our office. The forms can be found on our website sfassessor.org. You can visit our office at City Hall Room 190 during office hours (Monday- Friday 8am to 5pm) to obtain an application form. Complete the form and submit it in person or by mail. If you have any questions, please call 415.701.2311.

Q2: IF MY DAUGHTER PASSED AWAY AND MY SON-IN-LAW HAS NOT REMARRIED, ARE MY GRANDCHILDREN ELIGIBLE FOR PROP 193? WHAT IF I ASK MY SON-IN-LAW TO FILE A DISCLAIMER TO BE TREATED AS PREDECEASED?



A2: Your son-in-law is still considered your “eligible child” thus disqualifying your grandchildren from receiving the Prop 193 benefit. Filing a disclaimer would not change this because the California Constitution requires an “eligible child” to actually be deceased to fulfill the Prop 193 requirement.

However, if your son-in-law remarries, he would no longer be defined as your “eligible child” per Prop 193. In that case, your grandchildren would become eligible.

Q3: I'M GIVING SEVERAL PROPERTIES TO MY CHILDREN. CAN I DECIDE WHICH ONE GETS THE EXCLUSION?



A3: Remember, a qualifying transfer of one's principal residence can be excluded with no value cap. However, other properties may receive the exclusion as long as the cumulative assessed value of those properties do not exceed \$1 million for each transferor (i.e. a pair of parents or transferors can each transfer \$1 million of non-principal residence property for a combined exclusion of \$2 million) The exclusion will be granted based on a first in basis.

WHEN TO FILE YOUR CLAIM?

To qualify for relief retroactive to the date of transfer, a claim must be filed with the Assessor:

- Within three years of the transfer date
- OR
- Before transferring to a third party if ownership is held for less than three years

Applications that are not timely filed will only be effective beginning with the assessment year in which the claim was filed.

Exception: If a notice of supplemental assessment or escape assessment is mailed after the two deadlines, taxpayer can still qualify for the relief retroactively if the claim is filed within six months of the date of the notice.

*** Disclaimer: Information on this document is not constructed as legal advice, but is designed merely to inform the public on tax relief opportunities processed by the Office of the Assessor-Recorder. If you have any questions regarding your personal finance, it is recommended that you consult with an attorney or a certified accountant.*