



INFORMATION SHEET

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DEATH OF A REAL PROPERTY OWNER—REPORTING REQUIREMENTS

The State Board of Equalization Taxpayers' Rights Advocate Office is committed to helping California taxpayers understand property tax laws, and be aware of exclusions and exemptions available to them.



General Information

The death of a loved one can be a difficult time. This Information Sheet discusses important things that need to be done in connection with property taxes if the deceased person owned real property in California. Examples of real property are a house or a condominium, commercial or apartment building, agricultural or vacant land, or a structure such as a cabin that is situated on government land (possessory interest). The decedent could have owned the property as an individual person with 100 percent ownership or partial interest, such as in joint tenancy or tenancy-in-common, or via a trust.

Under California state law, the County Assessor shall reassess property to its current market value upon any change in ownership, unless an exclusion from reassessment applies. For property tax purposes, when a person dies, real property and manufactured homes that are subject to local property taxation owned by that person are considered to have changed ownership as of the date of death. Thus, a decedent's property that is inherited through a trust, a will, intestate succession (probate), or a Revocable Transfer on Death deed is considered to have changed ownership for property tax purposes and is subject to reassessment to market value as of the date of death, even if the actual transfer deed to the beneficiary is officially recorded at a later date.

A property owner who holds their property in a revocable trust, or irrevocable trust where they maintain a present interest in their property, is referred to as a trustor and/or present beneficiary. Upon the death of the trustor, property can remain in the decedent's trust and distribution to the successor beneficiary(s) may be delayed for some time—it can even be years. If property remains in the decedent's trust or is in probate, whereby it is not yet distributed to the beneficiary(s), the property is considered to have changed ownership as of the date of death, **not the date of distribution** to a successor beneficiary. Unless the change in ownership qualifies for an exclusion from reassessment, the property will be reassessed at its market value as of the date of death.

For additional information about change in ownership by inheritance or for property held in a trust, visit the State Board of Equalization's (BOE) website for Property Tax Rule 462.001, *Change in Ownership—General*, at www.boe.ca.gov/proptaxes/pdf/rules/Rule462_001.pdf; Property Tax Rule 462.160, *Change in Ownership - Trusts* at www.boe.ca.gov/proptaxes/pdf/rules/Rule462_160.pdf; and Property Tax Rule 462.260, *Date of Change in Ownership*. Also, see Assessors' Handbook Section 401, *Change in Ownership*, at www.boe.ca.gov/proptaxes/pdf/ah401.pdf.

Additionally, if a decedent owned interests in a legal entity (such as a corporation, limited liability company, or partnership), the transfer of the decedent's interests in that legal entity may require reporting information to the BOE and cause the property of the legal entity to be subject to reassessment under certain conditions.

The following information discusses the reporting requirements when a property owner dies and identifies exclusions that are available for children or grandchildren inheriting the property from their parents or grandparents, and for a surviving cotenant inheriting the other cotenant's share of the property, to avoid their home from being reassessed at market value. It also discusses the reporting requirements upon the death of person who had interests in the legal entity.



Notify the Assessor of the Change in Ownership on Form BOE-502-D

Upon the death of a property owner, the County Assessor must be notified so they can maintain accurate ownership records. Revenue and Taxation Code (R&TC) section 480(b) requires that the Assessor be notified of a change in ownership for a property that occurs as a result of a person's death by the filing of a change in ownership statement. Complete form BOE-502-D, *Change in Ownership Statement—Death of a Real Property Owner* to provide the Assessor with a description of the property that the decedent owned on the date of death; the manner of disposition (for example, a will, terms of trust, probate, intestate succession); the relationship of the transferee-beneficiary to the transferor-owner; the percentage of ownership of all beneficiaries or heirs; and if the property has been or will be sold prior to distribution.

BOE-502-D must be completed for each parcel of real property owned by the decedent at the time of death to report to the Assessor the transfer of property, including a transfer through the medium of a trust. R&TC section 480(b) requires a change in ownership statement be filed within 150 days after the date of death by the trustee if the property was held in trust or the transferee with the Assessor in each county where the decedent owned an interest in real property. However, if the property is subject to probate proceedings, the personal representative of the decedent must file the change in ownership statement before or at the time the inventory and appraisal are filed with the court clerk. (*Note:* If the property is subject to probate, and a qualified family member who is expected to inherit the decedent's principal residence plans to also make it their principal residence, keep in mind that the requirements for the intergenerational transfer exclusion must be met within one year of the date of death.)

Filing BOE-502-D also *alerts the filer* that if the decedent's children or grandchildren inherited the property and the transfer qualifies for exclusion from reassessment, an applicable claim form BOE-19-P or BOE-19-G must also be filed. Additionally, if a qualified surviving cotenant inherits the residence from a deceased cotenant, BOE-502-D *alerts the filer* that claim form BOE-58-H must be filed to apply for exclusion from reassessment.

When to File

File BOE-502-D, *Change in Ownership Statement—Death of a Real Property Owner* **within 150 days** after the date of death. If the estate is probated, it must be filed before or at the time the inventory and appraisal are filed with the court clerk. Penalties may apply if BOE-502-D is not filed timely upon the County Assessor's request in accordance with R&TC 480(c).

How to File

Obtain BOE-502-D from the Assessor's office in the county where the property is located. Contact information for all 58 County Assessors in California is available on the BOE's website at www.boe.ca.gov/proptaxes/countycontacts.htm. A sample of BOE-502-D is available at www.boe.ca.gov/proptaxes/pdf/sample-boe502d.pdf.

For additional information on the legal requirements for filing a change in ownership statement, please see R&TC section 480 at www.leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=RTC§ionNum=480. Also, see Assessors' Handbook Section 401, *Change in Ownership*, Chapter 2 on reporting changes in ownership at www.boe.ca.gov/proptaxes/pdf/ah401.pdf.



Notify the County Assessor—Update Mailing Address

The mailing address for property tax bills will remain the same as it was before the real property owner died unless the County Assessor is notified. A recorded deed would provide notice of the mailing address where tax statements are to be sent; however, following the death, the Assessor's office should be promptly notified of any mailing address change. Generally, an Assessor's office has a change in mailing address form. Visit the Assessor's website where the property is located for the form or contact them to ask how to notify them about the mailing address change. Contact information for all 58 County Assessors in California is available on the BOE's website at www.boe.ca.gov/proptaxes/countycontacts.htm.

By law, the County Tax Collector must use the mailing address provided by the Assessor when sending property tax bills. Therefore, reviewing the most recent property tax bill for the property should indicate what mailing address the Assessor's office has; this can also be confirmed by contacting the Assessor's office.





Notices of reassessment, such as a notice of supplemental assessment for a change in ownership, are sent to the most recent mailing address the Assessor has on file. Therefore, it is important that the mailing address is current because an appeal must be filed within 60 days of the notice to formally dispute the reassessed value. When a property is reassessed due to a change in ownership, the Assessor issues a supplemental assessment, which is the difference between the property's market value as of the date of death and the prior assessed value. If the property is reassessed at a higher value, a supplemental property tax bill will be mailed by the County Tax Collector. Unpaid property taxes are subject to penalties if not paid timely, and thus, it is important that the Assessor has the correct mailing address.

Completion of BOE-502-D includes a section to report the mailing address for future property statements, serving as a written request to change the address. However, any subsequent recording of an affidavit of death of trustee or other grant deed indicating a different mailing address will result in the Assessor updating the mailing address.



Ensure Property Taxes Are Paid Timely

It is important to keep current on property taxes for property that was owned by the decedent, whether owned by the decedent as an individual or held in a trust, even if the property has not yet been distributed to the person inheriting it. In California, property taxes on real property are due in two installments: if the first installment is not paid by the December 10 delinquency date or if the second installment is not paid by April 10 delinquency date, the Tax Collector is required by law to add a 10 percent penalty on unpaid taxes (R&TC sections 2617 and 2618). If the decedent was not current on paying property taxes, you may wish to contact the County Tax Collector's office to ask about entering into a payment plan. Contact information for all 58 County Tax Collectors in California is available on the BOE's website at www.boe.ca.gov/proptaxes/countycontacts.htm.

Inheriting Property—Apply for Exclusion from Reassessment if Applicable

Property transferred to a spouse or registered domestic partner is automatically excluded from reassessment; no exclusion claim form needs to be filed with the County Assessor's office. However, if such a relationship is not readily apparent (for example, different last names), filing the BOE-502-D and checking the appropriate box notifies the Assessor that such a spousal or domestic partner relationship exists to prevent reassessment of the property. Certain family transfers, specifically transfers between parents and children and, in some cases, between grandparents and grandchildren, may qualify for exclusion, but a claim form must be filed, and eligibility requirements must be met. There is also an exclusion available for a surviving cotenant, which requires filing a claim form.

Intergenerational Transfer Exclusion

The intergenerational exclusion under Proposition 19 (2020) and R&TC section 63.2, also known as the parent/child exclusion and grandparent/grandchild exclusion, allows for the transfer of the transferor's primary residence or a family farm without being reassessed to its market value. For a primary residence, the property must be the principal residence of the transferor (for example, parent) and become or continue as the principal residence of the transferee (for example, child) **within one year of the change in ownership**. For real property that is inherited via trust, will, or intestate succession, the date of death is the date of change in ownership. To apply for the intergenerational exclusion, file claim form, BOE-19-P, *Claim for Reassessment Exclusion for Transfer Between Parent and Child Occurring on or After February 16, 2021*, or BOE-19-G, *Claim for Reassessment Exclusion for Transfer Between Grandparent and Grandchild Occurring on or After February 16, 2021*, with the County Assessor where the property is located.

For information on intergenerational transfer exclusions, see the BOE website for:

- Property Tax Rule 462.520, *Exclusion from Change in Ownership-Intergenerational Transfers*, at www.boe.ca.gov/proptaxes/pdf/rules/Rule462-520.pdf.
- Letters to Assessors guidance regarding intergenerational transfer exclusion listed on the Proposition 19 webpage at www.boe.ca.gov/prop19/#Guidance.

Also, see the Taxpayers' Rights Advocate Office (TRA Office) Information Sheets on this exclusion and eligibility requirements at www.boe.ca.gov/tra/infosheets.htm.

- *Property Tax Savings: Transfers Between Parents and Children* (Publication 800-1)
- *Property Tax Savings: Transfers Between Grandparents and Grandchildren*, (Publication 800-2)

Cotenancy Transfer Exclusion

The cotenant exclusion under R&TC section 62.3 allows for the transfer of one cotenant's interests in property to the other without being reassessed to market value. It is available for persons who owned and occupied a residence together (cotenants) if the surviving cotenant inherits the deceased cotenant's interest that results in the surviving cotenant owning 100 percent interest of the residence, provided certain other qualifications are met. Cotenants are individuals other than spouses or registered domestic partners, such as non-registered domestic partners, siblings, an aunt and her niece, a grandparent and grandchild where the parents of the grandchild are still alive, or friends.

To apply for the cotenant exclusion, file claim form BOE-58-H, *Affidavit of Cotenant Residency*, with the County Assessor where the property is located. For information on the cotenancy exclusion, refer to Letter to Assessors 2013/021, *Change in Ownership Exclusion—Cotenants*, which can be accessed at www.boe.ca.gov/proptaxes/pdf/ta13021.pdf. Also, see the TRA Office Information Sheet on this exclusion and eligibility requirements—*Property Tax Savings: Transfers Between Cotenants Upon the Death of a Cotenant* (Publication 800-8) at www.boe.ca.gov/tra/infosheets.htm.

Legal Entity Change in Control or Ownership—Notify the BOE on Form BOE-100-B

The death of a person who holds an interest in a legal entity, such as a corporation, limited liability company (LLC), or partnership, that owns California real property or either has a lease from a public entity or a long-term lease of 35 years or more in California real property, can result in a change in control under R&TC section 64(c) or a change in ownership under 64(d). R&TC sections 480.1 and 480.2 require the BOE to be notified of a change in control or a change in ownership by the filing of BOE-100-B, *Statement of Change*

in Control and Ownership of Legal Entities within 90 days of the change. The form provides a description of the legal entity, the percentage interest transferred, and its California real property holdings. The BOE's Legal Entity Ownership Program (LEOP) reviews form BOE-100-B filings and reports information about a legal entity's change in control or change in ownership to County Assessors, who are responsible for assessing the affected real property of the legal entity. For information about a change in control or change in ownership of a legal entity under R&TC 64(c) and R&TC 64(d), refer to the BOE's website at www.boe.ca.gov/proptaxes/leop.htm.

When to File

File BOE-100-B, *Statement of Change in Control and Ownership of Legal Entities* **within 90 days** following a change in control or a change in ownership where the entity or any subsidiary entity owned or held California real property at the time of the change. Penalties apply if BOE-100-B is not filed timely in accordance with R&TC 482(b), even if an exclusion from reassessment is found to be applicable. For discussion of filing requirements and penalty provisions, refer to the BOE's website at www.boe.ca.gov/proptaxes/leopenalty.htm.

How to File

Obtain BOE-100-B from the BOE's website at www.boe.ca.gov/proptaxes/leopforms.htm.

For additional information on the legal requirements for filing a change in ownership statement for a legal entity, please see R&TC section 480.1 at www.leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=RTC§ionNum=480.1 and section 480.2 at www.leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=RTC§ionNum=480.2.

Also, see Assessors' Handbook Section 401, *Change in Ownership, Chapter 6—Legal Entities*, accessed from the BOE's website at www.boe.ca.gov/proptaxes/pdf/ah401.pdf.

Where to Find Additional Information

Visit the State Board of Equalization's (BOE) website at www.boe.ca.gov for property tax and change in ownership information.

Visit the County Assessor's website where the property is located; contact information is available at www.boe.ca.gov/proptaxes/countycontacts.htm.

