

## Measure E affecting San Jose Real Property Transfer Tax Goes into effect July 1, 2020!

Under Measure E, The Transfer Tax would be imposed whenever a deed, instrument, or writing, whether recorded or not, transfers real property in the City of San Jose for consideration.

Consideration means the amount paid for, or the value of, the transferred property and includes the amount of any debt and special assessments secured by the transferred property.

The Transfer Tax would also apply to a transfer of ownership interests in a legal entity (e.g., a corporation, partnership, or limited liability company) that would be considered an ownership change of real property under State law. Payment of the tax is the responsibility of the parties to the transfer and may be paid by either party.

Transfers under \$2,000,000 would be exempt from the Transfer Tax. Transfers of \$2,000,000 or more would be taxed at one of the following rates applied to the full value of the consideration:

Property Value		Tax	< Rate
Less than \$2,000,0	000	exem	pt from tax
\$2,000,000 to \$5,0	000,000		0.75%
\$5,000,000.01 to s	\$ <mark>10,00</mark> 0,000		1.0%
\$10,000,000.01 ar	nd higher		1.5%

For example, a transfer of real property where the value of consideration is \$11,000,000 would be taxed at a rate of 1.5% on the entire \$11,000,000. The tax owed would be \$165,000.

Beginning July 1, 2025, the exemption threshold of under \$2,000,000 (i.e., \$1,999,999.99) will automatically adjust based on a consumer price index every 5 years. The City Council may also increase the exemption threshold at any time, but in no event can the exemption threshold be less than \$1,999,999.99. The Transfer Tax includes other exemptions as well including transfers involving gifts, inheritance, divorce, and bankruptcy, in certain circumstances.

## Click here to download a copy of Measure E

Source: www.sanjoseca.gov Promotional Material designed, created, and produced by CTC Regional Marketing Department in Pleasanton, CA.