

UNDERSTANDING CALIFORNIA SUPPLEMENTAL PROPERTY TAXES AFTER THE DEATH OF AN OWNER



When we lose a loved one, there are more important things to focus on than tax implications. There are, however, some important issues that you may want to discuss with your CPA or Tax Professional in advance of closing.

HOW WILL THESE SUPPLEMENTAL PROPERTY TAXES EFFECT ME?

Generally when an owner or co-owner passes away, the party remaining in title, whether a spouse, Successor Trustee or an Estate, will be notified that the Assessor has stepped up the tax basis, resulting in a supplemental tax bill. The stepped up basis begins as of the date of death, but may take several weeks or even months for the County Assessor and Tax Collector to issue the supplemental bill.

PLANNING AHEAD

It's always best to plan ahead. Although the Survivors and/or Estate may be selling the property, and perhaps recording the necessary Affidavits of Death concurrently with the Deed to the new Buyer, it's important to remind the Seller that a supplemental tax bill will be coming and they should plan to pay it before completely disbursing funds to the heirs. The Buyer would also receive a supplemental tax bill for any increase of basis that begins with the date they take title through the end of the fiscal tax year.

WILL THIS SUPPLEMENTAL TAX BE PAID IN ESCROW?

If the Seller had previously recorded an Affidavit of Death and the County Assessor has already stepped up the basis, and the supplemental tax bill has already been issued, then yes, it could be paid through escrow. If the recording of the Affidavit of Death, or other document relinquishing the interest of the deceased party, is done simultaneously with the Deed to the new Buyer then, no. We are only able to pay tax bills through escrow if the bill has been issued prior to closing.

For more information, or if you have specific scenarios you'd like to discuss, please feel free to contact your Chicago Title Escrow Officer or Sales Executive.

Contact us with any questions: