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Filing Deadline to Claim California’s Proposition 58 Property Tax Shelter for a Child’s Inherited Real Property

From date of death, three years to claim for retroactive relief. After three years, prospective relief only


Parent to Child Real Property Tax Shelter

HUNTINGTON BEACH, CA, UNITED STATES, February 20, 2020 /EINPresswire.com/ -- California imposes an annual tax based on fair market value of real property. Proposition 13 limits increases in the property tax base. A change in ownership increases the tax base to current fair market value. Proposition 58 excluded as a “change in ownership” Inherited real property by a child of the deceased.

But the Proposition 58 exclusion requires the child to file paperwork with the county assessor. The exclusion is not automatic. An example of an automatic exclusion is transfers between spouses. The deadline to file begins from the date of death, not the date the child is the owner. Often there is a delay from the date of the parent’s death to the date the child receives the real property.

Fortunately, California has a pretty liberal deadline for the timely filing of a parent to child claim for exclusion. The deadline is different for retroactive application and prospective application. For retroactive application, or in other words to go back to the date of death, the claim must be filed within three years. The three years is extended by six months from the date of a notice of supplemental or escaped assessment.

> Children include the following: sons and daughters, sons-in-law and daughters-in-law, stepchildren, and children adopted under 18.”
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> *Source, California Revenue and Taxation Code Section 63.1*

Even if the child waited over three years and ignored the notice of supplemental or escaped assessment, the child still can obtain prospective (going forward) relief. Property tax for years prior to the filing will be at the current market value. But going forward after the claim is filed, the child’s property tax base will be the parent’s property tax base as of date of death.

The parent to child exclusion claim is limited to the parent’s primary residence and the first one million dollars of additional property owned by the parent. The parent-child exclusion does not include any business entity owner interest. If the parent’s real property was owned by a business entity, such as limited liability company, the real property base is the appraised value as of date of death. There is no Proposition 58 tax shelter for business entities.

A deceased parent’s property tax base transfers to a child. The transfer is not automatic. A claim for parent to child exclusion must be filed with the county assessor’s office. For retroactive relief the claim must be filed within three years from date of death or six months after notice of supplemental or escape assessment, whichever is longer. Prospective relief is available at any time the claim is filed.

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