



# INFORMATION SHEET

[www.boe.ca.gov/tra](http://www.boe.ca.gov/tra)

## PROPERTY TAX SAVINGS: TRANSFERS BETWEEN PARENTS AND CHILDREN Occurring On or Before February 15, 2021

*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.*



### Transfers of Property Between Parents and Children

*Did you know that there is an exclusion from reassessment for real property transferred between parents and their children?*

Revenue and Taxation Code section 63.1 allows property to be transferred between parents and children without reassessment. This exclusion, commonly referred to as Proposition 58, was approved by California voters in 1986, and effective through February 15, 2021. For transfers that occur on or after February 16, 2021, under Proposition 19, see [Publication 800-1](#) Information Sheet, *Property Tax Savings: Transfers Between Parents and Children*.

The exclusion under Proposition 58 is available for the following transfers:

- The transfer of a principal residence (no value limit);
- The transfer of up to one million dollars in assessed value of other real property.

The parent-child exclusion is available on transfers from a parent or parents to their:

- Son or daughter (born to or adopted)
- Stepchild
- Son-in-law or daughter-in-law

*(It is also available on transfers from children to their parents.)*



### Potential for Tax Savings

Property taxes are based on the assessed value of your property. For purposes of property tax assessment in the state of California, real property is reassessed at market value if it is sold or transferred. As a result of the sale or transfer, the assessed value of the property and associated property taxes can sometimes increase significantly.

If the market value of the property at the time of the transfer or sale is more than the property's current assessed value, then savings will result from receiving the parent-child transfer exclusion of section 63.1.

If the exclusion is granted, the current assessed value on the property when the property was owned by the parents will be the same when the property is owned by the child. For example, if the parents purchased the property in 1985 and its assessed value at the time of the transfer to their child was \$150,000; and current fair market value of the property is \$350,000, then the child will be paying less property tax because the assessed value is \$200,000 less than the current market value. This would save the child over \$2,000 in property taxes per year.

### How to Apply for the Parent-Child Exclusion

Complete form [BOE-58-AH](#), *Claim for Reassessment Exclusion for Transfer Between Parent and Child*.

Obtain the claim form from the County Assessor's office where the property is located. Submit the completed form to the same office.

### When to File Your Claim

To qualify for relief from the date of transfer, the claim must be filed with the County Assessor:

- Within three years of the transfer date, but before transferring the property to a third party.

Relief is still available after three years; however, it will only be applied prospectively from the year in which your claim form is filed.





## Helpful Hints

- This exclusion is not available for transfers of property between siblings, even if the parent gave or sold the property to the sibling first. *(The portion of the property transferred from your sibling will be reassessed.)*
- The exclusion applies to real property transfers between parents and children, but not to transfers of legal entities between parents and children. For example, if your mother owns ABC Company that owns a building and she transfers all of her corporate voting stock to you, her daughter, the transfer will not qualify for exclusion from reassessment.
- The exclusion applies both ways—it can be applied to either a transfer from a parent to their child or from a child to their parent.
- If you are 55 or older, and selling your principal residence to your child, your child can benefit by transfer of your base year value to them. But you cannot also claim a transfer of base year value to a replacement property you buy under section 69.5.
- If the market value of the transferred property is less than the current assessed value of the property at the time of the transfer, then claiming the exclusion may not be beneficial.
- The one million dollar value cap on a transfer of a non-principal residence property is on the assessed value, not market value.
- The one million dollar cap applies separately to each eligible transferor. For example, a mother and father can each transfer one million dollars of non-principal residence property to their child for a combined total of two million dollars.

## Where to Find Additional Information



Visit the State Board of Equalization's website at [www.boe.ca.gov](http://www.boe.ca.gov) for property tax information. Answers to frequently asked questions on the parent-child exclusion can be accessed at [www.boe.ca.gov/proptaxes/faqs/propositions58.htm](http://www.boe.ca.gov/proptaxes/faqs/propositions58.htm).

Visit the County Assessor's website where the property is located. The State Board of Equalization's website has contact information for each Assessor in California. This listing is available at [www.boe.ca.gov/proptaxes/countycontacts.htm](http://www.boe.ca.gov/proptaxes/countycontacts.htm).