

435.0000 FOREIGN GOVERNMENT

See Privileges and Immunities

[435.0050](#) **Real or Personal Property.** Property owned or leased by a foreign government, whether used by consular officers or employees, is subject to property taxes unless exempted under the 1966 *Vienna Convention on Consular Relations, Article 32* or by specific provisions contained in a treaty between the United States and the foreign government. Article 32 does provide an exemption from taxes, but in the case of a lease, the exemption does not apply if the taxes are payable by the person (lessor) who contracted with the sending State (foreign government) or with a person acting on its behalf. Relevant treaties must be reviewed. Absent exemption by Article 32 or by treaty, a lease agreement requiring a foreign government to pay or reimburse the owner for local property taxes does not shift the tax burden from the lessor but only constitutes a contract obligation. C 7/7/83; C 6/8/87; C 12/4/98.

[435.0060](#) **Real Property.** Real property located in California but owned by a foreign nation may be immune from property tax pursuant to treaty or other agreements executed by the United States and the foreign nation. In each instance, the treaty or agreement must be examined to ascertain whether or not immunity has been granted.

Pursuant to the Taiwan Relations Act, Public Law 96-8 of April 10, 1979, as implemented by an agreement dated October 2, 1980, the real property of the Coordination Council for North American Affairs, a Taiwan instrumentality, is immune from property tax if used for the organization's authorized functions. C 1/27/92.

[435.0065](#) **Real Property Acquired After Lien Date.** Property acquired by a foreign government for use as a consulate after the lien date but prior to the start of the fiscal year is exempt from property taxes for that fiscal year. California is not in a position to refuse an exemption required by federal law on the technical ground that the requirements therefor were not met as of the lien date but rather, these technical grounds must give way to constitutional requirements. However, prorated taxes paid into escrow for a prior fiscal year are not subject to refund but are merely contractual reimbursement to the prior owner upon sale. C 8/4/71.