



STATE BOARD OF EQUALIZATION

TAXPAYERS' RIGHTS ADVOCATE OFFICE

PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0120

1-916-274-3400

www.boe.ca.govTED GAINES
First District, SacramentoSALLY J LIEBER
Second District, San FranciscoANTONIO VAZQUEZ
Third District, Santa MonicaMIKE SCHAEFER
Fourth District, San DiegoMALIA M. COHEN
State ControllerYVETTE M. STOWERS
Executive Director

No. 2024/052

December 27, 2024

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

**TAXPAYERS' RIGHTS ADVOCATE OFFICE
INFORMATION SHEETS ON
THE COTENANCY EXCLUSION AND
REPORTING REQUIREMENTS WHEN A REAL PROPERTY OWNER DIES**

The State Board of Equalization (BOE) Taxpayers' Rights Advocate Office (TRA Office), under the Morgan Property Taxpayers' Bill of Rights, has an educational role in providing information to taxpayers and to assist County Assessors in their efforts to provide education to taxpayers. The TRA Office is committed to education and outreach to help taxpayers understand property tax laws, and to increase their awareness of property tax savings that may be available to them.

The TRA Office has published Information Sheets on Property Tax Savings on available exclusions from reassessment and exemptions as well as other topics, written in simple, non-technical terms designed specifically for taxpayers. There are a total of 13 Information Sheets in the Publication 800 series Information Sheets issued through December 2024.

Death of a Real Property Owner

In December 2024, the TRA Office published the following Information Sheet to provide taxpayers with information about important things that need to be done in connection with property taxes if a deceased person owned real property in California.

- Pub 800-9 Information Sheet, *Death of a Real Property Owner – Reporting Requirements*.

This Information Sheet discusses the reporting requirements of filing BOE-502-D, *Change in Ownership Statement—Death of a Real Property Owner*, with the Assessor when a property owner dies and notifying the Assessor's office of any mailing address changes. It also identifies exclusions from reassessment that are available for children or grandchildren inheriting certain property from their parents or grandparents, and an exclusion for a surviving cotenant inheriting the other cotenant's share of their home to avoid having it reassessed at market value. Additionally, it discusses the reporting requirements to file a BOE-100-B, *Statement of Change in Control and Ownership of Legal Entities* with the BOE for a change in control or change in ownership of a legal entity if the decedent had interests in a legal entity owning or holding a long-term lease on California real property, or had a lease from a public entity.

Cotenancy Exclusion

In May 2024, the TRA Office published the following Information Sheet to reflect property tax savings available to taxpayers for the cotenancy exclusion:

- Pub 800-8 Information Sheet, *Property Tax Savings: Transfers Between Cotenants Upon the Death of a Cotenant*

This exclusion under Revenue and Taxation Code section 62.3 allows an exclusion from reassessment of a residence owned and occupied by two individuals (cotenants) as their principal place of residence upon the death of one cotenant if certain conditions are met.

Enclosed are the above-mentioned Information Sheets. They are available on the BOE's website and can be accessed through the Taxpayers' Rights Advocate webpage at www.boe.ca.gov/tra, under the selection for Taxpayer Education, or directly at www.boe.ca.gov/tra/infosheets.htm. The Information Sheets may be revised in the future, if necessary, to reflect statutory or regulatory changes or published guidance and updated versions will be posted on the BOE's website.

Information regarding the Taxpayers' Rights Advocate Office, including contact information, can also be found at www.boe.ca.gov/tra.

Sincerely,

/s/ Lisa Thompson

Lisa Thompson
Chief, Taxpayers' Rights Advocate Office

LT:mw
Enclosures



INFORMATION SHEET

www.boe.ca.gov/tra

DEATH OF A REAL PROPERTY OWNER—REPORTING REQUIREMENTS

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.



General Information

The death of a loved one can be a difficult time. This Information Sheet discusses important things that need to be done in connection with property taxes if the deceased person owned real property in California. Examples of real property are a house or a condominium, commercial or apartment building, agricultural or vacant land, or a structure such as a cabin that is situated on government land (possessory interest). The decedent could have owned the property as an individual person with 100 percent ownership or partial interest, such as in joint tenancy or tenancy-in-common, or via a trust.

Under California state law, the County Assessor shall reassess property to its current market value upon any change in ownership, unless an exclusion from reassessment applies. For property tax purposes, when a person dies, real property and manufactured homes that are subject to local property taxation owned by that person are considered to have changed ownership as of the date of death. Thus, a decedent's property that is inherited through a trust, a will, intestate succession (probate), or a Revocable Transfer on Death deed is considered to have changed ownership for property tax purposes and is subject to reassessment to market value as of the date of death, even if the actual transfer deed to the beneficiary is officially recorded at a later date.

A property owner who holds their property in a revocable trust, or irrevocable trust where they maintain a present interest in their property, is referred to as a trustor and/or present beneficiary. Upon the death of the trustor, property can remain in the decedent's trust and distribution to the successor beneficiary(s) may be delayed for some time—it can even be years. If property remains in the decedent's trust or is in probate, whereby it is not yet distributed to the beneficiary(s), the property is considered to have changed ownership as of the date of death, **not the date of distribution** to a successor beneficiary. Unless the change in ownership qualifies for an exclusion from reassessment, the property will be reassessed at its market value as of the date of death.

For additional information about change in ownership by inheritance or for property held in a trust, visit the State Board of Equalization's (BOE) website for Property Tax Rule 462.001, *Change in Ownership—General*, at www.boe.ca.gov/proptaxes/pdf/rules/Rule462_001.pdf; Property Tax Rule 462.160, *Change in Ownership - Trusts* at www.boe.ca.gov/proptaxes/pdf/rules/Rule462_160.pdf; and Property Tax Rule 462.260, *Date of Change in Ownership*. Also, see Assessors' Handbook Section 401, *Change in Ownership*, at www.boe.ca.gov/proptaxes/pdf/ah401.pdf.

Additionally, if a decedent owned interests in a legal entity (such as a corporation, limited liability company, or partnership), the transfer of the decedent's interests in that legal entity may require reporting information to the BOE and cause the property of the legal entity to be subject to reassessment under certain conditions.

The following information discusses the reporting requirements when a property owner dies and identifies exclusions that are available for children or grandchildren inheriting the property from their parents or grandparents, and for a surviving cotenant inheriting the other cotenant's share of the property, to avoid their home from being reassessed at market value. It also discusses the reporting requirements upon the death of person who had interests in the legal entity.



Notify the Assessor of the Change in Ownership on Form BOE-502-D

Upon the death of a property owner, the County Assessor must be notified so they can maintain accurate ownership records. Revenue and Taxation Code (R&TC) section 480(b) requires that the Assessor be notified of a change in ownership for a property that occurs as a result of a person's death by the filing of a change in ownership statement. Complete form BOE-502-D, *Change in Ownership Statement—Death of a Real Property Owner* to provide the Assessor with a description of the property that the decedent owned on the date of death; the manner of disposition (for example, a will, terms of trust, probate, intestate succession); the relationship of the transferee-beneficiary to the transferor-owner; the percentage of ownership of all beneficiaries or heirs; and if the property has been or will be sold prior to distribution.

BOE-502-D must be completed for each parcel of real property owned by the decedent at the time of death to report to the Assessor the transfer of property, including a transfer through the medium of a trust. R&TC section 480(b) requires a change in ownership statement be filed within 150 days after the date of death by the trustee if the property was held in trust or the transferee with the Assessor in each county where the decedent owned an interest in real property. However, if the property is subject to probate proceedings, the personal representative of the decedent must file the change in ownership statement before or at the time the inventory and appraisal are filed with the court clerk. (*Note:* If the property is subject to probate, and a qualified family member who is expected to inherit the decedent's principal residence plans to also make it their principal residence, keep in mind that the requirements for the intergenerational transfer exclusion must be met within one year of the date of death.)

Filing BOE-502-D also *alerts the filer* that if the decedent's children or grandchildren inherited the property and the transfer qualifies for exclusion from reassessment, an applicable claim form BOE-19-P or BOE-19-G must also be filed. Additionally, if a qualified surviving cotenant inherits the residence from a deceased cotenant, BOE-502-D *alerts the filer* that claim form BOE-58-H must be filed to apply for exclusion from reassessment.

When to File

File BOE-502-D, *Change in Ownership Statement—Death of a Real Property Owner* **within 150 days** after the date of death. If the estate is probated, it must be filed before or at the time the inventory and appraisal are filed with the court clerk. Penalties may apply if BOE-502-D is not filed timely upon the County Assessor's request in accordance with R&TC 480(c).

How to File

Obtain BOE-502-D from the Assessor's office in the county where the property is located. Contact information for all 58 County Assessors in California is available on the BOE's website at www.boe.ca.gov/proptaxes/countycontacts.htm. A sample of BOE-502-D is available at www.boe.ca.gov/proptaxes/pdf/sample-boe502d.pdf.

For additional information on the legal requirements for filing a change in ownership statement, please see R&TC section 480 at www.leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=RTC§ionNum=480. Also, see Assessors' Handbook Section 401, *Change in Ownership*, Chapter 2 on reporting changes in ownership at www.boe.ca.gov/proptaxes/pdf/ah401.pdf.



Notify the County Assessor—Update Mailing Address

The mailing address for property tax bills will remain the same as it was before the real property owner died unless the County Assessor is notified. A recorded deed would provide notice of the mailing address where tax statements are to be sent; however, following the death, the Assessor's office should be promptly notified of any mailing address change. Generally, an Assessor's office has a change in mailing address form. Visit the Assessor's website where the property is located for the form or contact them to ask how to notify them about the mailing address change. Contact information for all 58 County Assessors in California is available on the BOE's website at www.boe.ca.gov/proptaxes/countycontacts.htm.

By law, the County Tax Collector must use the mailing address provided by the Assessor when sending property tax bills. Therefore, reviewing the most recent property tax bill for the property should indicate what mailing address the Assessor's office has; this can also be confirmed by contacting the Assessor's office.





Notices of reassessment, such as a notice of supplemental assessment for a change in ownership, are sent to the most recent mailing address the Assessor has on file. Therefore, it is important that the mailing address is current because an appeal must be filed within 60 days of the notice to formally dispute the reassessed value. When a property is reassessed due to a change in ownership, the Assessor issues a supplemental assessment, which is the difference between the property's market value as of the date of death and the prior assessed value. If the property is reassessed at a higher value, a supplemental property tax bill will be mailed by the County Tax Collector. Unpaid property taxes are subject to penalties if not paid timely, and thus, it is important that the Assessor has the correct mailing address.

Completion of BOE-502-D includes a section to report the mailing address for future property statements, serving as a written request to change the address. However, any subsequent recording of an affidavit of death of trustee or other grant deed indicating a different mailing address will result in the Assessor updating the mailing address.



Ensure Property Taxes Are Paid Timely

It is important to keep current on property taxes for property that was owned by the decedent, whether owned by the decedent as an individual or held in a trust, even if the property has not yet been distributed to the person inheriting it. In California, property taxes on real property are due in two installments: if the first installment is not paid by the December 10 delinquency date or if the second installment is not paid by April 10 delinquency date, the Tax Collector is required by law to add a 10 percent penalty on unpaid taxes (R&TC sections 2617 and 2618). If the decedent was not current on paying property taxes, you may wish to contact the County Tax Collector's office to ask about entering into a payment plan. Contact information for all 58 County Tax Collectors in California is available on the BOE's website at www.boe.ca.gov/proptaxes/countycontacts.htm.

Inheriting Property—Apply for Exclusion from Reassessment if Applicable

Property transferred to a spouse or registered domestic partner is automatically excluded from reassessment; no exclusion claim form needs to be filed with the County Assessor's office. However, if such a relationship is not readily apparent (for example, different last names), filing the BOE-502-D and checking the appropriate box notifies the Assessor that such a spousal or domestic partner relationship exists to prevent reassessment of the property. Certain family transfers, specifically transfers between parents and children and, in some cases, between grandparents and grandchildren, may qualify for exclusion, but a claim form must be filed, and eligibility requirements must be met. There is also an exclusion available for a surviving cotenant, which requires filing a claim form.

Intergenerational Transfer Exclusion

The intergenerational exclusion under Proposition 19 (2020) and R&TC section 63.2, also known as the parent/child exclusion and grandparent/grandchild exclusion, allows for the transfer of the transferor's primary residence or a family farm without being reassessed to its market value. For a primary residence, the property must be the principal residence of the transferor (for example, parent) and become or continue as the principal residence of the transferee (for example, child) **within one year of the change in ownership**. For real property that is inherited via trust, will, or intestate succession, the date of death is the date of change in ownership. To apply for the intergenerational exclusion, file claim form, BOE-19-P, *Claim for Reassessment Exclusion for Transfer Between Parent and Child Occurring on or After February 16, 2021*, or BOE-19-G, *Claim for Reassessment Exclusion for Transfer Between Grandparent and Grandchild Occurring on or After February 16, 2021*, with the County Assessor where the property is located.

For information on intergenerational transfer exclusions, see the BOE website for:

- Property Tax Rule 462.520, *Exclusion from Change in Ownership-Intergenerational Transfers*, at www.boe.ca.gov/proptaxes/pdf/rules/Rule462-520.pdf.
- Letters to Assessors guidance regarding intergenerational transfer exclusion listed on the Proposition 19 webpage at www.boe.ca.gov/prop19/#Guidance.

Also, see the Taxpayers' Rights Advocate Office (TRA Office) Information Sheets on this exclusion and eligibility requirements at www.boe.ca.gov/tra/infosheets.htm.

- *Property Tax Savings: Transfers Between Parents and Children* (Publication 800-1)
- *Property Tax Savings: Transfers Between Grandparents and Grandchildren*, (Publication 800-2)

Cotenancy Transfer Exclusion

The cotenant exclusion under R&TC section 62.3 allows for the transfer of one cotenant's interests in property to the other without being reassessed to market value. It is available for persons who owned and occupied a residence together (cotenants) if the surviving cotenant inherits the deceased cotenant's interest that results in the surviving cotenant owning 100 percent interest of the residence, provided certain other qualifications are met. Cotenants are individuals other than spouses or registered domestic partners, such as non-registered domestic partners, siblings, an aunt and her niece, a grandparent and grandchild where the parents of the grandchild are still alive, or friends.

To apply for the cotenant exclusion, file claim form BOE-58-H, *Affidavit of Cotenant Residency*, with the County Assessor where the property is located. For information on the cotenancy exclusion, refer to Letter to Assessors 2013/021, *Change in Ownership Exclusion—Cotenants*, which can be accessed at www.boe.ca.gov/proptaxes/pdf/ta13021.pdf. Also, see the TRA Office Information Sheet on this exclusion and eligibility requirements—*Property Tax Savings: Transfers Between Cotenants Upon the Death of a Cotenant* (Publication 800-8) at www.boe.ca.gov/tra/infosheets.htm.

Legal Entity Change in Control or Ownership—Notify the BOE on Form BOE-100-B

The death of a person who holds an interest in a legal entity, such as a corporation, limited liability company (LLC), or partnership, that owns California real property or either has a lease from a public entity or a long-term lease of 35 years or more in California real property, can result in a change in control under R&TC section 64(c) or a change in ownership under 64(d). R&TC sections 480.1 and 480.2 require the BOE to be notified of a change in control or a change in ownership by the filing of BOE-100-B, *Statement of Change*

in Control and Ownership of Legal Entities within 90 days of the change. The form provides a description of the legal entity, the percentage interest transferred, and its California real property holdings. The BOE's Legal Entity Ownership Program (LEOP) reviews form BOE-100-B filings and reports information about a legal entity's change in control or change in ownership to County Assessors, who are responsible for assessing the affected real property of the legal entity. For information about a change in control or change in ownership of a legal entity under R&TC 64(c) and R&TC 64(d), refer to the BOE's website at www.boe.ca.gov/proptaxes/leop.htm.

When to File

File BOE-100-B, *Statement of Change in Control and Ownership of Legal Entities* **within 90 days** following a change in control or a change in ownership where the entity or any subsidiary entity owned or held California real property at the time of the change. Penalties apply if BOE-100-B is not filed timely in accordance with R&TC 482(b), even if an exclusion from reassessment is found to be applicable. For discussion of filing requirements and penalty provisions, refer to the BOE's website at www.boe.ca.gov/proptaxes/leopenalty.htm.

How to File

Obtain BOE-100-B from the BOE's website at www.boe.ca.gov/proptaxes/leopforms.htm.

For additional information on the legal requirements for filing a change in ownership statement for a legal entity, please see R&TC section 480.1 at www.leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=RTC§ionNum=480.1 and section 480.2 at www.leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=RTC§ionNum=480.2.

Also, see Assessors' Handbook Section 401, *Change in Ownership, Chapter 6—Legal Entities*, accessed from the BOE's website at www.boe.ca.gov/proptaxes/pdf/ah401.pdf.

Where to Find Additional Information

Visit the State Board of Equalization's (BOE) website at www.boe.ca.gov for property tax and change in ownership information.

Visit the County Assessor's website where the property is located; contact information is available at www.boe.ca.gov/proptaxes/countycontacts.htm.





INFORMATION SHEET

www.boe.ca.gov/tra

PROPERTY TAX SAVINGS: TRANSFERS BETWEEN COTENANTS UPON THE DEATH OF A COTENANT

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 Cotenants

Did you know there is an exclusion from reassessment when a cotenant inherits the other cotenant's share of their home upon their death?

Normally, when there is a change in ownership, which includes the death of a real property owner, the property owned by that person is reassessed to market value to the extent of that person's ownership interest in the property. The property is reassessed at market value as of the transfer date (date of death in this case), and its market value is applied to the percentage that changed ownership, which can increase its assessed value and the amount of property taxes owed, unless an exclusion applies.

Revenue and Taxation Code section 62.3

allows an exclusion from reassessment of a residence owned and occupied by two individuals (cotenants) as their principal place of residence upon the death of one cotenant if certain conditions are met. The principal residence means a dwelling *eligible* for either the Homeowners' Exemption or the Disabled Veterans' Exemption; it does not mean that one of the exemptions must have been granted.

The cotenancy exclusion is available only if all the following conditions are met:

- The sole two cotenants together owned 100 percent of the residence as joint tenants or tenants in common. (See Helpful Hints section for property held in a trust.)
- The two cotenants must be owners of record for the one-year period immediately preceding the death of one of the cotenants.
- The property must have been the principal residence of both cotenants for the one-year period immediately preceding the death of one of the cotenants.
- The surviving cotenant must obtain a 100 percent interest in the property.

- The surviving cotenant must sign an affidavit affirming continuous occupancy at the residence with the deceased cotenant for the one-year period preceding the cotenant's date of death.

The cotenancy exclusion applies to individuals other than spouses or registered domestic partners, such as non-registered domestic partners, siblings, an aunt and her niece, a grandparent and grandchild where the parents of the grandchild are still alive, or friends.

The cotenancy exclusion does not apply if any other provisions in the Revenue and Taxation Code provide for a change in ownership exclusion. Thus, if the parent-child, spousal, or registered domestic partner transfer exclusion can apply, the cotenancy exclusion will not apply.

Potential for Tax Savings

Property taxes are based on the assessed value of your property. For purposes of California property taxation, real property is reassessed at market value when sold or transferred. As a result of a full or partial transfer, the property's assessed value may increase significantly, resulting in higher property taxes due each year. However, if the cotenancy exclusion is granted, the interest transferred from the deceased cotenant to the surviving cotenant would not be reassessed at market value. Instead, the factored base year value will continue as it was prior to the death of the cotenant.

Example—With and Without Cotenancy Exclusion

Two brothers owned a house that both lived in together for ten years before one brother died. The market value of the residence at the time of a cotenant's death in November 2023 was \$700,000, and its factored base year value (FBYV) was \$250,000 for the 2023-24 fiscal year. Title to the property was held in joint tenancy. Without the cotenancy exclusion, the Assessor must reassess the property for a 50 percent change



in ownership for the transfer of the deceased brother's interests to the other. The new assessed value would be calculated as follows:

- $\$700,000 \text{ market value} / 2 = \$350,000$ reassessment due to 50% change in ownership
- $\$350,000 + \$125,000$ (surviving cotenant's 50% share of the FBV) = $\$475,000$ new factored base year value
- $\$475,000 \times 1\%$ statewide property tax rate = $\$4,750$ new property taxes

If a cotenancy exclusion was approved, the property's assessed value would remain at its factored base year value of $\$250,000$, increasing only by the annual inflation factor up to a two percent cap in accordance with Proposition 13. For 2024-25, the factored base year value would be $\$255,000$ and property taxes would be calculated by applying the one percent tax rate \times $\$255,000 = \$2,550$. Therefore, if qualified for the cotenant exclusion, it would save approximately $\$2,200$ ($\$4,750 - \$2,550$).



How to Apply for the Cotenant Exclusion

Complete form [BOE-58-H, Affidavit of Cotenant Residency](#). 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 Affidavit (Claim)

There is no filing deadline; however, if the Assessor reassessed the property upon the death of a cotenant and you paid the taxes on the increased assessment but later file BOE-58-H, the Assessor will reinstate the base year value as it was before the reassessment. Refunds will be issued from the county auditor; however, the law limits refunds to four years from the date the property taxes were paid. For example, if your property was reassessed five years ago upon the death of your cotenant, and you paid the increased property taxes each of those five years but then filed form BOE-58-H, you would only be refunded taxes that were paid within the past four years.



Helpful Hints

- The exclusion only applies to property owned 100 percent by two individuals; it cannot apply if the title is held with more than two cotenants.

- The surviving transferee cotenant must obtain a 100 percent ownership interest via the transferor cotenant's will or trust, intestate succession, or by operation of law. For example, the exclusion can apply if legal title of the residence is held by a trust, either in the cotenant's combined trust or in each of their own separate trusts, and the surviving cotenant is the sole beneficiary of the residence.
- For a duplex or multi-unit property, the exclusion applies only to the unit that the cotenants occupied together. If the two cotenants did not occupy the same unit as a principal residence, then the exclusion will not apply.
- The two cotenants do not have to take title to the residence together at the same time; it does not matter that the deceased was the original owner and the surviving cotenant was added on title later.
- The date of death of a cotenant is considered the date when the property was transferred for property tax purposes.
- If the market value of the transferred property is less than its factored base year value at the time of the transfer, then claiming the exclusion would not be beneficial.
- To verify residency, the Assessor may request proof, such as vehicle registration, voter registration, bank accounts, or state income tax filings.

Where to Find Additional Information

Visit the State Board of Equalization's (BOE) website at www.boe.ca.gov for property tax information.

For information on the cotenancy exclusion, refer to Letter to Assessors 2013/021, *Change in Ownership Exclusion—Cotenants*, which can be accessed at www.boe.ca.gov/proptaxes/pdf/lta13021.pdf. Also, see Property Tax Rule 462.040(b)(6) *Change in Ownership—Joint Tenancies* at www.boe.ca.gov/proptaxes/pdf/rules/Rule462_040.pdf and Property Tax Rule 462.020(b)(5) *Change in Ownership—Tenancies in Common* at www.boe.ca.gov/proptaxes/pdf/rules/Rule462_020.pdf.

Visit the County Assessor's website where the property is located. The BOE's website has contact information for each County Assessor in California, available at www.boe.ca.gov/proptaxes/countycontacts.htm.

