



PARENT-CHILD TRANSFER EXCLUSION CALCULATION

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Prop. 19 requires adjustment of the taxable value if the fair market value of the family home exceeds the sum of the taxable value plus \$1,000,000.

If the fair market value of the family home is less than the sum of the taxable value plus \$1,000,000, then the taxable value need not be adjusted.

If the fair market value of the family home is equal to or more than the sum of the taxable value plus \$1 million, an amount equal to the fair market value of the family home upon purchase by, or transfer to, the transferee, minus the sum of the taxable value plus \$1,000,000, is added to the taxable value.

EXAMPLE:

A single family residence has a **taxable value of \$425,738**. Parent dies on March 1, 2021, and property is inherited by parent's only child. The residence was the principal residence of both parent and child. On parent's date of death, property has a **fair market value of \$1,750,000**.

1. Calculate the sum of taxable value plus \$1,000,000

$$\begin{array}{ccc} \boxed{\$425,738} & + & \boxed{\$1,000,000} = \boxed{\$1,425,738} \\ \text{TAXABLE VALUE} & & \text{SUM} \end{array}$$

2. Determine whether the fair market value exceeds the sum of the taxable value plus \$1,000,000

$$\begin{array}{ccc} \boxed{\$1,750,000} & > & \boxed{\$1,425,738} \\ \text{THE FAIR MARKET VALUE IS GREATER THAN THE SUM.} \end{array}$$

3. Calculate the difference

$$\begin{array}{ccc} \boxed{\$1,750,000} & - & \boxed{\$1,425,738} = \boxed{\$324,262} \\ \text{FAIR MARKET VALUE} & & \text{SUM} \qquad \qquad \qquad \text{DIFFERENCE} \end{array}$$

4. Add difference to the taxable value

$$\begin{array}{ccc} \boxed{\$324,262} & + & \boxed{\$425,738} = \boxed{\$750,000} \\ \text{DIFFERENCE} & & \text{TAXABLE VALUE} \qquad \qquad \qquad \text{NEW COMBINED BASE YEAR VALUE} \end{array}$$

For more information and updates on Prop. 19, please visit assessor.lacounty.gov/prop19

Disclaimer: Information on this document should not be construed as legal advice, but is designed merely to inform the public on tax relief opportunities processed by the Office of the Los Angeles County Assessor. If you have any questions regarding your particular property tax position, it is recommended that you consult with an attorney or a property tax professional.