

# **DOCUMENTARY TRANSFER TAX EXEMPTIONS FOR KERN COUNTY, CALIFORNIA**

Kern County Recorder's Office, 1655 Chester Avenue, Bakersfield, California 93301 – (661) 868-6400.

## **IF NOT COVERED BY AN ACCEPTABLE EXEMPTION, TRANSFER TAX IS DUE ILLUSTRATIONS OF NON-TAXABLE PROPERTY TRANSFERS *Not an Exclusive List***

Documentary Transfer Tax is levied upon each sale or transfer of real property exceeding \$100.00 (exclusive of the value of any lien or encumbrance remaining thereon at the time of sale) at the rate of 55¢ per \$500.00 or fractional part thereof. Transactions exempted from the tax are described in Sections 11921, et seq., of the Revenue and Taxation Code.

To calculate Documentary Transfer Tax, round the amount to be taxed to the nearest \$500.00 increment. Divide the result by \$500.00 ( $\div 500$ ). Multiply this amount by 55¢ ( $\times 0.55$ ). The result is the Documentary Transfer Tax amount which should be included in the regular recording fees for each document submitted for recording to the Recorder's Office. I.e., an amount of \$14,327.23 would be rounded to the nearest \$500.00 increment to \$14,500.00. Dividing this amount by \$500.00 yields 29. Multiplying 29 by 0.55 yields 15.95. Therefore, the Transfer Tax required for the transaction of \$14,327.23 is \$15.95.

### **TRANSFER TAX EXEMPTIONS:**

1. Conveyance of realty without consideration. "Gift".
2. Deed to or by a Trust pursuant to a Sale.
3. Deed upon termination of a Trust.
4. Deed to confirm title already vested in the Grantee.
5. Deed given by Executor in accordance with the terms of a Will.
6. Deed from an Agent to his Principal conveying real estate purchases for and with funds of the Principal.
7. Ordinary leases and assignments of leases of real property for a definite term of years.
8. Deed to a Trustee for the benefit of creditors.
9. Conveyance to a receiver, and reconveyance of realty upon termination of the receivership.
10. A conveyance by a Corporation in liquidation or in dissolution to its shareholders made solely for the cancellation and retirement of Capital stock.
11. A conveyance from a corporation in liquidation to a Partnership wherein the Corporate shareholders are the only partners of the partnership and hold proportionate interests in each entity.
12. Conveyance in dissolution of a marriage from one spouse to the other. (Reference must be made to Revenue and Taxation Code 11927 and statement must be signed by one of the spouses.)
13. Conveyance from one spouse to the other as sole and separate property. (Can be other than spouses.) Purchased with the sole and separate funds of the Grantee.
14. Conveyance to secure a debt. (Only when deed is being used in lieu of a Deed of Trust. Not when used to obtain financing.) Must state on document that it is in lieu of a Deed of Trust.
15. Conveyance to a Partnership wherein the Grantors are all of the partners of the Partnership and hold the same proportionate share in the partnership that they held in the Real Property.
16. Conveyance to change the manner in which the interest of the parties is held. "The Grantors and Grantees are the same parties, and their proportionate interests in the real property have not changed."
17. The amount of the liens equal or exceed the value of the land conveyed.
18. Property already vested in Grantee's name. To clear any cloud there might be on the title.
19. The deed conveys common areas to the Homeowners Association without consideration, and is not subject to Transfer Tax.
20. Mineral Interest only. Consideration and value less than \$100.00, if applicable. No way to determine value if non-producing as not carried on assessment roll.
21. Dismissal of a quiet title action.
22. Division of property (Partition Deeds). Proportionate interest of the Grantee has not changed. No monetary gain or loss. (If one party takes a greater interest, that portion is taxable.)
23. Option for purchase of Contract for Sale (Agreement of Sale). (Deed issued upon completion of contract is taxable.)
24. Where all parties to a taxable conveyance are exempted Governmental bodies.
25. When an exempt Government agency is acquiring title.
26. Conveyances in lieu of foreclosure. (Special 'In Lieu of Foreclosure Statement' required.)
27. Trustee's Deed if Grantee is foreclosing Beneficiary and consideration does not exceed balance due Beneficiary. If consideration exceeds balance due Beneficiary, Transfer tax is due on the excess.
28. Transfer of real estate in a statutory merger or consolidation from a constituent corporation to the continuing or new corporation.
29. Certain change in corporate reorganization and in partnerships as set out in Revenue and Taxation Code, Sections 11923, 11924, and 11925, and County Ordinance Sections 6, 7, and 8.

When citing a *valid* documentary transfer tax exemption in lieu of paying transfer tax on one or more of your documents, note that **the COMPLETE verbiage of the exemption must be legibly written or typed out on the document(s); NOT the exemption number.**

If you have any further questions regarding this information, please contact the Recorder's Office at the telephone number cited above. When prompted, dial extension number **86448** for the Recording Department. Thank you.