

# POINT OF SALE

## Property Tax Increases

South Carolina REALTORS®



When you purchase a home, the assessor can raise the assessed value of your home to the current sales price (point of sale assessment). SC Property taxes are calculated by the formula below.

$$\left( \begin{array}{l} \text{MILLAGE RATE} \\ \text{set by} \\ \text{Local Elected} \\ \text{Officials} \end{array} \times \begin{array}{l} \text{ASSESSMENT RATIO} \\ 4\% - \text{Primary Home} \\ 6\% - \text{Rental, Commercial, Land} \\ 10\% - \text{Industrial} \end{array} \times \begin{array}{l} \text{VALUE} \\ \text{set by} \\ \text{Assessor} \end{array} \right) - \begin{array}{l} \text{TAX CREDITS} \\ \text{set by} \\ \text{Elected Officials} \end{array}$$

### ASSESSMENT CAPS

New laws limit the increase on assessed property **VALUE** to 15 percent every five years. The cap is removed if the property is involved in an "assessable transfer."

#### ASSESSABLE TRANSFERS

- Sale of property
- Rent-to-own
- Transfer to/from trusts
- Transfer by will
- Long-term lease (20 years)
- Corporate transfers
- Changes in zoning / rollback taxes

#### EXEMPT TRANSFERS

- Any IRS-exempt transfer
- Transfer to spouse (divorce)
- Insurance rebuilds (fire, etc.)
- Foreclosure, forfeiture, deed in lieu
- Life estates
- Tax sales
- Security interests

### REDUCE YOUR TAX LIABILITY

- ✓ Apply for the legal residence tax ratio of 4% (only one legal residence is allowed.)
- ✓ Appeal the tax assessor's appraisal if it is too high.
- ✓ Apply for all eligible tax credits (school operations, disability, senior citizen). Note: Elected officials set the county millage tax rate. Be proactive by voting.



LOOK FOR THE REALTOR® "R" TO BE SURE YOU'RE WORKING WITH AN EXPERT

## ESTIMATING PROPERTY TAX

Consult your attorney or accountant to determine how factors such as point of sale assessment may increase your property taxes. **Buyers should get a written tax estimate from their tax assessor prior to closing, at the latest. SCR recommends that buyers get a tax estimate prior to contract.**

- Discuss this information with your attorney or tax accountant.
- You are responsible for paying your property taxes every year.
- If you fail to pay your property taxes, you will lose your property.
- Budget: Taxes, insurance, and possibly your interest rate may increase every year.
- Improvements, additions and remodeling add to your home's assessed value and will increase your taxes.
- Review the summary of property tax bills from the SC Statehouse. [www.scstatehouse.gov/html-pages/citizen.html](http://www.scstatehouse.gov/html-pages/citizen.html).

Buyer's Signature \_\_\_\_\_ Date \_\_\_\_\_

REALTOR® \_\_\_\_\_ Date \_\_\_\_\_



### South Carolina REALTORS®

South Carolina REALTORS® is the largest professional trade association in the state, serving as the voice of real estate for more than 21,000 REALTORS® involved in all aspects of the residential and commercial real estate industries.

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