



california supreme court to review controversial documentary transfer tax case

January 30, 2015

The California Court of Appeal recently held, in *926 North Ardmore Avenue v. County of Los Angeles*, that a documentary transfer tax is triggered when a transfer of an interest in a business entity that owns real property results in a Proposition 13 change in ownership, even though the underlying real property is not transferred.¹ The California Documentary Transfer Tax Act, which was adopted verbatim in Section 4.60.020 of the Los Angeles County Code, applies a documentary transfer tax to "realty sold."² However, the California Documentary Transfer Tax Act does not explicitly provide for a documentary transfer tax on the transfer of interests in a business entity that owns real property (other than transfers of partnership interests that result in termination of the partnership within the meaning of Section 708 of the Internal Revenue Code).³ On January 14, 2015, the California Supreme Court agreed to review the California Court of Appeal's decision.

practice areas

tax and trusts & estates
tax planning
trusts & estates

View Full Alert

¹ 229 Cal. App. 4th 1335 (Cal. Ct. Appl. 2014).

² Cal. Rev. & Tax Code §§ 11911-11930.

³ *Id.* Although the Documentary Transfer Tax Act does not explicitly define "realty sold" to include Proposition 13 changes in ownership, several county and city ordinances do. S.F., Cal., Bus. & Tax Reg. Code art. 12-C, § 1114; Napa, Cal., Cnty. Code § 3.24.020, Monterey, Cal., Cnty. Code § 5.32.020; Santa Clara, Cal., Cnty. Ordinance Code § A30-39.6, Oakland, Cal., Mun. Code § 4.20.020.