

Helpful Hints For Completing the Declaration of Value

The declaration of value is a document that must accompany any deed presented for recording. NRS 375.060 is the statute that pertains to this requirement and may not be waived. There are some documents that do transfer an interest in real property but are defined in statute as non-taxable. Those documents are; a lease for a term of years, an easement, a deed of trust or common law mortgage, an affidavit of surviving tenant, or a conveyance of a right of way. Such non-taxable documents do not require a declaration of value. If any of the non-taxable transfers were recorded via a document titled deed of any sort, a declaration of value would be required to accompany the deed, however exemption 3 would apply.

The form is approved by the Nevada Tax Commission and may not be materially altered or added to. To be accepted with the deed the form must be filled out. If a deed is presented with a declaration of value that is incomplete, the recorder may refuse to record. The following sections will give the taxpayer guidelines on what is needed to complete the form.

1. Assessor parcel number(s)

There are four lines for listing the parcel numbers. Should there be additional parcel numbers affected by the transfer a list may be attached. The declaration of value would have at least one parcel number shown with "see attached" written next to the shown parcel number(s).

2. Type of property

There are nine lines available for listing the various types of property. If the property falls into one of the standard categories then that box must be checked. If the property is not typical then the "Other" box must be checked and a description of the type of property must be written in (such as "Timeshare").

3. Total Value/Sales Price of Property

There are many uses for the first line. The first and primary use is if there is a sale of the real property, then the full purchase price is shown. Should there be a combination of real and personal property in the full purchase price the full value should be for the real property only. Example: Mobile home and lot, purchase price in total is \$85,000 with a value given to the mobile home of \$50,000, the reported full value would be \$35,000 (not the full \$85,000 with a valuation deduction). Should the transfer not be pursuant to a sale and not fall under an exemption from the tax (such as a transfer from a grandparent to a grandchild) then a fair market value would be estimated using the criteria defined in statute.

It is important to note here that previously exempt transfers may now be taxable. The majority of exempt transfers that are now taxable are resales from organizations or governmental entities that have a particular exemption when they receive title. Example HUD/VA resales are now taxable to the buyer.

Trustee's deeds are taxable on the amount bid plus costs (unless the bid amount includes costs). That amount will be shown as the Total Value.

In the case of deeds in lieu of foreclosure the Total Value is the amount of the forgiven debt, not including interest and late charges. For Deeds in Lieu only there is a line for offsetting the forgiven debt with the value of the property. The line says Deed in Lieu of Foreclosure Only (value of property). This is for deeds in lieu only. This is a valuation line and is the fair market value of the property, as defined in statute. The amount is to be deducted from the forgiven debt on the first line. Note that there is no longer a deduction for encumbrances assumed by the buyer, so this line may only be used for the value of the property. If the debt forgiven exceeds the value of the property then there is a taxable spread. If the debt forgiven is less than the value of the property then there is no taxable spread. Example: forgiven debt is \$85,000, value of property is \$70,000 then there is a \$15,000 taxable value. Example: forgiven debt is \$85,000 on property worth \$100,000 there is no taxable spread and no transfer tax due.

Transfer Tax Value is simple math. In the vast majority of cases the full value will be the taxable value. For deeds in lieu, as the examples above show, simple subtraction. The real property transfer tax due is based on the statutory rate in the county where recorded. The taxpayer must be careful to know the tax rate in the various counties.

4. If Exemption Claimed:

Line a is for the statutory exemptions. The complete list is found in NRS 375.090.

Line b is for a written explanation of how the transfer qualifies for the exemption. Repeating the words of the exemption from statute is not always sufficient. Example: John Brown to Mary Smith doesn't appear to qualify for an exemption. If exemption 5 is listed we do not know if it is between husband and wife or parent and child so please be specific.

5. Partial Interest: Percentage being transferred:

Used when there are fractional interests being transferred.

Example: Corporation A transfers an undivided 43% to an individual. Value for the 43% is stated at \$43,000. The full value of the transfer is \$100,000, the taxable value line is \$43,000 and the Partial interest percentage would have 43% entered on it. If 100% of the interest is being transferred then 100% may be entered or the line left blank. If the line is blank it will be assumed that 100% is being transferred.

Signatures/Seller (Grantor) and Buyer (Grantee).

It has been determined that in addition to the seller and buyer any representative may sign the form. There must be one original signature on the form.

Seller/Grantor and Buyer/Grantee information.

Due to statutory changes both sides of the form must be filled out. Note a change from the old form; there is no signature line in this section. The names and addresses of both parties must be shown (for contact purposes).

Company Requesting Recording

Although no signature is required we must have this area filled out completely. If there is no escrow number (such as an accommodation or foreclosure) that information must be filled in.

As a Public Record This Form May be Recorded/Microfilmed

Although not an official record as defined in statute, this document will be filmed with the deed it accompanies. There is no statute that

allows a recording to take place without a declaration of value, or revealing the amount of tax paid on the recording stamp.