

## INSTRUCTIONS FOR COMPLETING BOE-100-B STATEMENT OF CHANGE IN CONTROL AND OWNERSHIP OF LEGAL ENTITIES

### Introduction

#### *Filing Requirement for Legal Entities*

You are receiving this statement, BOE-100-B, *Statement of Change in Control and Ownership of Legal Entities*, pursuant to the Revenue and Taxation Code. The purpose of this statement is to determine if real property owned, controlled, or leased by legal entities is subject to reassessment for property tax purposes.

All legal entities are required by law (Revenue and Taxation Code sections 480.1 and 480.2) to complete the statement and return it to the State Board of Equalization (Board) on or before the due date printed on the questionnaire. **A penalty may apply for failure to file the statement.** In accordance with Revenue and Taxation Code section 482, a failure to file the statement within 45 days of the Board's written request requires the imposition of a penalty of 10 percent of the taxes whether or not a change in control or ownership of the legal entity has occurred. If the statement is filed within 60 days of the notice of the penalty, the penalty is automatically extinguished.

Further information is available on the Board's website at [www.boe.ca.gov](http://www.boe.ca.gov) and can be accessed by selecting 1) Property Tax, and 2) Legal Entity Ownership Program. Additionally, you may contact the Legal Entity Ownership Program Section of the County-Assessed Properties Division at 916-323-5685. This statement must be filed with the County-Assessed Properties Division, Board of Equalization, PO Box 942879, Sacramento, CA 94279-0064.

#### *Reassessment of Property Owned by Legal Entities*

A transfer of an interest in real property is not the same as the transfer of an interest in a legal entity. Revenue and Taxation Code section 64, subdivision (a), provides the general rule that transfers of interests in legal entities do not constitute changes in ownership (and therefore reassessments) of the real property owned by those legal entities.

However, there are two relevant exceptions to that general rule. The first exception is found in Revenue and Taxation Code section 64, subdivision (c)(1), which provides that when any person or entity obtains control through direct or indirect ownership or control of more than 50 percent of the voting stock of a corporation, or of more than a 50 percent ownership interest in any other type of legal entity, a change in ownership of any and all the real property owned by the entity occurs.

The second exception to the general rule is found in Revenue and Taxation Code section 64, subdivision (d), which provides that when voting stock or other ownership interests representing cumulatively more than 50 percent of the total interests in a legal entity are transferred by any of the "original co-owners" in one or more transactions, the real property which was previously excluded from change in ownership under Revenue and Taxation Code section 62, subdivision (a)(2), shall be reassessed.

Under Revenue and Taxation Code section 62, subdivision (a)(2), there is no change in ownership when a transfer of real property to a legal entity results solely in a change in the method of holding title to the real property and the proportional ownership interests of the transferors and transferees, whether directly or indirectly through stock, partnership interests, or otherwise, in each and every piece of real property transferred, remain exactly the same both before and after the transfer. However, when a transfer of real property to a legal entity is excluded from change in ownership under section 62, subdivision (a)(2), the owners of the legal entity interests immediately after the transfer become "original co-owners." Thereafter, when the original co-owners cumulatively transfer more than 50 percent of their ownership interest in one or more transactions, the real property previously excluded under section 62, subdivision (a)(2) is reappraised.

**PLEASE READ THE IMPORTANT NOTICE ON PAGE 7 (S5) OF THIS FORM BEFORE PROCEEDING. THIS STATEMENT SHOULD BE COMPLETED AND RETURNED EVEN IF THE ADDRESSED LEGAL ENTITY HAS BEEN DISSOLVED OR LIQUIDATED.**

### Interest in Real Property

For purposes of this statement, the term "interest in real property" includes any of the following:

1. Land, structures, or fixtures OWNED, except that which is leased to *any* person or *unaffiliated* entity where the remaining term of the lease, including written renewal options, exceeds 35 years;
2. Land, structures, or fixtures HELD UNDER LEASE from a *private owner* where the remaining term of the lease, including written renewal options, exceeds 35 years;

3. Land, structures, or fixtures HELD UNDER LEASE from a *public owner* (that is, any arm or agency of local, state, or federal government) for any term; or
4. Mineral rights, including working interests in oil, gas, and geothermal steam-producing properties owned or held on lease for any term, whether in production or not.

### Cover Page

**Identification No.:** for corporations, the identification number is the entity's corporate ID number assigned by the California Secretary of State; for partnerships, this is the entity's federal employer ID number; for limited liability companies, this is the entity's ID number assigned by the California Secretary of State.

#### Question 1:

Answer YES to question 1 only if *both* of the following are true:

- (1) At any time since the indicated date (but not before), the addressed legal entity or any legal entity under its control acquired **more than** 50 percent of the ownership interests in any *other* legal entity(ies);  
AND
- (2) On the date of any such acquisition, the *acquired* entity(ies) held *any* interest(s) in real property in California.

#### EXAMPLE

Facts:

- ABC Corporation must complete a statement regarding events occurring since January 1, 2005.
- On January 22, 2005, ABC Corporation held 48 percent of the voting stock in XYZ Corporation.
- The next day, January 23, 2005, ABC acquired an additional 3 percent of XYZ's voting stock.
- On January 23, 2005, XYZ Corporation held under lease from a private owner a parcel of land in California, where the remaining term of the lease was 37 years.

Under these facts, ABC Corporation should answer YES to question 1 because: (1) ABC acquired more than 50 percent of the ownership interests in another legal entity (XYZ) since the indicated date, and (2) on the date ABC acquired interests in XYZ that exceeded 50 percent, XYZ held an interest in real property in California.

#### Question 2:

Answer YES to question 2 only if *both* of the following are true:

- (1) At any time since the indicated date (but not before) a person or a legal entity other than the addressed legal entity obtained **more than** 50 percent of the ownership interests in the addressed legal entity;  
AND
- (2) On the date of any such acquisition, the addressed entity held any interest(s) in real property in California.

#### EXAMPLE

Facts:

- Partnership B must complete a statement regarding events occurring since January 1, 2005.
- On March 3, 2005, Partnership A held no interest in Partnership B.
- The next day, March 4, 2005, Partnership A acquired 51 percent of the interests in the capital and profits of Partnership B.
- On March 4, 2005, Partnership B owned a single-family residence in California.

Under these facts, Partnership B should answer YES to question 2 because: (1) more than 50 percent of the interests in Partnership B were acquired by another legal entity (Partnership A), and (2) on the date Partnership A acquired interests in Partnership B that exceeded 50 percent, Partnership B held an interest in real property in California.

#### Question 3:

Answer YES to question 3 only if *both* of the following are true:

- (1) Since March 1, 1975, real property has been transferred to the addressed legal entity in a transaction that was excluded from reassessment under Revenue and Taxation Code section 62, subdivision (a)(2);\*  
AND

- (2) After such transfer, the **original co-owners\*\*** have cumulatively transferred in one or more transactions more than 50 percent of their interests in the addressed legal entity.

**Note:** For purposes of question 3, report only transactions that have not been reported in a previous filing with the Board.

**\*Revenue and Taxation Code Section 62, Subdivision (a)(2)**

Under this provision, a transfer of real property to a legal entity does not result in a reassessment if the transfer is merely a change in the method of holding title and the proportional ownership interests in the real property are *exactly* the same before and after the transfer.

**EXAMPLE**

A transfer of real property from equal cotenants A, B, and C to XYZ Corporation, where after the transfer A, B, and C each hold 33 $\frac{1}{3}$  percent of the voting shares in XYZ Corporation, is deemed to be merely a change in the method of holding title, and, therefore, does not result in a reassessment of the real property transferred.

**\*\*Original Co-Owners**

After a transfer of real property that qualifies for exclusion from reassessment under Revenue and Taxation Code section 62, subdivision (a)(2), the persons holding ownership interests in the legal entity immediately after the transfer are considered “original co-owners” for purposes of tracking subsequent transfers by them of those interests. When such transfers cumulatively exceed 50 percent, the real property previously excluded from reassessment under section 62, subdivision (a)(2), is deemed to undergo a change in ownership, and is, therefore, subject to reassessment under Revenue and Taxation Code section 64, subdivision (d).

**EXAMPLE**

After the transfer described above, A, B, and C are deemed to be “original co-owners” for purposes of tracking subsequent transfers by them of their newly obtained interests in XYZ Corporation. If A, B, and C subsequently transfer more than 50 percent of those interests in one or more transactions, the real property previously excluded from reassessment under section 62, subdivision (a)(2) will be subject to reassessment on the date of the transaction that caused the 50 percent threshold to be exceeded.

**Schedule Summary**

Check the box indicating the applicable schedules to be attached based on one or more YES answers to questions 1, 2, or 3; **OR**, if you answered NO to all three questions, check the box so indicating.

**Certification**

Complete the certification by signing the statement including the title of the person signing, and entering the date signed. An unsigned statement is not considered complete, and you may be subject to late-filing penalties. The statement shall be signed either by an officer, partner, or an employee or agent who has been designated in writing by the board of directors, partnership, or limited liability company, or other entity to sign such statements on its behalf.

**Schedule A**

**Question 1:**

Indicate whether the transfer of ownership interests in the acquired entity was between spouses or registered domestic partners.

**Question 2:**

Indicate whether the acquisition of more than 50 percent of the ownership interests in the entity was merely a change in the method of holding title AND the proportionate ownership interests remain exactly the same before and after the change.

**Question 3:**

Indicate whether the acquisition of more than 50 percent of the ownership interests in the entity:

- was considered a nontaxable reorganization under section 368 of the Internal Revenue Code;
- was considered a nontaxable reorganization under California statutes; or
- constituted a nontaxable reorganization where all of the companies involved were members of an affiliated group,<sup>\*\*\*</sup> both before and after the date of the acquisition.

**Item 4:**

Provide the requested information on the common owner, if applicable.

**Item 5:**

Provide a description of the transfer.

**Item 6:**

Provide the requested information on the ownership interests both before and after the change.

**Item 7:**

Provide a listing of property, identifying the requested information. See (S1F) for the definition of interest in real property.

**Schedule B**

**Question 1:**

Indicate whether the transfer of ownership interests in the acquiring entity was between spouses or registered domestic partners.

**Question 2:**

Indicate whether the acquisition of more than 50 percent of the ownership interests in the entity was merely a change in the method of holding title AND the proportionate ownership interests remain exactly the same before and after the change.

**Question 3:**

Indicate whether the acquisition of more than 50 percent of the ownership interests in the entity:

- was considered a nontaxable reorganization under section 368 of the Internal Revenue Code;
- was considered a nontaxable reorganization under California statutes; or
- constituted a nontaxable reorganization where all of the companies involved were members of an affiliated group,\*\*\* both before and after the date of the acquisition.

**Item 4:**

Provide the requested information on the common owner, if applicable.

**Item 5:**

Provide a description of the transfer.

**Item 6:**

Provide the requested information on the ownership interests both before and after the change.

**Item 7:**

Provide a listing of property, identifying the requested information. See (S1F) for the definition of interest in real property.

**Schedule C**

**Question 1:**

Indicate whether the transfer of ownership interests was between spouses or registered domestic partners.

**Question 2:**

Indicate whether the transfer occurred on the same date as the transfer reported on question 2 of page 1 (S1).

**Item 3:**

Provide the requested information for excludable interests.

**Items 4 and 5:**

Provide the requested information on original co-owners and current owners.

**\*\*\*Affiliated Group**

Affiliated group for property tax purposes means one or more chains of corporations connected through stock ownership with a common parent corporation if: (1) 100 percent of the voting stock of each of the corporations is owned by one or more of the other corporations, and (2) the common parent corporation owns 100 percent of the voting stock of at least one of the other corporations.