



## North Port Fire Rescue's Guide to Ad Valorem and Non-Ad Valorem computations for real estate transactions

The tax year runs from January 1st to December 31st. In Florida, property taxes are paid in arrears. Taxes due January 1, 2020 cover the year 2019. This means they are paid "in arrears." The tax roll is certified by the Property Appraiser in October. Property taxes are due annually, on January 1. They can be paid as early as November and are not deemed delinquent until April 1.

For example, if closing is March 21<sup>st</sup>, the day of closing is charged to the Buyer, and the Seller is debited for 79 days. This becomes a credit to the Buyer. Remember taxes for the year have not been paid, and the Seller occupied the property 31 days in January, 28 days in February and 20 days in March, so they owe the buyer.

If you bought your property on July 1, the previous owner (seller) enjoyed ownership for half the year, but you get the tax bill for the entire year. To compensate, the seller is charged 50 percent of the tax bill at closing. (They divide the tax bill by 365 and charge the seller for each day the seller was in possession.)

The confusion arises when non-ad valorem assessments are included on the tax bill as they are in many places, including here in the City of North Port. (Non-ad valorem means that the amount is not determined by the value of the property.) While property taxes cover the period from January 1 to December 31 and are paid in arrears, assessments cover a period from October 1 to September 30. They are paid in advance or *paid forward*. **Below is an example of how this typically works but, with that said, the terms can change according to the agreement between the buyer and the seller.**

Here's an example. Let's use April 1 as the closing date. Property taxes on the property are \$4,259.75. The non-ad valorem assessments total \$1,723.00 Total tax bill; \$5,982.75.

- The seller pays the buyer \$1,064.94 for three months (January 1 – March 31) of the total property tax, which will be paid in arrears by the buyer at the end of the year.
- The buyer pays the seller \$861.50 for six months (Oct 1 – March 31) for assessments which the seller had paid in advance.
- The net correctly paid by the seller to the buyer is \$1,064.94 less \$861.50, or \$203.44.

***Typically, this is figured out by the agent and title company but again- anything can be negotiated or agreed to between the buyer and seller.***

We hope that this helps adequately explain this issue and is a good resource for you. Please feel free to call or write if you have any further questions.

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