



Proration Of Taxes Explained

How are taxes prorated??

Tax proration allocates property taxes between the buyer and seller according to the number of days each party owns the property. Depending on the closing date, the calculations may result in the seller providing a credit to the buyer or vice versa.

What occurs when you close mid-year?

Imagine a property is sold on July 1st. During closing, the seller's share of the taxes for the period from January 1st to July will be calculated and credited to the buyer. While the buyer will be responsible for paying the entire tax bill when it's due, the seller's contribution at closing covers the tax amount for the first half of the year.

What occurs in the fall when property tax bills are due & payable?

If the tax bill is due and payable, the full amount must be settled at closing. In this case, the seller will cover the entire tax bill, and the buyer will provide a credit to the seller for the number of days they will own the property.

Still have questions? We're here to help!



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