

Rulings of the Tax Commissioner

Document Number: 04-35
Tax Type: Recordation Tax
Brief Description: Recording of the deed of conveyance is exempt from the recordation tax imposed under Va. Code § 58.1-801.
Topics: Exemptions; Taxpayers' Remedies
Date Issued: 07/27/2004

July 27, 2004

Re: § 58.1-1821 Application: Recordation Tax

Dear *****:

This will respond to your letter in which you seek a refund of the recordation taxes paid on a transaction involving the ***** (the "Church"). I apologize for the delay in the Department's response.

FACTS

The trustees of the Church purchased real property as a site for a new church building. Pursuant to *Va. Code* § 58.1-801, recordation tax was paid for recording the deed. In addition, a grantor's tax was paid in accordance with *Va. Code* § 58.1-802. These taxes, and the corresponding local recordation taxes, were paid to the Clerk of the Court of ***** (the "County"). You contend that this transaction is exempt from recordation taxes and request a refund of the recordation taxes paid.

DETERMINATION

Virginia Code § 58.1-811(A)(2) provides an exemption from the taxes imposed by *Va. Code* § 58.1-801 for any deed conveying real estate "[t]o the trustee or trustees of any church or religious body, where such real estate is intended to be used exclusively for religious purposes"

In the instant case, the documentation presented shows that the real estate was conveyed to the trustees of the Church. You indicate this was done for the purpose

of building a new church. As such, the recording of the deed of conveyance is exempt from the recordation tax imposed under *Va. Code* § 58.1-801.

Virginia Code § 58.1-811 (C) provides the exemptions that apply to the grantor's tax imposed pursuant to *Va. Code* § 58.1-802. There is no exemption from the grantor's tax for transferring real property to the trustees of a church. As such, the grantor's tax on the transfer of real property to the trustees of the Church is valid.

A refund for the state portion of the tax paid on the recording of the deed will be issued shortly pursuant to the enclosed schedule. A copy of this letter will be forwarded to the County for disposition of the local portion of the tax.

The *Code of Virginia* sections cited and other reference documents are available on-line in the Tax Policy Library section of the Department of Taxation's web site, located at www.tax.state.va.us. If you have any questions regarding this determination, you may contact ***** in the Department's Office of Policy and Administration, Appeals and Rulings, at *****.

Sincerely,

Kenneth W. Thorson

Tax Commissioner

AR/49688B