

TAX GUIDE FOR TEXAS HOMEBUYERS

According to the most recent rankings from WalletHub, the combined state and local tax burden for Texas residents is 8.19%. And while most things may be bigger in Texas, this certainly doesn't include personal income tax, Social Security tax, inheritance tax, and estate tax—none of which are collected in The Lone Star State.

If you're looking to retire in Texas, you have a diverse selection of places to call home, including big cities like Dallas and Austin, small cultural towns like Georgetown, and the Gulf Coast towns of Galveston and Corpus Christi. The average property tax in Texas is 1.69% and sales tax averages 8%, but these can be compensated for by the retirement tax laws and low cost of living.

TEXAS PROPERTY TAX INFORMATION

The tax rate for any given property in Texas is the sum of the county tax rate plus any additional taxes that may be owed to the city, school district or other local tax districts. Based on the most recent data, the median property tax rate paid on owner-occupied housing in Texas at 1.69% (the seventh-highest in the nation). However, local rates vary considerably from less than 50 cents to over \$1.50 per \$100 of the appraised value, so the annual tax bill for a \$300,000 home could be anywhere from under \$2,000 to \$4,500 or more depending on the location. The typical Texas homeowner pays \$3,390 annually in property taxes.

TEXAS PROPERTY TAX EXEMPTIONS

For property owners who occupy their home as a primary residence (referred to in tax law as a "homestead"), a \$25,000 exemption is available statewide for property tax paid to a school district. Counties have the option of also offering a separate residence homestead exemption of up to 20% of a property's appraised value (but not less than \$5,000). Homeowners who are disabled or at least 65 years old can apply for an additional \$10,000 exemption on school taxes. A \$3,000 homestead exemption is available to all homeowners in counties that collect a special tax for flood control or farm-to-market roads. Veterans with a disability rating of: 70-100 percent may receive a \$12,000 property tax exemption. Veterans with a full 100% disability rating are fully exempt from property taxes.

TEXAS PROPERTY TAX ASSESSMENTS

Texas counties are required to reappraise all properties within the county at least every three years. Most county appraisal districts use a "mass appraisal" process, assigning value based on the market value of similar properties that have sold recently in similar markets. For owner-occupied homes (known as "homesteads"), state law limits the amount that appraised value can increase from year to year. The appraised value of a home that qualifies for homestead exemptions may not increase more than 10% per year, unless the home has undergone additions or other substantial improvements that increase the market value of the property. Property owners have the right to appeal appraised values to a local appraisal review board.

TEXAS INCOME TAX

The state of Texas does not tax personal income, retirement income or "intangible" property such as stocks, bonds, and mutual funds. However, all Texas residents must file a federal income tax return, including non-U.S. citizens who are considered resident aliens by the IRS (typically, those who are present in the United States for more than 183 days).

TEXAS SALES TAX

The statewide general sales tax in Texas is 6.25%. Local governments (cities, counties, special-purpose districts, and transit authorities) may impose additional sales and use tax up to 2% for a total maximum combined rate of 8.25%.

TEXAS VEHICLE TAXES AND REGISTRATION FEES

Texas levies a 6.25% tax on the sale of any new or used motor vehicle within the state. For retail sales by licensed dealers, the tax applies to the sale price minus any applicable trade-in allowance. For private-party transactions, the tax is based on a "standard presumptive value" as determined by the Texas Department of Motor Vehicles. New residents bringing a vehicle into the state pay a \$90 flat fee in lieu of the 6.25% use tax charged to Texas residents. The annual registration fee for cars and light trucks is approximately \$50-\$55.

TEXAS REAL ESTATE TRANSFER TAX

Texas does not tax real estate transactions.

TEXAS ESTATE TAX

No state inheritance tax return is required on estates with a date of death after Jan. 1, 2005.

PRIVATE COMMUNITIES REGISTRY, LLC (PCR)

Founded in 1996, PCR is the trusted online resource for real estate shoppers interested in amenity-rich, master-planned lifestyle communities. Each year, more than 1 million visitors browse PCR's website to search gated, golf, active adult, and 55+ retirement communities, hoping to find their dream home in a community based on amenities or location. Learn more at [PrivateCommunities.com](https://www.PrivateCommunities.com).

This summary is for informational purposes only and is not intended to provide legal or financial advice. The information in this document is believed to be current at the time of publication, but tax laws and regulations are subject to change. Buyers and sellers should consult a qualified financial adviser or tax attorney before entering into any real estate transaction. © Copyright 2021 Private Communities Registry LLC All Rights Reserved.

Document Revised: January 2022



1307 19th Place, Vero Beach, FL 32960 USA
Tel: (772) 234-0434 | Toll Free: (800) 875-3072
info@privatecommunities.com