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South Carolina Court of Appeals Extends ATI Filing Deadline

By Kevin Baker, Atlanta

In a decision that could provide tax relief to owners of commercial and investment properties, a South Carolina Court of Appeals reversed a previous court decision and ruled county assessors cannot deny an assessable transfer of interest exemption just because it is claimed after the first year of eligibility.

An assessable transfer of interest (ATI) means a transfer of an existing interest in real property that subjects the real property to appraisal.

BACKGROUND

South Carolina county assessors are required to revalue all properties in their jurisdictions at least once every five years. They are generally prohibited from increasing the taxable value of a specific parcel of real estate by more than 15%, relative to the taxable value prior to the revaluation. However, this 15% cap does not apply if the parcel's ownership has changed hands in an ATI.

The ATI exemption was enacted to address the disparity between properties that have not changed hands and benefitted from the 15% cap, and those that have been transferred and do not have the tax cap protection.

Taxpayers can reduce the property tax value of a newly acquired property by as much as 25% by filing for the ATI exemption.

THE CASE

In *Fairfield Waverly, LLC v. Dorchester County Assessor*, the taxpayer acquired real property in late 2012, failed to file for the 25% ATI exemption by January 30, 2013, and then subsequently filed for the exemption by January 30, 2014. The Dorchester County Assessor's Office denied the exemption request, saying it had not been filed in the first year of eligibility.

The Court of Appeals [ruling](#) states that the timing of filing the exemption should not punish taxpayers.

While the court disagreed with the taxpayers' argument that the deadline should be completely open ended, the opinion seems to suggest that the ATI exemption must be filed prior to the next countywide reassessment.