



Bulletin

Prepayment of Real Property Taxes

The passage of the Tax Cuts and Jobs Act (H.R. 1) and the resulting limitation on the deductibility of state and local taxes from federal income tax has led to a significant number of questions from taxpayers regarding early tax payments. On January 1, 2018, the deduction of state and local taxes for those that itemize their taxes will be limited to \$10,000. Those taxpayers who want to prepay their 2018 property taxes in December 2017 may do so, provided that: 1) the collecting officer has received the tax warrant and 2) the collecting officer is willing to accept early payments.

Town real property taxes (outside of those counties that have a special tax act) become a lien on the property on January 1. So, while the property taxes technically are not due until January 1, and can be paid without interest until January 31, a collecting officer may accept payments before January 1 if the warrant has been delivered to the collecting officer. Article 9 of the Real Property Tax Law requires the county to deliver the warrant to the collecting officer by December 31. The warrant gives the collecting officer the authority to collect taxes; without the warrant, he or she cannot accept tax payments. Once the county delivers the warrant to the collecting officer, he or she may begin to accept tax payments. Note that collecting officers cannot typically be compelled to accept early tax payments – as an elected official, it is within his or her discretion to collect tax payments in the time, place and manner as stated in the notice of receipt of the warrant. Come January 1, the collecting officer must accept tax payments and comply with the hours of collection published in their notice of the warrant.

For example, assume that the county has delivered the warrant to the collecting officer on December 26. As of December 26, the collecting officer can begin to accept early payments of taxes, although they do not have to accept the payments – it is their discretion.

In short, a collecting officer has the authority to accept prepayments of taxes once the warrant has been delivered from the county. This information addresses the issue of prepayments of taxes; as for the deductibility of the taxes, one should consult with their tax professional. □