

Tax Considerations by Clay Bales

Owning land in Texas will result in tax issues which you should consider. These issues may pertain to the product being produced on the land, the intended purpose of the land, or simply because it is land. Property taxes and estate taxes are two important considerations.

Property Taxes

Property taxes paid to the state, county or other entity can affect your ability to manage your land as you may choose. These expenses should be at the forefront in planning whether you are thinking of buying property or planning next year's management activities. Information can be found on the State of Texas website <http://www.window.state.tx.us/taxinfo/proptax/index.html>.

Property taxes can sometimes be decreased by having a agricultural valuation or a wildlife valuation. Eligibility requirements can be found on the website above. Although, just because you can meet the qualifications doesn't mean that you should. Land is often degraded when managed simply to receive a lower tax valuation. Please consider your original purpose for the land before managing in a new or unknown way.

More information regarding the wildlife tax valuation can be found in the Texas Parks and Wildlife Department website http://www.tpwd.state.tx.us/landwater/land/private/agricultural_land/.

Estate Taxes

Estate taxes paid by those who inherit the land are expected to fluctuate greatly over the next few years. These taxes should be considered when doing any kind of estate planning as they may affect your heir's ability to keep the land as you intend it. The federal government collects estate taxes and information can be found at <http://www.irs.gov/businesses/small/article/0,,id=98968,00.html>.

Land Trusts and Other Considerations

Land Trusts exist in Central Texas as a way to maintain your property into the future. These often affect your taxes on the property as well as the taxes of your heirs. For information about Land Trusts, check out <http://www.texaslandtrustcouncil.org/>.

Working with tax professionals can be a great way to compare implications of management or even you decision to buy and sell.