Numbers and Operations: Realtor
R.T. NAHAS Co.

Problem:
A property owner sells 11.3 acres of a 16.4 acre parcel of land to a retail store. The date of closing of the sales is August 7, 1998.

The seller owes taxes on the entire parcel (16.4 acres) from January 1, 1998 to August 7, 1998 plus taxes on 5.1 acres from August 8, 1998 to December 31, 1998. The buyer owes taxes from August 8, 1998 to December 31, 1998 on 11.3 acres.

How much of the tax bill is owed by the buyer and how much by the seller of the property?

Assumptions:
August 7 is the 219th day of the year.
Property taxes on the entire parcel are $16,290 per year.

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Solution:
1. Seller's taxes = taxes owed through August plus the portion of the tax bill due on the remaining acres

219 days / 365 days = .60 = 60% of the year to August 7th

$16,290 x 60% year = $9,774 taxes owed through August 7th

16.4 acres - 11.3 acres = 5.1 acres

5.1 acres / 16.4 acres = 31.1% of the property retained

Taxes owed on the remaining 5.1 acres from August 8 through December 31 (40% of the year)

$16,290 x 40% year x 31.1% property = $2,026.46

$9,774 + 2,026.46 = $11,800.46 TOTAL taxes owed by the seller

2. Buyer's taxes = the difference between the seller's taxes and the total tax bill.

$16,290 - $11,800.46 = $4,489.54 taxes on 11.3 acres after sale