

Real Estate Transfer Taxes: Tax Rates Generally Applicable to New York City Real Estate Transactions

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Client Advisory

October 22, 2019 by Macculloch M. Irving, Barbara B. Brown and Marc A. Kushner

Taxes Payable by Seller

I. New York City Real Property Transfer Tax

(For purposes of the New York City Real Property Transfer Tax, residential property is classified as 1, 2 or 3 family houses, individual residential cooperative apartments and individual residential condominium units. All other properties are classified as commercial).

| Type of Property Affected | Tax Rate |
|---|-------------------------------|
| Residential property where consideration is \$500,000 or less | 1% of gross consideration |
| Residential property where consideration is more than \$500,000 | 1.425% of gross consideration |
| Commercial property where consideration is \$500,000 or less | 1.425% of gross consideration |
| Commercial property where consideration is more than \$500,000. | 2.625% of gross consideration |

II. New York State Real Estate Transfer Tax

| Type of Property Affected | Tax Rate |
|--|---|
| Residential property in New York City where consideration is less than \$3,000,000 | \$2.00 per \$500 of gross consideration or fraction thereof (or \$4.00 per \$1,000) |
| Residential property in New York City where consideration is \$3,000,000 or more | \$3.25 per \$500 of gross consideration or fraction thereof (or \$6.50 per \$1,000) |
| Commercial property in New York City where consideration is less than \$2,000,000 | \$2.00 per \$500 of gross consideration or fraction thereof (or \$4.00 per \$1,000) |
| Commercial property in New York City where consideration is | \$3.25 per \$500 of gross consideration or fraction thereof (or |

\$2,000,000 or more

\$6.50 per \$1,000)

Taxes Payable by Purchaser

III. New York State Additional Real Estate Transfer Tax (the "Mansion Tax")

| Type of Mortgage Affected | Tax Rate |
|--|---------------------------|
| Any mortgage securing less than \$500,000 | 2.05% of Mortgage Amount |
| Mortgage of a 1, 2 or 3 family dwelling or individual residential condominium unit securing \$500,000 or more. | 2.175% of Mortgage Amount |
| All other mortgages securing \$500,000 or more. | 2.80% of Mortgage Amount |

Note 1. *Components of Mortgage Recording Tax.* The mortgage recording tax in New York City consists of a basic mortgage recording tax of \$.50 per \$100 (Tax Law §253.1); a special additional tax of \$.25 per \$100 (Tax Law §253.1-a.(a)); and an additional tax of \$.30 per \$100 (Tax Law §253.2.(a)); plus (a) \$1.00 per \$100 on mortgages securing less than \$500,000, (b) \$1.125 per \$100 on mortgages of 1, 2 or 3 family dwellings and individual condominium units securing \$500,000 or more, and (c) \$1.75 per \$100 on all other mortgages securing \$500,000 or more (Adm. Code of City of New York, §11-2601, as amended, effective August 1, 1990).

Note 2. *Mortgage Recording Tax Payable by Mortgage Lender.* Where the premises are improved or are to be improved by a structure containing not more than six residential dwelling units having their own separate cooking facilities, the special additional mortgage recording tax of \$.25 per \$100 is to be paid by the mortgage lender, unless the mortgage lender is a natural person, in which case the mortgage is exempt from this portion of the tax. (Tax Law §253.1-a.(a))

Note 3. *Mortgages on Property Improved by One or Two Family Dwelling.* If the mortgage is on a property principally improved or to be improved by a one or two family residence or dwelling, the first \$10,000 of the mortgage obligation is exempt from the additional mortgage recording tax of \$.30 per \$100, with a maximum exemption of \$30 (Tax Law §253.2.(a)).

Note 4. *General.* The information set forth above concerns the rates of tax only for properties located in New York City and is believed to be accurate as of July 1, 2019. Consult your attorney, however, for up-to-date information, and for information with respect to exemptions, vacant land, treatment of existing liens, leases and leasehold transfers and surrenders, transfers of controlling interests, foreclosures or deeds in lieu, and real estate investment trusts.

Note 5. *Links.* The form of NYS Real Estate Transfer Tax Return is available at: http://www.tax.state.ny.us/pdf/1996/et/tp584_1096.pdf. The form of NYC Real Property Transfer Tax Return is available at: http://www.nyc.gov/html/dof/pdf/01pdf/nycrpt_01.pdf.

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For more information concerning the matters discussed in this publication, please contact the authors **Macculloch M. Irving** (212-238-8714; irving@clm.com), **Barbara B. Brown** (212-238-8612; brown@clm.com), **Marc A. Kushner** (212-238-8766; kushner@clm.com), or your regular Carter Ledyard attorney.

related professionals

Macculloch M. Irving / Partner

D 212-238-8714

irving@clm.com

Barbara B. Brown / Partner

D 212-238-8612

brown@clm.com