

# Client Alert

## *Increases in Transfer Tax Rates for New York City Properties*

On July 1, 2019, transfer tax rates will change for sales of both commercial and residential properties in New York City. This change will apply to closings on or after that date, except where taxpayers can produce written evidence that the sale was made pursuant to a contract entered into prior to April 1, 2019. Rates applicable to sales of properties outside New York City remain unchanged.

### **Transfer Tax**

For residential real estate in New York City (including residential cooperative and condominium units), the New York State transfer tax will increase to \$3.25 for each \$500 (or fractional part thereof) of consideration (or 0.65%) in the case of sales for \$3,000,000 or more of consideration.

For commercial and industrial real estate in New York City, the new 0.65% rate will apply to sales for \$2,000,000 or more of consideration.

In either case, if the threshold is met, the new rate will apply to the entire consideration, not just the amount above the threshold.

### **Mansion Tax**

The “Mansion Tax” is a tax applicable to sales only of residential real estate, where the consideration is \$1,000,000 or more. It applies statewide, and the rate is 1% of the consideration. On and after July 1, 2019, the rates for residential real estate in New York City will increase for sales of \$2,000,000 or more. The Mansion Tax will be payable as follows:

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**2019**

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Amount of Consideration	Tax Rate
Less than \$1,000,000	No Tax
\$1,000,000 or more, but less than \$2,000,000	1%
\$2,000,000 or more, but less than \$3,000,000	1.25%
\$3,000,000 or more, but less than \$5,000,000	1.5%
\$5,000,000 or more, but less than \$10,000,000	2.25%
\$10,000,000 or more, but less than \$15,000,000	3.25%
\$15,000,000 or more, but less than \$20,000,000	3.5%
\$20,000,000 or more, but less than \$25,000,000	3.75%
\$25,000,000 or more	3.9%

Further, the Mansion Tax Law has been amended. Previously, the tax was payable by the purchaser, except that the seller pays in the rare case in which the purchaser is exempt. Under the new law, while the tax is payable by the purchaser, the seller is also liable for the tax if the purchaser fails to pay it.

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If you would like additional information, please contact:

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