



Summary of Amendments to New York's Real Estate Transfer Taxes

The Tax Law imposes a real estate transfer tax (the *base tax*) on each conveyance of New York real property or interest in real property when the consideration exceeds \$500.¹ This tax is computed at a rate of \$2.00 for each \$500 of consideration or fractional part of the consideration. The base tax is paid by the seller (grantor). However, if the seller doesn't pay the tax, or is exempt from the tax, the buyer (grantee) must pay the tax.

An *additional* real estate transfer tax (commonly referred to as the *mansion tax*) is imposed on each conveyance of New York real property that is or may be used in whole or in part as a personal residence when the consideration for the entire conveyance is \$1 million or more.² The additional tax is computed at a rate of 1% of the consideration or part thereof attributable to the residential real property. The mansion tax is paid by the buyer (grantee).

The recently Enacted Budget (Chapter 59 of 2019) amended the existing mansion tax and added several new real estate transfer taxes that apply only to conveyances within New York City.

Amendment to the mansion tax

The mansion tax is required to be paid by the buyer (grantee). The Tax Law was amended to provide that when the buyer fails to pay the tax, the seller (grantor) is required to pay.³ When the seller is required to pay the additional tax because the buyer failed to pay, the additional tax becomes the joint and several liability of the seller and the buyer.

Amendments that apply specifically to New York City

Additional base tax

The Tax Law was amended to provide for an addition to the base tax (*additional base tax*) in the amount of \$1.25 for each \$500, or fractional part, of the consideration for certain conveyances of real property located in New York City.⁴ The tax applies to:

- The conveyance of residential real property where the consideration for the entire conveyance is \$3 million or more.
- The conveyance of real property **other than** residential real property where the consideration for the entire conveyance is \$2 million or more.

The seller is required to pay the additional base tax. If the seller fails to pay the tax or is exempt from the tax, the buyer is required to pay the tax. When the buyer is required to pay the

¹ Tax Law § 1402(a)(1).

² Tax Law § 1402-a(a).

³ Tax Law § 1402-a(b).

⁴ Tax Law § 1402(a)(2).

tax because the seller has failed to pay, the additional base tax becomes the joint and several liability of the seller and the buyer.

For purposes of the additional base tax, all mixed-use real property is considered residential real property. Therefore, if the consideration for the conveyance of mixed-use real property is \$3 million or more, the entire consideration is subject to the additional base tax.

Residential real property includes any premises that is or may be used in whole or in part as a personal residence, and includes a one-, two- or three-family house, an individual condominium unit or a cooperative apartment unit.

Mixed-use real property is real property that is used for both residential and other than residential (for example, commercial) purposes.

Example 1: *B sells a residential condominium unit located in NYC to C for \$7 million. Since the consideration is \$3 million or more the additional base tax applies. The additional base tax is computed on the entire consideration at a rate of \$1.25 for each \$500 of consideration. The additional base tax due is \$17,500.*

Example 2: *X sells a two-unit building located in NYC to Y for \$3.2 million. 60% of the building is commercial space and the remaining 40% is used as a personal residence. This conveyance is subject to the additional base tax because the property is used in whole or in part as a personal residence and the consideration for the entire property is over \$3 million. The additional base tax is computed on the entire consideration at a rate of \$1.25 for each \$500 of consideration. The additional base tax due is \$8,000.*

Example 3: *S sells a two-unit building located in NYC to T for \$2.5 million. One unit is used as a personal residence (50%) and the other unit is used as a retail store. No additional base tax is due since the property is used in whole or in part as residential real property and the entire consideration is less than \$3 million.*

(The transactions above are also subject to other real estate transfer taxes. For a full explanation of all the taxes due for these conveyances, see [Examples reflecting all applicable real estate transfer taxes](#).)

Supplemental tax on residences

The Tax Law was also amended to add a *supplemental tax* on the conveyance of residential real property located in New York City where the consideration for the conveyance is \$2 million or more.⁵ The supplemental tax differs depending on the amount of the consideration for the entire conveyance. The chart below shows the applicable rates.

⁵ Tax Law § 1402-b.

Entire Conveyance Amount	Supplemental tax rate
At least \$ 2 million but less than \$ 3 million	One-quarter of one percent (.25%)
At least \$ 3 million but less than \$ 5 million	One-half of one percent (.5%)
At least \$ 5 million but less than \$10 million	One and one-quarter percent (1.25%)
At least \$10 million but less than \$15 million	Two and one-quarter percent (2.25%)
At least \$15 million but less than \$20 million	Two and one-half percent (2.5%)
At least \$20 million but less than \$25 million	Two and three-quarters percent (2.75%)
\$25 million dollars or more	Two and nine-tenths percent (2.9%)

The buyer is required to pay the supplemental tax. If the buyer fails to pay the tax or is exempt, the seller is required to pay the tax. When the seller is required to pay the tax because the buyer has failed to pay, the supplemental tax becomes the joint and several liability of the seller and the buyer.

The supplemental tax is due on the conveyance of mixed use real property when the consideration for the entire property is \$2 million or more. Tax is computed only on the consideration attributed to the residential portion of the property.

Example 4: *B sells a residential condominium unit located in NYC to C for \$7 million. Since the consideration is \$2 million or more the supplemental tax applies. The supplemental tax is computed on the total consideration, since the entire property is residential, at the rate that applies to conveyances for total consideration of at least \$5 million but less than \$10 million (1.25%). The supplemental tax due is \$87,500.*

Example 5: *X sells a two-unit building located in NYC to Y for \$3.2 million. 60% of the building is commercial space and the remaining 40% is used as a personal residence. This conveyance is subject to the supplemental tax because consideration for the entire property is over \$2 million. The supplemental tax is computed on the consideration attributed to the residential real property (\$1,280,000) at the rate that applies to conveyances for total consideration of at least \$3 million but less than \$5 million (.5%). The supplemental tax due is \$6,400.*

Example 6: *S sells a two-unit building located in NYC to T for \$2.5 million. One unit is used as a personal residence (50%) and the other unit is used as a retail store. This conveyance is subject to the supplemental tax because consideration for the entire property is over \$2 million. Tax is computed on the consideration attributed to the residential real property (\$1,250,000) at the rate that applies to conveyances for total consideration of at least \$2 million but less than \$3 million (.25%). The supplemental tax due is \$3,125.*

(The transactions above are also subject to other real estate transfer taxes. For a full explanation of all the taxes due for these conveyances, see [Examples reflecting all applicable real estate transfer taxes.](#))

Multiple transfers

When a seller transfers more than one interest in real property to a buyer, the property interests will be treated as a single conveyance when the property interests are used in conjunction with each other or there is a clear relationship between each property interest. When multiple transfers are treated as a single conveyance, the consideration for these transfers must be added together to determine whether the additional base tax or supplemental tax are due.

A seller making multiple transfers in NYC must complete Form 584.6-NYC, *Real Estate Transfer Tax Return Schedule of Apportionment*, to show how consideration is apportioned between the properties and compute the additional base tax, supplemental tax, and other applicable real estate transfer taxes.

Example 7: *C sells three condominium units in the same building located in NYC to D. One unit is an apartment, the second is a basement storage room, and the third is a parking space in the parking garage. The three units are used together by the owner. The total consideration for the units is \$3.5 million. Since the units are being used in conjunction with each other, the entire consideration is subject to both the additional base tax and the supplemental tax.*

Example 8: *E sells four cooperative apartments in the same building located in NYC to F. Two of the apartments are sold for \$1 million each and the other two apartments are sold for \$1.5 million each. The apartments are not connected to each other and are not used in conjunction with each other. These sales are treated as separate conveyances and the consideration is not subject to the additional base tax or the supplemental tax.*

(The transactions above are also subject to other real estate transfer taxes. For a full explanation of all the taxes due for these conveyances, see [Examples reflecting all applicable real estate transfer taxes](#).)

Taxes collected

The base tax, additional base tax, mansion tax, and supplemental tax are all due within 15 days from the date of conveyance and are to be remitted with Form TP-584-NYC, *Combined Real Estate Transfer Tax Return, Credit Line Mortgage Certificate, and Certification of Exemption from the Payment of Estimated Personal Income Tax for the Conveyance of Real Property Located in New York City*.

Grandfathered conveyances

The additional base tax and supplemental tax will apply to conveyances occurring on or after July 1, 2019. However, these taxes will not be imposed on any conveyance made pursuant to a binding contract entered into on or before April 1, 2019, provided the date of execution of the contract can be confirmed by independent evidence. A conveyance pursuant to a contract entered into on or before April 1, 2019, that is substantially amended after April 1, 2019, will not qualify for the grandfather exemption.

The recording of a contract and the payment of a deposit would constitute independent evidence to support that a contract was entered into on or before April 1, 2019. The department will also consider any other evidence presented.

Examples reflecting all applicable real estate transfer taxes

Examples 1 & 4: B sells a NYC residence to C for \$7 million.

Tax type	Tax computed	Tax rate	Amount due	Who pays?
Base tax	\$2 for each \$500	0.40%	\$28,000	Seller
Additional base tax	\$1.25 for each \$500	0.25%	\$17,500	Seller
Mansion tax	Entire consideration	1%	\$70,000	Buyer
Supplemental tax	\$5 - \$10 million tier	1.25%	\$87,500	Buyer

B pays a total of \$45,500 in tax. C pays a total of \$157,500 in tax.

Examples 2 & 5: X sells a 2-unit building in NYC to Y for \$3.2 million that is 40% residential.

Tax type	Tax computed	Tax rate	Amount due	Who pays?
Base tax	\$2 for each \$500	0.40%	\$12,800	Seller
Additional base tax	\$1.25 for each \$500	0.25%	\$ 8,000	Seller
Mansion tax	Consideration for residential portion	1%	\$12,800	Buyer
Supplemental tax	\$3 - \$5 million tier on residential portion	0.50%	\$ 6,400	Buyer

X pays a total of \$20,800 in tax. Y pays a total of \$19,200 in tax.

Examples 3 & 6: S sells a 2-unit building in NYC to T for \$2.5 million that is used 50% residential.

Tax type	Tax computed	Tax rate	Amount due	Who pays?
Base tax	\$2 for each \$500	0.40%	\$10,000	Seller
Additional base tax	Consideration under \$3 million threshold for residential property	0.25%	0	Seller
Mansion tax	Consideration for residential portion	1%	\$12,500	Buyer
Supplemental tax	\$2 - \$3 million tier on residential portion	0.25%	\$ 3,125	Buyer

S pays a total of \$10,000 in tax. T pays a total of \$15,625 in tax.

Example 7: C sells 3 condominium units in NYC (an apartment, garage, and storage unit) to D for a total of \$3.5 million.

Tax type	Tax computed	Tax rate	Amount due	Who pays?
Base tax	\$2 for each \$500	0.40%	\$14,000	Seller
Additional base tax	\$1.25 for each \$500	0.25%	\$ 8,750	Seller
Mansion tax	Entire consideration	1%	\$35,000	Buyer
Supplemental tax	\$3 - \$5 million tier	0.50%	\$17,500	Buyer

C pays a total of \$22,750 in tax. D pays a total of \$52,500 in tax.

Example 8: E sells 4 residential condominium units in the same building in NYC to F. Two units were sold for \$1 million each and 2 were sold for \$1.5 million each. The units are not connected or used in conjunction with each other.

Tax type	Tax computed	Tax rate	Amount due	Who pays?
Base tax	\$2 for each \$500 as calculated on a per unit basis and totaled.	0.40%	\$20,000	Seller
Additional base tax	Consideration for each unit below threshold	0.25%	0	Seller
Mansion tax	Total mansion tax as calculated on a per unit basis	1%	\$50,000	Buyer
Supplemental tax	Consideration for each unit below threshold	0.00%	0	Buyer

E pays a total of \$20,000. F pays a total of \$50,000.

Note: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.