

## **Extension of Reduced Real Estate Transfer Tax Rate for Real Estate Investment Trusts**

Section 1402(b)(2)(B) of the Tax Law has been amended to extend the reduced real estate transfer tax (transfer tax) rate for conveyances of real property to existing real estate investment trusts (REIT). This reduced tax rate applies to all such conveyances occurring before September 1, 2008.

Conveyances to a REIT are subject to the New York State transfer tax but may be taxed at a reduced rate. This reduced tax rate for the transfer tax may also apply to conveyances to a partnership or corporation in which a REIT will own a controlling interest immediately following the conveyance. To qualify for the reduced tax rate, however, certain conditions must be met. (Tax Law, section 1402(b).)

The statutory provisions providing a reduced tax rate of \$1.00 for each \$500 of consideration or fractional part thereof apply to conveyances of real property to a REIT (other than those conveyances made in connection with the initial formation of the REIT) expired on September 1, 2005. However, under the amendments, these provisions are deemed to have been in full force and effect on and after September 1, 2005, and now apply to such conveyances occurring before September 1, 2008.

### **Refund for real estate transfer tax paid on conveyances to an existing REIT**

If you paid real estate transfer tax at the rate of \$2.00 for each \$500 of consideration or fractional part thereof with respect to a qualified conveyance to an existing REIT or to a partnership or corporation in which a REIT owned a controlling interest occurring on or after September 1, 2005, you may claim a refund within two years from the date of payment. Use Form TP-592.2, *Claim for Real Estate Transfer Tax Refund*, to claim a refund. The refund is the difference between the tax paid and the tax computed at the reduced rate.

For more information on the preferential tax treatment given to conveyances to a REIT, refer to:

- TSB-M-94(4)-R, *1994 Amendments to the Real Property Transfer Gains Tax and the Real Estate Transfer Tax*
- TSB-M-94(4.1)-R, *1996 Amendments to the Real Estate Transfer Tax Related to Real Estate Investment Trusts*
- TSB-M-96(5)R, *1996 Amendments to the Real Estate Transfer Tax Related to Real Estate Investment Trusts*

- TSB-M-96(5.1)R, *Extension of Reduced Real Estate Transfer Tax Rate for Real Estate Investment Trusts*
- TSB-M-02(1)R, *Extension of Reduced Real Estate Transfer Tax Rate for Real Estate Investment Trusts*
- Form TP-584-REIT, *Combined Real Estate Transfer Tax Return and Credit Line Mortgage Certificate for Real Estate Investment Trust Transfer*

To obtain any of these documents, download copies from our Web site at [www.nystax.gov](http://www.nystax.gov). They are also available by fax at 1 800 748-FORM (3676), or you can call 1 800 462-8100 to receive a copy by mail.