

**New York State Department of Taxation and Finance**  
**Taxpayer Services Division**  
**Technical Services Bureau**

TSB-M-94(4.1)-R  
Real Property Transfer Gains Tax  
Real Estate Transfer Tax  
October 24, 1996

**1996 Amendments to the Real Estate Transfer Tax**  
**Related to Real Estate Investment Trusts**

Section 1402(b)(1) of the Tax Law was amended to make permanent the provisions in the real estate transfer tax (transfer tax) that provide a reduced tax rate for conveyances of real property to a real estate investment trust (REIT) upon its initial formation when certain requirements are met.

In addition, section 1402(b)(2) of the transfer tax was amended to extend the reduced rate of tax to conveyances of real property to a REIT other than those conveyances made in connection with the initial formation of the REIT. However, certain conditions must be met. In addition, this expansion of the preferential tax treatment to conveyances other than in connection with the initial formation of the REIT will only apply to conveyances that occur before September 1, 1999.

For more information on the 1996 amendments to the transfer tax relating to REIT transfers, see TSB-M-96(5)-R.

The real property transfer gains tax (the gains tax) was repealed on July 13, 1996. The repeal applies to transfers of real property that occur on or after June 15, 1996. For more information on the repeal of the gains tax, see TSB-M-96(3)-R and TSB-M-96(4)-R.