

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

TSB-M-96(5.1)R  
Real Estate Transfer Tax  
September 1, 1999

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

Conveyances to a Real Estate Investment Trust (REIT) are subject to the New York State Real Estate Transfer Tax (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. (Section 1402(b) of the Tax Law.)

The statutory provisions providing for a reduced tax rate of \$1.00 for each \$500 of consideration, or fractional part thereof, applying to conveyances of real property to a REIT (other than those conveyances made in connection with the initial formation of the REIT) were due to sunset on August 31, 1999. However, these provisions have been extended and now apply to such conveyances occurring before September 1, 2002. (Chapter 407 of the Laws of 1999.)

For more information on the preferential tax treatment given to conveyances to a REIT, refer to TSB-M-96(5)-R, *1996 Amendments to the Real Estate Transfer Tax Related to Real Estate Investment Trusts*, TSB-M-94(4)-R, *1994 Amendments to the Real Property Transfer Gains Tax and the Real Estate Transfer Tax*, and TSB-M-94(4.1)-R, *1996 Amendments to the Real Estate Transfer Tax Related to Real Estate Investment Trusts*.