

# *First Jersey Title Reports*

*a periodic newsletter from First Jersey  
to keep you up to date with the changes in Title Services.*

**July 2004**

## **REALTY TRANSFER FEE RATE INCREASES “MANSION TAX” TAKES AFFECT**

### **NON-RESIDENT ESTIMATED GROSS INCOME TAX REQUIREMENT**

**Governor McGreevey signed into law the following two bills affecting real estate transactions as of August 1, 2004.**

**A3115** Imposes "general purpose fee" on certain realty transfers and fee on purchase of residential property for over \$1 million; generally clarifies realty transfer fee law.

**A3128** Requires the payment of estimated gross income tax on sales of real property in this State by nonresidents.

(The bills, A3115 and A-3128 may be viewed on the web at <http://www.njleg.state.nj.us/>)

The “new” **Realty Transfer Fee rates** (to be calculated in units of “each \$500 of consideration or fractional part thereof”) and the “**Mansion Tax**” are as follows:

#### **“Standard Transfer” & “New Construction” NOT EXCEEDING \$350,000**

<u>Deed Consideration</u>	<u>per \$500</u>	<u>per \$1,000</u>
Up to \$150,000	\$2.00	\$4.00
\$150,001 to \$200,000	\$3.35	\$6.70
\$200,001 to \$350,000	\$3.90	\$7.80

#### **“Standard Transfer” & “New Construction” EXCEEDING \$350,000**

<u>Deed Consideration</u>	<u>per \$500</u>	<u>per \$1,000</u>
Up to \$150,000	\$2.90	\$5.80
\$150,001 to \$200,000	\$4.25	\$8.50
\$200,001 to \$550,000	\$4.80	\$9.60
\$550,001 to \$850,000	\$5.30	\$10.60
\$850,001 to \$1,000,000	\$5.80	\$11.60
\$1,000,001 and over *	\$6.05	\$12.10

“**New Construction**” transfers (partial exemption) must contain “**the words “NEW CONSTRUCTION” in upper case lettering shall be printed at the top of the first page of the deed**, and an affidavit by the grantor stating that the transfer is of property upon which there is new construction shall be appended to the deed” in the form of an affidavit of consideration stating the exemption for new construction.

**“Senior Citizens, Blind or Disabled persons, Low and Moderate Income Housing”  
NOT EXCEEDING \$350,000**

<u>Deed Consideration</u>	<u>per \$500</u>	<u>per \$1,000</u>
Up to \$150,000	\$0.50	\$1.00
\$150,001 to \$350,000	\$1.25	\$2.50

**“Senior Citizens, Blind or Disabled persons, Low and Moderate Income Housing”  
EXCEEDING \$350,000**

<u>Deed Consideration</u>	<u>per \$500</u>	<u>per \$1,000</u>
Up to \$150,000	\$1.40	\$2.80
\$150,001 to \$550,000	\$2.15	\$4.30
\$550,001 to \$850,000	\$2.65	\$5.30
\$850,001 to \$1,000,000	\$3.15	\$6.30
\$1,000,001 and over *	\$3.40	\$6.80

\* New legislation (P.L. 2004, c. 66; bill A3115) imposes a specific charge on the buyer: “there is imposed upon a grantee of a deed for the transfer of real property zoned for residential use, whether improved or not, **for consideration in excess of \$1,000,000 recited in the deed a fee equal to 1 percent of the entire amount of such consideration ....**”

### The Non-resident Estimated Gross Income Tax Requirement

Bill A3128, establishes a requirement for nonresidents to pay estimated New Jersey gross income tax on New Jersey real estate transactions. For sales or transfers of real property occurring on and after August 1, 2004, the bill requires nonresident individuals, estates and trusts who sell or transfer certain real property located within New Jersey to pay estimated gross income tax to the Division of Taxation, which estimated tax payment is calculated according to the formula in the statute, but at the very least may not be less than 2% of the consideration for the sale of transfer stated in the deed affecting the conveyance.

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