

# *First Jersey Title Reports*

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

**January 2005**

## **Revisions to the “Nonresident Seller’s Tax” and “Mansion Tax”**

### **Amendment to the “Nonresident Sellers Tax Declaration”**

New Jersey’s Acting Governor, Richard J. Codey, signed Bill A3510 - Clarifies that the minimum payment of estimated gross income tax on sales of real property in this State by nonresidents is 2% of the consideration. This act shall take effect immediately, and is retroactive to August 1, 2004.

The exact amount of 2% is the sum that must be collected from a nonresident taxpayer (not eligible for the exemption from this requirement) and forwarded with the deed to the County recording officer, together the Nonresident Seller’s Tax Declaration form, GIT/REP-1.

### **Amendment to the “Affidavit of Consideration for Use by Buyer” (“Mansion Tax”)**

New Jersey’s Acting Governor, Richard J. Codey, also signed Bill A3302 - Revises 1% fee on transfer of residential property for more than \$1 million, exempts certain transfers, and provides for refunds of certain fees paid. The Bill is effective as of February 1, 2005.

The bill removes vacant land and apartment buildings from coverage of the transfer fee and eliminates zoning status as the basis for determining which residential property is subject to the fee. As amended, it provides instead that such property shall be limited to:

(1) Real property classified for assessment purposes as Class 2 "residential";

(2) (a) Real property that includes property classified for assessment purposes as Class 3A "farm property (regular)", but only if the property includes a building or structure intended or suited for residential use, and (b) any other real property, regardless of class, that is effectively transferred to the same grantee in conjunction with the property described in (a); or

(3) A cooperative unit as defined in the cooperative recording law.

The bill exempts from the fee any transfer to a charitable organization that is exempt from federal income tax under section 501(c)(3) of the federal Internal Revenue Code.

A REFUND provision is incorporated therein for those who have paid the Mansion Tax and who would have been exempt under the amended act.

The 1% tax, based on the sales price, is the sum that must be collected and forwarded with the deed to the County recording officer together with the Affidavit of Consideration for the Use by Buyer RTF-1EE.

If the State should revise the aforementioned forms we will forward them as soon as possible. For more information visit the State of New Jersey web page at <http://www.njleg.state.nj.us/Default.asp> and search Bill A3310 or Bill A3302.

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