

# *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**

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**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 a fee on the purchase of residentially zoned 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/>)

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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**

<b>Deed Consideration</b>	<b>per \$500</b>	<b>per \$1,000</b>
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**

<b>Deed Consideration</b>	<b>per \$500</b>	<b>per \$1,000</b>
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
\$1,000,000 AND OVER *	\$6.05	\$12.10

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

<b>Deed Consideration</b>	<b>per \$500 per \$1,000</b>	
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**

<b>Deed Consideration</b>	<b>per \$500 per \$1,000</b>	
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
\$1,000,000 AND OVER *	\$3.40	\$6.80

**"MANSION TAX"**

\* 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...**"

**"NEW CONSTRUCTION"**

**"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.

**"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

## UPDATE

The Division of Taxation has posted updated information concerning the implementation of the Realty Transfer Fee, the "Mansion Tax" and the Nonresident Income Tax on their website at [www.state.nj.us](http://www.state.nj.us)

**For all fees, taxes and procedures, the date of the deed is operative.** The new fees, procedures and forms will be required for all deeds dated on or after August 1, 2004. The Division is providing an adjustment period, until October 1, 2004, during which time the "old" and "new" fees and procedures will be followed depending upon the date of the deed. Deeds dated prior to August 1 and received by the Clerk/Register subsequent to August 1 (but prior to October 1, 2004) will have the "old" rates and procedures applied. All deeds received for recording on or after October 1, 2004, the "new" rates and procedures will apply.

The Director of the Division of Taxation has released the new forms to implement procedure and the collection of fees; the Nonresident Seller's Tax Declaration (GIT/REP-1, 7-04), the Nonresident Sellers Tax Prepayment Receipt Form (GIT/REP-2) and the Sellers Residency Certification/Exemption (GIT/REP-3, 7-04) which can also be found on their web page. Please be advised that when using these forms they must be counted as additional pages to be recorded and the appropriate recording fee paid.