



Combined Real Estate Transfer Tax Return and Credit Line Mortgage Certificate for Real Estate Investment Trust Transfers

Before completing this form, see General information on page 2.

Schedule A - Information relating to conveyance

Form for Schedule A with fields for Grantor and Grantee information including Name, Mailing address, Social Security number, and EIN.

Table with columns: Tax map designation (Section, Block, Lot), Address, City/village, Town, County.

Type of property conveyed (check applicable box)

- 1 Vacant land, 2 Commercial/industrial, 3 Apartment building, 4 Office building, 5 Other. Includes Date of conveyance field with month, day, year sub-fields.

Condition of conveyance (check all that apply)

- a. Conveyance of fee interest, b. Acquisition of a controlling interest, c. Transfer of a controlling interest, d. Conveyance which consists of a mere change of identity or form of ownership or organization, e. Other (describe).

Schedule B - Real estate transfer tax return (Tax Law Article 31)

Part 1 - Computation of tax due

Table for Part 1 with 4 rows: 1 Enter amount of consideration, 2 Continuing lien deduction, 3 Taxable consideration, 4 Tax due.

Part 2 - Explanation of exemption claimed in Part 1, line 1 (check either box that applies)

- a. Conveyance is a mere change of identity or form of ownership or organization where there is no change in beneficial ownership. b. Other (attach explanation).

Schedule C - Credit line mortgage certificate (Tax Law Article 11)

Complete the following only if the interest being transferred is a fee simple interest.

I (we) certify that: (Mark an X in the appropriate box)

- 1 The real property being sold or transferred is not subject to an outstanding credit line mortgage. 2 The real property being sold or transferred is subject to an outstanding credit line mortgage. However, an exemption from the tax is claimed for the following reason: [checkbox] The transfer of real property is to a person or entity where 50% or more of the beneficial interest in such real property after the transfer is held by the transferor. [checkbox] The maximum principal amount secured by the credit line mortgage is \$3,000,000 or more and the real property being sold or transferred is not principally improved nor will it be improved by a one- to six-family owner-occupied residence or dwelling. Please note: for purposes of determining whether the maximum principal amount secured is \$3,000,000 or more as described above, the amounts secured by two or more credit line mortgages may be aggregated under certain circumstances. See TSB-M-96(6)R for more information regarding these aggregation requirements. [checkbox] Other (attach detailed explanation). 3 The real property being transferred is presently subject to an outstanding credit line mortgage. However, no tax is due for the following reason: [checkbox] A certificate of discharge of the credit line mortgage is being offered at the time of recording the deed. [checkbox] A check has been drawn payable for transmission to the credit line mortgagee or his agent for the balance due, and a satisfaction of such mortgage will be recorded as soon as it is available. 4 The real property being transferred is subject to an outstanding credit line mortgage recorded in [ ] (insert liber and page or reel or other identification of the mortgage). The maximum principal amount secured in the mortgage is [ ]. No exemption from tax is claimed and the tax of [ ] is being paid herewith. (Make check payable to county clerk where deed will be recorded or, if the recording is to take place in New York City, make check payable to the NYC Department of Finance.)

Table with 4 columns: For recording officer's use, Amount received, Date received, Transaction number.



**General information**

A conveyance of real property to a real estate investment trust (REIT), as defined in the Internal Revenue Code (IRC) section 856A, may be subject to the transfer tax at the reduced rate of \$1 for each \$500 or fractional part of consideration. The conveyance may be to the REIT itself or to an entity, such as a partnership or a corporation, in which a REIT owns a controlling interest immediately following the transfer (REIT transfer).

To qualify for the reduced transfer tax rate, REIT transfers that are in connection with the initial formation of the REIT must occur on or after June 9, 1994. In addition, the REIT transfer must also meet certain *Ownership retention requirements* and the *Use of proceeds requirement* described below. See TSB-M-94(4)R, *1994 Amendments to the Real Property Transfer Gains Tax and the Real Estate Transfer Tax*, for the requirements for determining whether a REIT transfer qualifies as being a transfer that occurs in connection with the initial formation of the REIT.

In addition, REIT transfers **other than** those in connection with the initial formation of the REIT qualify for the reduced transfer tax rate if they occur on or after July 13, 1996, but before September 1, 2023. Furthermore, in order to qualify for the reduced transfer tax rate, a REIT transfer must meet the *Ownership retention requirements* described below.

**Ownership retention requirements**

As part of the consideration for the conveyance of real property or interest therein, the grantors must receive ownership interests in the REIT, or in an entity controlled, or to be controlled by the REIT, which have at least a certain minimum value as described herein. The value of those ownership interests received in the REIT, or in an entity controlled, or to be controlled by the REIT, must be equal to at least 40% (50% if the conveyance is **other than** in connection with the initial formation of a REIT) of the equity value of the real property or interest therein conveyed by the grantors to the grantee. In addition, the ownership interests in the REIT, or in an entity controlled, or to be controlled by the REIT, received by the grantors as part of the consideration for the conveyance must be retained by the grantors (or an owner of the grantor) for a period of at least two years from the date of the REIT transfer, except in the case of the subsequent conveyance of these interests as a result of the death of an individual grantor. See TSB-M-94(4)R for the method used to calculate the equity value of the property and the value of the ownership interests received.

**Use of proceeds requirement**

At least 75% of the net cash proceeds (after deducting underwriting discounts) received by the REIT from its initial offering must be used for the following purposes:

- (a) to make payments on loans secured by any interest in the real property owned directly or indirectly by the REIT;
- (b) to pay for capital improvements to the real property owned directly or indirectly by the REIT;
- (c) to pay costs, fees and expenses (including brokerage fees, commissions and professional fees) incurred in connection with the creation of a leasehold or sublease pertaining to the real property owned directly or indirectly by the REIT;
- (d) to make payments to or on behalf of a tenant as an inducement to enter into a lease or sublease, including but not limited to the following:
  - (i) a cash bonus paid to a tenant for signing a lease;
  - (ii) a payment for the unexpired term of a tenant’s previous lease;
  - (iii) payment of a tenant’s moving costs;
  - (iv) payment for a tenant’s improvements that do not constitute capital improvements (such as temporary partitions or non-permanent electrical wiring for computer equipment); and

- (v) payment of a tenant’s attorneys’ fees;
- (e) to acquire any interest in real property (including an ownership interest in any entity owning real property) **except** an acquisition that would qualify for the reduced rate of tax provided for a REIT transfer (without regard to this requirement); or
- (f) for reserves established for any of the purposes described in items (a), (b), (c) or (d) above.

For purposes of this requirement, the term *real property* includes real property owned directly or indirectly by the REIT, whether located inside or outside New York State. Also, the calculation of the net cash proceeds from the initial offering of the REIT is made without regard to any proceeds resulting from the exercise of any underwriter’s over-allotment option in connection with the initial offering of the REIT shares.

**Payment of estimated personal income tax by individuals, estates, and trusts**

**Nonresidents** – Nonresident individuals, estates, and trusts taxed under Tax Law Article 22 must comply with the provisions of Tax Law section 663, estimating the personal income tax on the gain, if any, from the sale or transfer of certain real property located in New York State. Such nonresident individuals, estates, and trusts are required to either complete Form IT-2663, *Nonresident Real Property Estimated Income Tax Payment Form*; or Schedule D of Form TP-584, *Combined Real Estate Transfer Tax Return, Credit Line Mortgage Certificate and Certification of Exemption from the Payment of Estimated Personal Income Tax*, and file it with Form TP-584-REIT.

**Residents** – The requirement for payment of estimated personal income tax under Tax Law section 663 does not apply to individuals, estates, and trusts who are **residents** of New York State at the time of the sale or transfer. Resident individuals, estates, and trusts must complete Schedule D of Form TP-584, and file it with Form TP-584-REIT.

See *Payment of estimated personal income tax*, on page 1 of Form TP-584-I, *Instructions for Form TP-584* for more information.

**Specific instructions**

**Schedule A**

**Condition of conveyance**

Indicate the condition of conveyance by checking all the conditions that apply. If you check item d, attach Form TP-584.1, *Real Estate Transfer Tax Return Supplemental Schedules*, to Form TP-584-REIT, with Schedule F completed.

**Schedule B**

**Line 1** – Enter the consideration for the conveyance as set forth in Tax Law section 1402(b)(3). See TSB-M-94(4)R for more information on the calculation of consideration and net cash flow from operations.

**Line 2** – See Form TP-584-I, page 3, for more information on the continuing lien deduction.

**Line 4** – Compute and enter the amount of tax due based on the consideration entered on line 3. The rate is \$1 for each \$500, or fractional part thereof, of taxable consideration on line 3.

**Schedule C**

Mark an **X** in the appropriate box on Schedule C, if this schedule is required.

**Signature and affirmation (both the grantors and grantees must sign).**

The undersigned certify that the above return, including any certification, schedule or attachment, is to the best of his/her knowledge, true and complete, and authorize the persons submitting such form on their behalf to receive a copy for purposes of recording the deed or other instrument effecting the conveyance.

Grantor signature	Title	Grantee signature	Title
Grantor signature	Title	Grantee signature	Title

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