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Commercial Recordation/Transfer Tax Increase and Mandatory Use of New FP7

27 Aug 2019

The Washington, D.C. Office of Tax and Revenue has issued an official notice of the increase on transfer and recordation tax on commercial properties where the consideration (real or imputed) is more than $2 million.

The increase is effective on October 1, 2019 and is scheduled to expire on September 30, 2023.

A new FP-7 form must be submitted with all recordings after October 1, 2019 regardless of the date of closing.

Economic Interest deeds on commercial properties over $2 million will be taxed at 5% (however, there is no tax if the economic interest is on a residential coop unit).

A deed of trust on a commercial (both improved and unimproved) property securing a debt of $2 million is subject to an additional 1.05%, bringing the overall tax rate to 2.5% (subject, still, for the exemption from recordation tax, i.e. simultaneous with a purchase).

This summary is not intended to contain legal advice or to be an exhaustive review. If you have any questions about this summary, feel free to contact our Real Estate Litigation and Transactions Practice Group.

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TAGGED: recordation tax, D.C. Office of Tax and Revenue, official notice, economic interest deeds, commercial properties, commercial deed of trust