

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

27 Aug 2019

[Roy L. Kaufmann](#)

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