Pied-à-Terre Tax: What to Check Before Closing

NYC surcharge on non-primary residences, effective 7/1/2026–6/30/2031. Rules are still evolving (pending litigation, recent deadline extension) — verify current status before relying on this.

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1. Does it apply?

- [ ] Property type: 1-3 family home (threshold: **$5M+**) or condo/co-op (threshold: **$1M+**)
- [ ] Is this the owner's primary residence? (If yes, exempt.)
- [ ] Does the owner have another NYC home that's already designated primary?
- [ ] Check DOF's property list/notices to see if this address is flagged

2. Who owns it?

- [ ] Individual, trust, or LLC/entity? (Entity-held property is generally treated as non-primary)
- [ ] If trust-held: can a beneficiary's occupancy establish primary status?
- [ ] Confirm co-op share allocation is correct in DOF records

3. How much?

- [ ] 1-3 family homes: 0.8% ($5M–$15M), 1.05% ($15M–$25M), 1.3% (above $25M) — applied to full value once threshold is met
- [ ] Condos/co-ops: interim DOF "marker" valuation applies through FY2027–28 (rates run 4.0%–6.5%)

4. Deadlines

- [ ] Has client received a DOF notice? (Notices don't have to explain the "non-primary" determination — ask for the basis)
- [ ] Confirm current exemption-filing deadline (already extended once — check for updates)
- [ ] Calendar any appeal deadline stated in the notice
- [ ] First surcharge payment due 1/1/2027; future years follow standard NYC property tax installments

5. At closing

- [ ] Lien search: any surcharge due or delinquent?
- [ ] Contract reps on primary-residence status and tax exposure
- [ ] Who pays unpaid/prorated surcharge — buyer or seller?
- [ ] For non-primary buyers: flag ongoing annual cost
- [ ] For primary-residence buyers: confirm steps to establish that status with DOF post-closing

6. Before you finalize

- [ ] Check for newer DOF guidance or rule changes
- [ ] Check status of the pending court challenge (NY Supreme Court, Richmond County)
- [ ] Tell client: this is annual, recurring, and on top of existing property/income taxes