

News

ATTENTION: Changes to Recordation/Transfer Taxes in Washington, D.C. and Baltimore City

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April 2019

Changes to Recordation/Transfer Taxes in Washington, D.C.

In an effort to improve affordable housing availability in the District of Columbia, Mayor Muriel Bowser recently announced that she wants to create 36,000 new housing units by 2025. To help her accomplish this goal, Mayor Bowser plans to increase deed transfer and recordation tax rates for mixed-use and commercial real estate transactions totaling \$2 million or more. The proposed tax rates would result in the District of Columbia having the highest rates for such taxes in the country, increasing from 1.45% to 2.50% for each of the deed transfer and recordation tax or an aggregate increase from 2.9% to 5%. The plan would also increase the recordation tax on any deed that evidences a transfer of economic interest in a commercial property worth \$2 million or more from 2.9% to 5.0%.

If you have any questions or wish to discuss in greater detail regarding Washington, D.C. changes, please contact:

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Changes to Recordation/Transfer Taxes in Baltimore City

The new Yield Excise Tax ("Yield Tax") is now being collected in Baltimore City. Starting April 1, 2019, with certain exceptions, the Yield Tax applies to all transactions for which Baltimore City recordation and transfer taxes are due and for which the consideration exceeds \$1,000,000. The Yield Tax amended rates are 40% of the amount collected for the City transfer tax; and 15% of the amount collected for the recordation tax. The exemptions to the Yield Tax are (1) deeds of trust or mortgages securing construction loans that are recorded up to 6 months after enactment, or January 11, 2019, if a use and occupancy permit was issued for the property prior to enactment; or (2) deeds as part of an arms' length transaction for owner-occupied residences "delivered" "within 2 years" of enactment. The affidavit to obtain exemptions from the Yield Tax may be found [here](#).

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If you have any questions or wish to discuss in greater detail regarding Baltimore City changes, please contact either:

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