

Own a Luxury NYC Second Home? A New Annual Tax Bill Is Coming.



Tax Alert

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On May 28, 2026, New York enacted its 2026-2027 annual budget, [S 9009C](#), which amends (at Part HH pages 92-110 of the text) the New York Tax Law and the Administrative Code of the City of New York Tax Law, and imposes an annual surcharge on certain high value one-to-three family homes, residential condominium dwelling units and cooperative units in New York City. The surcharge does not apply to primary residences which are defined in the legislation, properties for which a temporary or permanent certificate is being sought and residential cooperative and condominium units subject to offering plan that have not yet been sold or transferred by the sponsor of the plan.

The surcharge will be rolled out in two phases for residential condos and co-op units to reflect the fact that the NYC Department of Finance (DOF) has historically valued many second homes without using the comparable sales method but rather using potential income valuation. Because of the valuation discrepancy, during Phase 1: July 1, 2026 to 2028, all residential units with a DOF assessed market value of \$1,000,000 or more will be subject to the surcharge at a significantly higher rate than one-to-three family homes. During this time DOF will adopt methodology that considers sale of comparable units.

Beginning July 1, 2028, the surcharge will uniformly apply the rate which initially applies to all non-exempt properties with a market value of \$5,000,000 or more.

The following are the rates imposed on the DOF determine market value.

Phase 1: July 1, 2026-June 30, 2028

- One-to-three Family Homes

- \$5-15 million: 0.8%
- \$15-25 million: 1.05%
- Over \$25 million: 1.3%
- Residential Condominiums and Cooperatives
 - \$1-3 million: 4.0%
 - \$3-5 million: 5.25%
 - Over \$5 million: 6.5%

Phase 2: Beginning July 1, 2028

- All Properties
 - \$5-15 million: 0.8%
 - \$15-25 million: 1.05%
 - Over \$25 million: 1.3%

The rates are not graduated and not indexed for inflation.

We Can Help

The new surcharge creates significant financial implications for owners of high-value New York City residential properties. Contact Brach Eichler if you have any further questions concerning the recently enacted legislation.

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