# This Week in State Tax (TWIST)

August 10, 2026

## New York City: Deadline for seeking exemption from pied-a-terre tax extended to September 18

The FY 2027 New York State budget bill enacted a real property tax surcharge on certain properties in New York City. The surcharge applies to residential cooperatives and condominiums valued at greater than $1 million and to one, two, or three family homes valued at over $5 million, if the property is not the primary residence of the owner, an immediate relative of the owner, or a qualifying lessee of the property. The surcharge, commonly referred to as the “pied-a-terre tax”, is effective for the fiscal year beginning July 1, 2026, with the first charges appearing on property tax bills due in January 2027. [For additional information, see our TWIST of June 8, 2026.]

In July, the New York City Department of Finance issued final regulations for implementing the surcharge. In accord with the enabling legislation, the regulation requires the Department to notify taxpayers that, based on the information available to it, their property may be subject to the surcharge, and that the property owner has until August 30, 2026, to file an application for exemption from the surcharge by providing documentation that the property is their primary residence or is otherwise not subject to the surcharge. Only owners receiving the notice were required to respond. The City has recently extended the exemption application and documentation deadline for eligible property owners to September 18, 2026.

The initial implementation of the surcharge has created some backlash against the City, with concerns about the number of properties identified as potentially being subject to the surcharge as well as the process for seeking relief from the initial notice. According to the Mayor's Office, the extension of the deadline is intended to give affected owners more opportunity to establish that the property is a primary residence, to gather supporting documentation, and to receive assistance from the Department before submitting an application. On August 7, a group of taxpayers filed an action in state court seeking to delay the rollout of the surcharge based on what it termed the “mass confusion” by the initial notices.

Please contact Alec Schwartz with questions about the New York City pied-a-terre property tax surcharge.

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