



HOW MUCH WILL THE MANSION TAX IN CONNECTICUT INCREASE FEES ON SALES?

July 3, 2019

Kathleen M. Merrigan, a Residential Real Estate Principal in the Greenwich office, was quoted in an article by V.L. Hendrickson published in *Mansion Global* on July 4, 2019.

Below is the article:

Every week, Mansion Global poses a tax question to real estate tax attorneys. Here is this week's question.

Question: I have owned my property for more than 10 years and I am in the process of selling my Greenwich, Connecticut, estate to move to Florida. Will I be grandfathered in from the new Connecticut mansion tax?

Answer: Connecticut's so-called Mansion Tax is not actually new, according to Kathleen M. Merrigan, a residential real estate principal in the law firm Cummings & Lockwood's Private Clients Group. She is based in Greenwich, Connecticut.

Rather, the existing state conveyance tax was expanded in Connecticut's 2020-21 budget, which was approved in early June. The budget increases the rate of tax charged on residential real estate sales in excess of \$2.5 million.

Before the change, the state conveyance tax charged a rate of 0.75% on the first \$800,000 of the sales price, then a rate of 1.25% on the portion in excess of \$800,000, Ms. Merrigan explained.

"Now any portion of the sales price in excess of \$2.5 million is taxed at a 2.25% rate," she said.

Under the expanded law, the buyer will pay \$83,500 in tax for a \$5 million property, compared to the \$58,500 he or she would pay under the current state conveyance tax.

And "there is no provision that would allow you to be exempt from this tax regardless of how long you've owned your house," she said.

However, the law does not go into effect until July 1, 2020.

"So if you're selling your house now, the new law wouldn't apply," she said.

Additionally, sellers who stay in the state are eligible for a property tax credit against their income tax, according to the budget.

Since the added tax affects only homes selling for more than \$2.5 million, Fairfield County, where Greenwich is located, will see the most instances of the tax, according to Ms. Merrigan. The area is well known for lavish and expensive estates.

For a link to this article, [click here](#).