



# State of New Jersey

DEPARTMENT OF THE TREASURY  
DIVISION OF TAXATION  
P. O. Box 251  
TRENTON, NEW JERSEY 08695-0251

PHILIP D. MURPHY  
*Governor*

ELIZABETH MAHER MUOIO  
*State Treasurer*

TAHESHA L. WAY  
*Lt. Governor*

MARITA R. SCIARROTTA  
*Director*

Telephone (609) 292-7974 / Facsimile (609) 292-9439

## **General Information on the Graduated Percent Fee**

On June 30, 2025, P.L. 2025, c. 69 was enacted to amend the 1% Fee on certain deed transfers to a Graduated Percent Fee. The percentage rates due are graduated based on total consideration. The seller is statutorily responsible for the RTF and the Graduated Percent Fee.

This additional fee applies to all deeds where the property conveyed is classified on the municipality's tax list as follows:

- Class 2, residential property of one to four units;
- Class 3A, farm property (other than land actively devoted to agricultural/horticultural use) **if** it contains a building or structure intended or suited for residential use;
  - And any other property of any class transferred in conjunction with a 3A parcel subject to the Fee;
- Class 4A, commercial (other than industrial or apartments); and
- Class 4C, cooperative units.

The property classification for a particular parcel may be determined by reviewing the tax list or contacting the assessor for the municipality in which the property is located.

For properties that are subject to the Graduated Percent Fee, the rates are calculated on the total consideration as follows:

1. 1% of total consideration if in excess of \$1,000,000 but not in excess of \$2,000,000;
2. 2% of total consideration if in excess of \$2,000,000 but not in excess of \$2,500,000;
3. 2.5% of total consideration if in excess of \$2,500,000 but not in excess of \$3,000,000;
4. 3% of total consideration if in excess of \$3,000,000 but not in excess of \$3,500,000;
5. 3.5% of total consideration if in excess of \$3,500,000.

Please note that the RTF and Graduated Percent Fee are not independently collected by the Division of Taxation, but paid to the county recorder of deeds at the time a deed is submitted for recordation. Parties to a real estate transaction that would be subject to the Graduated Percent Fee are able to apportion or shift the burden of payment in their contract negotiations.

Be aware that N.J.S.A. 46:15-7.2(c) requires all claims for refund to be filed within 90 days of the date the Graduated Percent Fee is paid.

## **Exemptions for 501(c)(3) Non-Profit Entities**

The Graduated Percent Fee **only** applies to the property classes listed above. The county recording office **will not collect the Fee** for the transfer of property listed on the tax list as **any other classification** at the time a deed is submitted for recording. Since property owned by a 501(c)(3) organization that is exempt from local property taxation is listed as Class 15, the Graduated Percent Fee **will not be collected** for the deed transferring property that is tax exempt at the time of sale.

N.J.S.A. 46:15-7.2(b)(1) maintained an exemption from the Graduated Percent Fee when the purchaser is exempt from federal income taxation under IRC § 501(c)(3). This means that **any seller for any property**, regardless of class, will not be liable for the Graduated Percent Fee when the **purchaser is a 501(c)(3) non-profit entity**. There are other exemptions from the Graduated Percent Fee, which are enumerated in the instructions for [Form RTF-1EE, Affidavit of Consideration for Graduated Percent Fee](#).

## **Requests for Changes to Property Classifications**

Once the assessor has submitted his or her tax list to the county board of taxation pursuant to N.J.S.A. 54:4-35, he or she is precluded from making any amendments thereto. If a taxpayer requests a change in classification for a property sale subject to the Graduated Percent Fee in the middle of the tax year after the appeal deadline applicable to the municipality in which the property is located, the assessor **cannot** make that change. The taxpayer must pay the Graduated Percent Fee and then should file a claim for refund with the Division of Taxation, and Division staff will perform an inspection of the property to determine whether a refund should or should not be issued. However, if this request is made proactively with no sale imminent and/or prior to the applicable appeal deadline for the municipality in which the property is located, the assessor should review the property classification.

- If he or she determines the classification is incorrect before the appeal deadline, then the assessor and/or taxpayer can appeal the classification to the county board of taxation.
- If the assessor's review and determination comes after the appeal deadline, then the assessor can change the classification **on the next year's tax list**.
- If the assessor does not believe a change is warranted, the taxpayer has the right to appeal the classification to the county board of taxation before the applicable appeal deadline for the municipality in which the property is located.

## **Mixed-Use Commercial Properties**

Commercial mixed-use properties that contain either apartments or industrial units and other commercial units are classified as 4A, "Commercial" on the tax list. This is because 4A is a "catch-all" category that encompasses ALL commercial property that is not solely industrial or solely an apartment building. If a taxpayer believes that the majority of a mixed-use property is either in Industrial or Apartment Use, the taxpayer can file a claim for refund with the Division of Taxation. The Division staff will perform an inspection to determine the predominant use of the property and whether a refund should be issued.