2026-8-12
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WSJ Print Edition

Trump Threatens Steps Against Tax

WASHINGTON—President Trump said Tuesday he was reviewing whether his administration can challenge a new pied-àterre tax championed by New York City Mayor Zohran Mamdani.

"I am looking to see if the Federal Government has any legal right to avert this disaster," Trump wrote on his Truth Social platform.

The Mamdani-backed pied-à-terre tax applies to homes worth $5 million or more and co-ops and condos worth $1 million or more in which the owner isn't a primary resident.

Asked for comment, a spokesperson for Mamdani referred to remarks the mayor made a day earlier defending the legality of the tax. "We are confident in our position," the mayor said.

White House spokesman Kush Desai said, "New York is President Trump's beloved hometown, and the President's only interest here is preventing the city's further ruin by Socialist Democrats."

Trump and those living in his properties could benefit if the federal government blocks the tax. As of January, the president owned a massive condominium at Trump Tower that is on the city's list of properties that could be subject to the tax.

The Trump Organization said its properties are unlikely to be affected.

—Brian Schwartz

Homes With Trusts Get Pied-à-Terre Notices

BY MIRIAM GOTTFRIED AND LILY BELLE POLING

Many New Yorkers who say they were mistakenly swept up in the city's new pied-àterre tax share one thing in common: They own their homes through a trust.

They are among those complaining that the city is putting the onus on them to prove they shouldn't have to pay the second-home surcharge.

A New York judge temporarily blocked the rollout of the new law on Monday, while the court reviews a lawsuit by homeowners claiming that the city hasn't properly identified owners of pieds-à-terre subject to the tax.

Putting a home inside a trust is a common financialplanning strategy for those looking to ease the burden on heirs or avoid estate taxes. Limited liability companies are also favored by homeowners seeking privacy.

But these legal arrangements obscure a property's ownership, making it more difficult for the city to determine whether it is subject to the new tax. The city has cast a wide net to find owners who owe on pieds-à-terre, sending letters to many of these trusts and asking the homeowner to prove they should be exempt, according to homeowners and the lawyers working with them.

The pied-à-terre tax is aimed at homes valued at $5 million or more and co-ops and condos valued at $1 million or more where the owner isn't a primary resident. It may also apply to some properties owned by trusts or LLCs even if a beneficiary or member is a primary resident.

But not all details of a trust or LLC, such as the terms or number of beneficiaries, are readily available.

City officials have said they don't always have the information they need about a home to know whether it is a primary residence. As a result, they have sent out more notices to homeowners than the tax will ultimately apply to.

"Part of the point of this outreach from the Department of Finance is to ascertain whether or not that reflects a primary residence or not," Mayor Zohran Mamdani said last month, referring to homes owned by trusts and LLCs. "One of the reasons that this is being done now is to ensure that New Yorkers have requisite time before the implementation of the surcharge."

About a week after the city began sending the tax notices, roughly 3,800 people of the 17,000 who were sent letters started exemption applications, according to a spokesperson for the mayor's office.

The city has said it is prepared to vigorously defend it--self against the lawsuit.

Note

Under the pied-à-terre tax rules, a property can be exempt from the tax if it is owned by a trust with a sole beneficiary and is occupied by a primary resident. Beneficiaries with future interests in a trust such as children who stand to inherit when a parent dies don't need to be primary residents, the city has said. That means a couple that has transferred their primary home to a revocable trust should be exempt from the tax.

Still, several New Yorkers with these kinds of trusts said they received letters from the city. One resident of Brooklyn's brownstone-filled Park Slope neighborhood said he and his wife were shocked to receive a letter after owning and living in their home for 42 years. Last year, each spouse transferred 50% of the house to a revocable trust in their name.