

New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau

TSB-A-89 (4)R
Real Estate
Transfer Tax
December 8, 1989

STATE OF NEW YORK
COMMISSIONER OF TAXATION AND FINANCE

ADVISORY OPINION

PETITION NO.M890808A

On August 11, 1989, a Petition for Advisory Opinion was received on behalf of American Telephone and Telegraph Co., 550 Madison Avenue, New York, New York 10022.

The issue raised is whether the transfer of a parcel of real estate from a wholly-owned subsidiary to its parent Petitioner, American Telephone and Telegraph Co., for no consideration is exempt from the Real Estate Transfer Tax,

Petitioner is the common parent of a group of affiliated corporations, including AT&T Resource Management Corporation and several other companies.

Petitioner, the parent corporation of AT&T Resource Management Corporation ("AT&T - RMC") formed AT&T - RMC to acquire, operate, maintain and dispose of certain physical plants and other assets for AT&T and its affiliates. In this regard AT&T - RMC owns, among other things, several parcels of real estate in New York and in other states.

Petitioner plans to restructure its United States operations in January, 1990. This restructuring will entail the merger of several subsidiaries into AT&T. In connection with this restructuring, but not directly a part of the merger AT&T - RMC will transfer a parcel of real estate located in New York City to AT&T for no consideration. AT&T - RMC has issued one share of stock which is held by AT&T. AT&T will continue to hold AT&T - RMC's one share of stock following this transfer. This parcel of real estate is not encumbered by a mortgage or other debt. The accounting for this transfer will involve the debiting of AT&T - RMC's capital stock account while its building and land accounts will be credited by the net book value of the property to be transferred. Likewise, AT&T's capital stock account will be credited and its building and land accounts debited by the book value of the transferred property. No income or gain will be recognized by either party in this transaction.

The Real Estate Transfer Tax is imposed upon conveyances of real property where the consideration exceeds \$500 pursuant to Section 1402 of the Tax Law.

Section 1401(d) of the Tax Law states that:

"Consideration" means the price actually paid or required to be paid for the real property or interest therein, including payment for an option or contract

