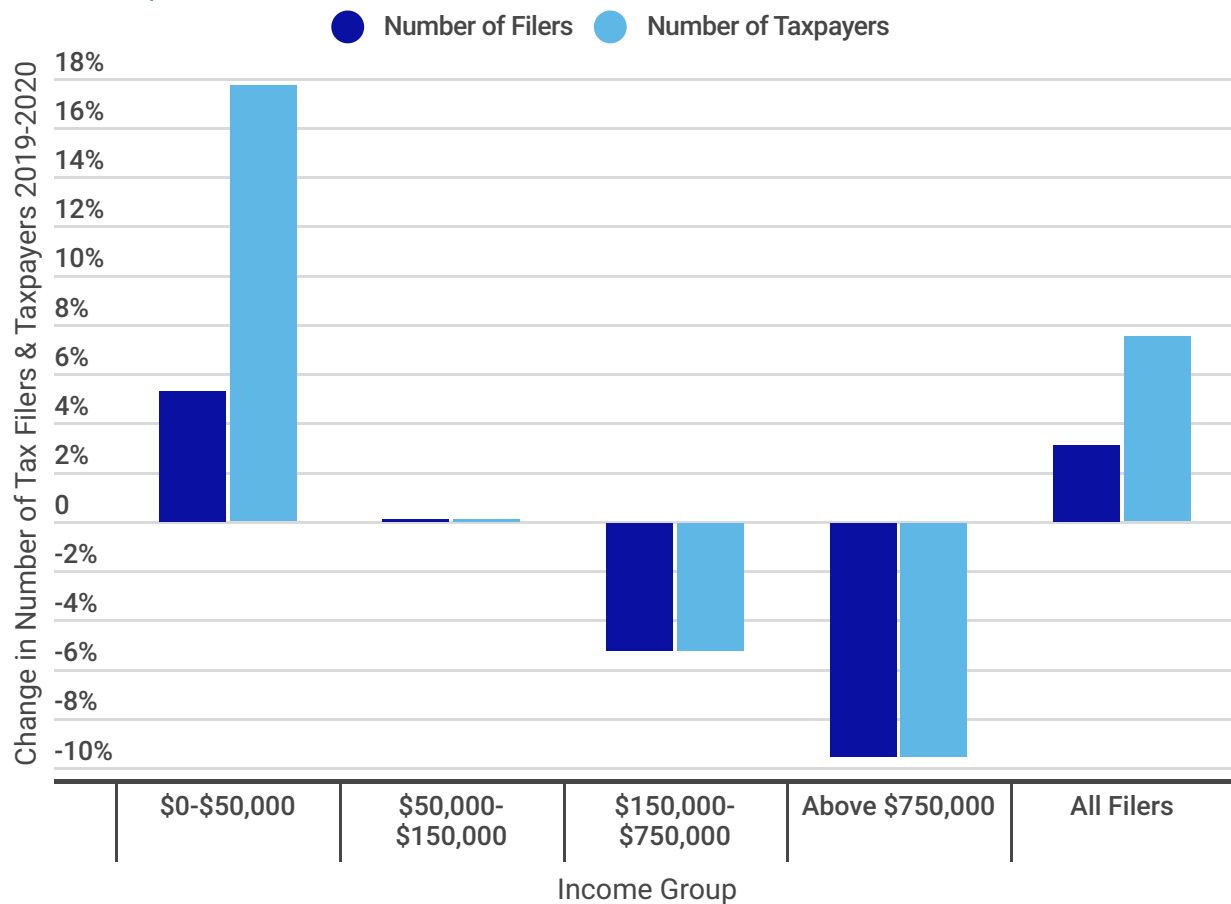


# New York City Residents' Income & Income Tax Liability in 2020

Data on income and personal income tax liability of full-year New York City residents in calendar year 2020 are now available in the fiscal history section of IBO's website. The tables provide data on demographics, types of income, itemized deductions, tax credits, and liability of filers disaggregated in two ways: by nominal income and by income deciles and percentiles. These detailed tables—the most recent addition to IBO's series of annual files going back to 2006—are compiled from the latest annual file of New York personal income tax returns, which are made available to researchers by the state's Department of Taxation and Finance. In this report, IBO highlights some of the key findings included in this data. In particular, IBO examines how in 2020—the first year of the Covid-19 pandemic—total income reported by full-year New York City residents increased compared with 2019.

## In 2020, Despite the Pandemic, More NYC Residents Filed Returns, Owed Taxes than in 2019...



NOTE: Income defined by New York adjusted gross income. Filers with negative incomes (68,968 filers) are not included in this graph.

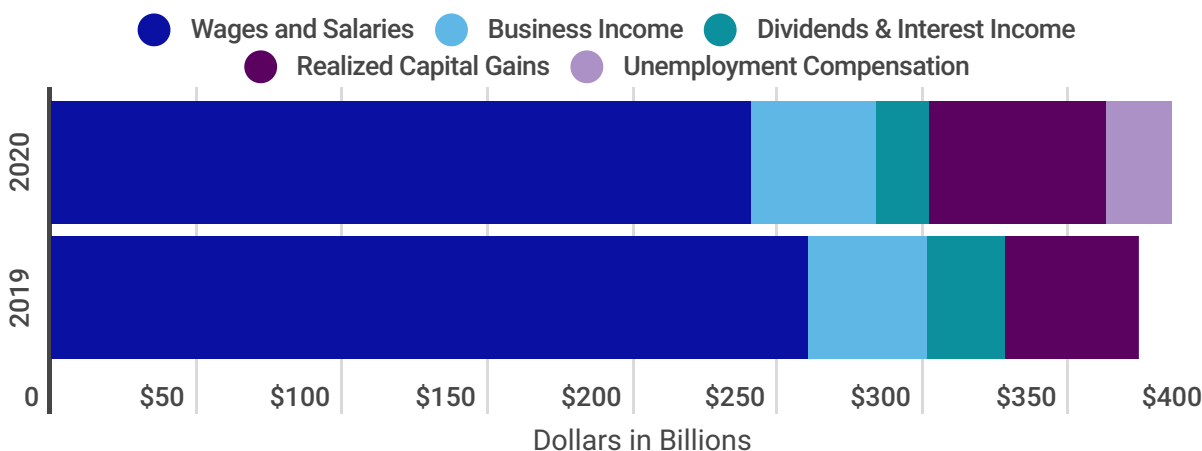
Income Group	Number of Filers in 2020
Negative AGI	69,000
\$0-\$50,000	2,479,000
\$50,000-\$150,000	1,199,600
\$150,000-\$750,000	330,900
Above \$750,000	39,400
<b>All Filers</b>	<b>4,117,900</b>

Full-year New York City residents filed more than 4.1 million tax returns in 2020, a 3.1 percent growth relative to 2019. The number of taxpayers (filers with any amount of positive tax liability) grew even faster, by 7.5 percent. The total number of filers increased even though about 22,000 (5.7 percent) fewer city residents with income over \$75,000 filed and paid taxes

in 2020 than 2019. However, the growth in the number of taxpayers with incomes below \$75,000 was much greater: 145,000 (4.0 percent) more tax filers, and 246,000 (9.5 percent) more taxpayers. Overall, the total tax liability also went up to \$12.5 billion—a 4.0 percent increase from the \$12.0 billion in 2019.

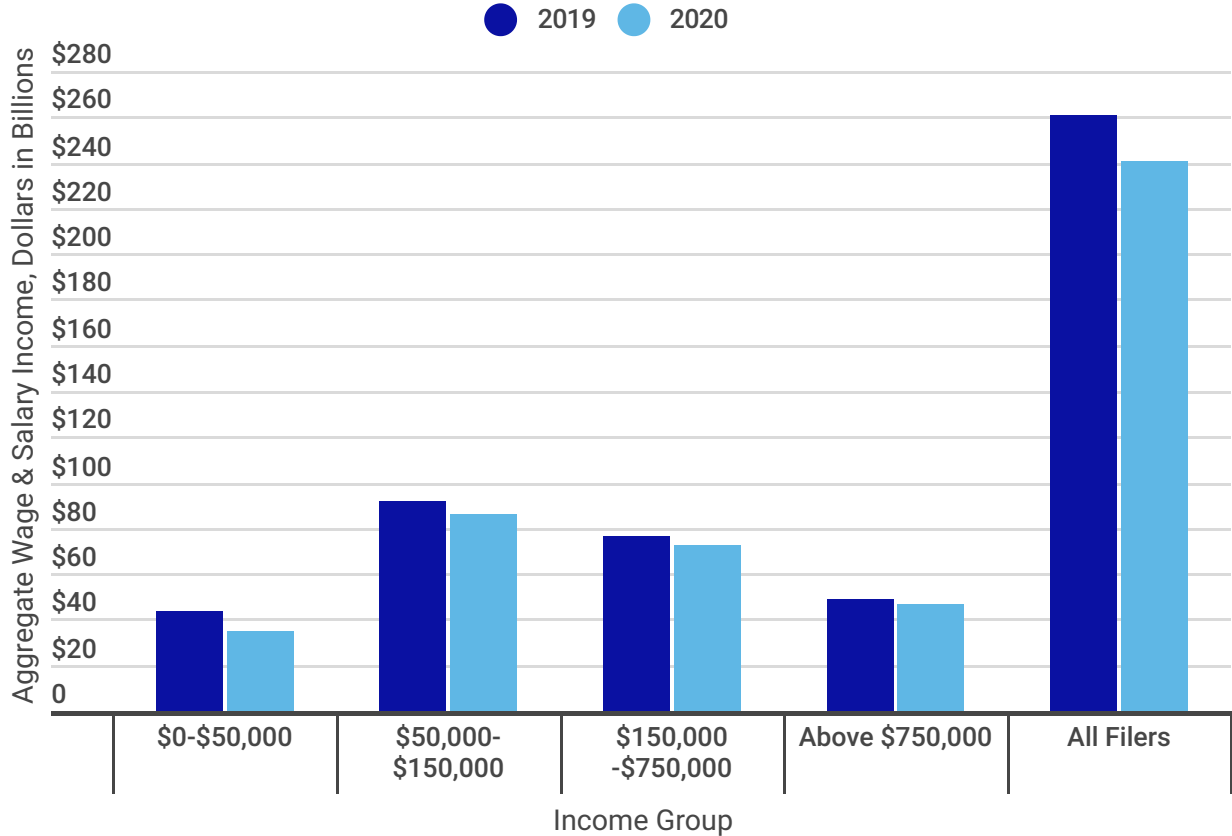
## ... And New York City Residents Reported More Total Income

### Adjusted Gross Income Components



Total New York adjusted gross income (AGI) reported by full-year city residents was \$391 billion in 2020—a 2.8 percent increase from just over \$380 billion in 2019. This growth in the number of taxpayers and total income may seem puzzling in the context of the negative economic impacts of Covid during most of 2020. However, AGI is the sum of various types of income, including wages and salaries (the largest portion), realized capital gains, dividends and interest, and unemployment compensation. While the pandemic caused a sharp drop in some of these income types— a 7.8 percent decline in aggregate wages and salaries and a 29.6 percent decline in total income from dividends and interest, most substantially—some other types of income grew significantly to outweigh the losses—chief among them the \$22.3 billion additional unemployment insurance compensation and a \$14.4 billion increase in realized capital gains.

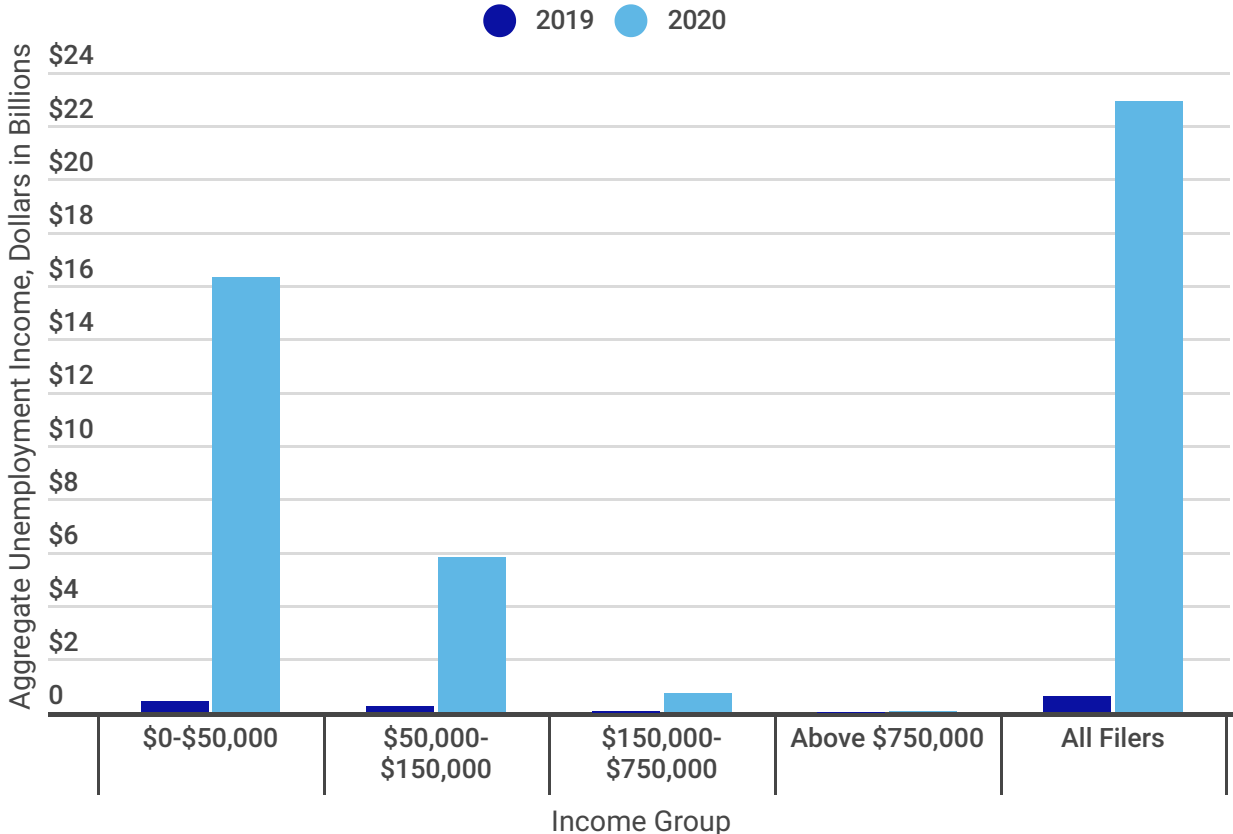
# Income from Wages & Salaries Fell for Nearly All Income Groups



NOTE: Residents with negative AGIs, including those with business of capital losses, are not shown in the graph. This group's total income from wages and salaries was \$479 million in 2020

The historic loss of employment in early 2020 brought on by the Covid-19 pandemic is reflected in the 2020 personal income tax data: wages and salaries, which accounted for roughly 65 to 70 percent of total income in the past five years, decreased by over \$20 billion (or 7.8 percent) across all income groups compared with 2019. The decline was most severe for residents with incomes between \$0 and \$50,000, whose aggregate wages and salaries declined by 20.1 percent. Total wages declined for all tax filers with positive incomes, except for a few percentiles at the top (the 96-99 percentile group or AGI from \$222,151 to \$724,583).

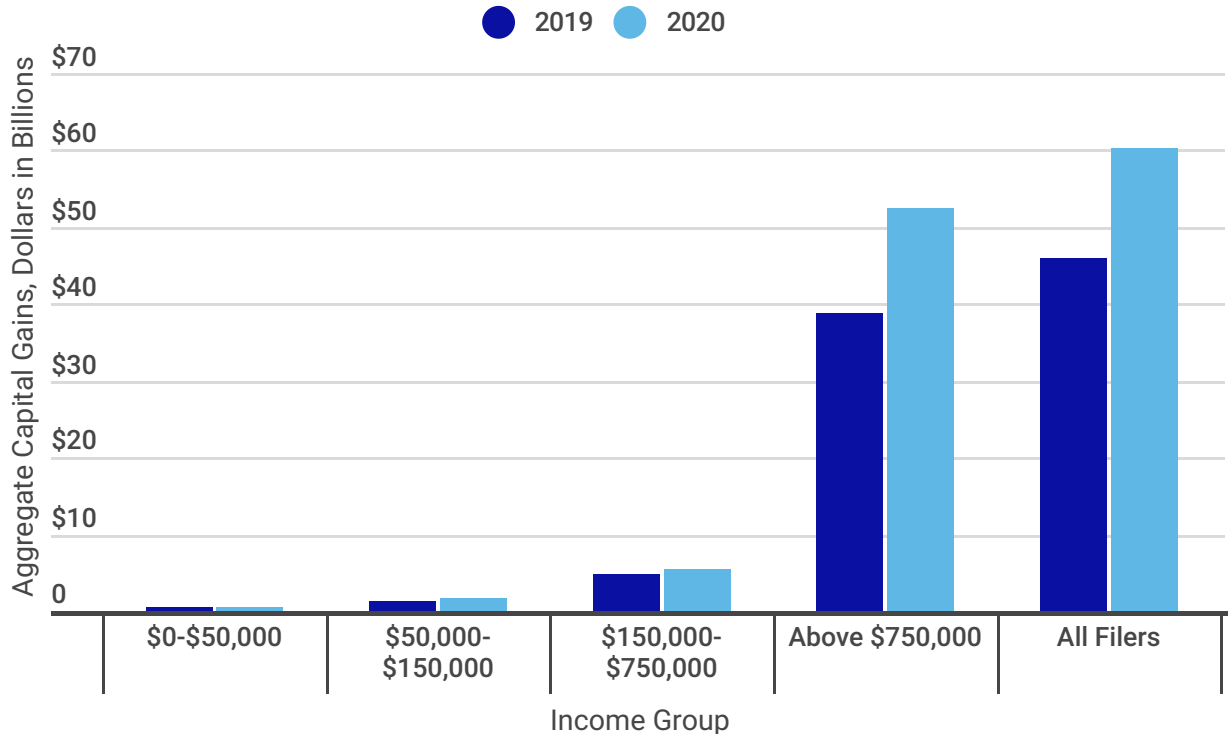
# Unemployment Compensation Income Ballooned, Particularly for Lower-Income Groups



NOTE: Residents with negative AGIs, including those with business of capital losses, are not shown in the graph. This group's unemployment income was \$99 million in 2020.

Unemployment insurance compensation, which was expanded in response to widespread job losses after the lockdown prompted by Covid, offset the wage and salary losses, and for many tax filers even increased their incomes. About 70 percent of total unemployment insurance compensation was received by tax filers with incomes below \$50,000. Without the record-high unemployment compensation, total AGI in 2020 would have been more than 3 percent lower than in 2019. The difference would have been much greater, about 25 percent lower, for tax filers with incomes below \$50,000.

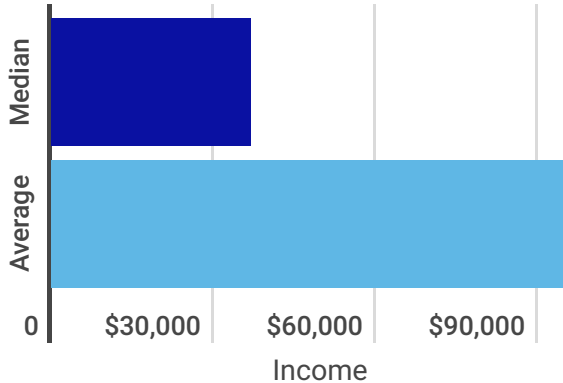
# Income from Realized Capital Gains Grew, Particularly for Upper-Income Groups



NOTE: Residents with negative AGIs, including those with business losses and capital losses, are not shown in the graph. This group's total income from capital gain realization was \$506 million in 2020

Another factor that contributed to the overall growth of AGI in 2020 was income from realized capital gains, which unlike unemployment compensations was concentrated at the top. High-income earners in the top 1 percent receive the overwhelming majority of capital gains in any year, and their gains in 2020 swelled—by \$14.0 billion, or 36.5 percent—over 2019. This group’s gains from capital accounted for almost the entire growth of capital gains in 2020.

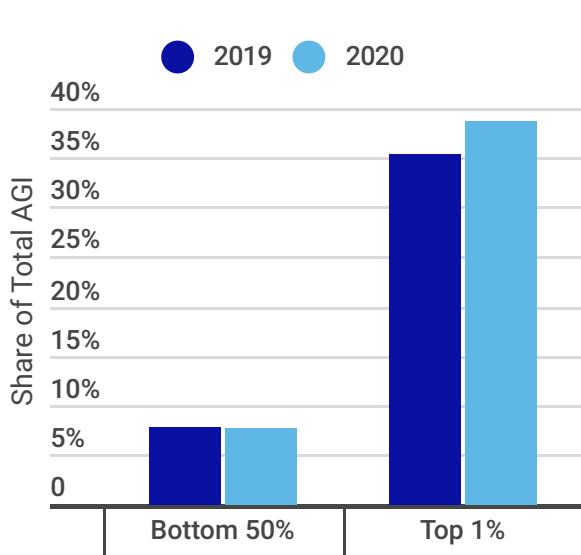
## Income Became More Concentrated at the Top in 2020



The median New York City resident tax filer had AGI of \$37,066 in 2020. The average AGI, on the other hand, was much higher than the median, at \$94,974. This wide disparity between the median and average income—a familiar fact in New York City—is driven by the concentration of income at the top.

## The Top 1.0%

The “top 1 percent,” or those with AGIs above \$724,587 in 2020, accounted for 38.7 percent of the city’s total AGI, up from 35.4 percent in 2019. The share of income of the bottom half remained relatively stable, even though aggregate wages and salaries decreased, because of the substantial boost from unemployment compensation.



NOTE: While the bottom 50 percent is composed primarily of lower-income tax filers, it also includes more wealthy filers whose business and realized capital losses result in negative incomes.



In 2020, 1.0% of city tax filers (41,179) with \$724,587 or more in income...

Received 38.7% of New York City's AGI...

And accounted for 44.8% of the city's total tax liability net of credits, which is a 3.5 percentage point increase relative to 2019.

Print version available here.

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