



# THE CITY OF NEW YORK

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### **IBO Finds Small Subset of Low-Income New Yorkers Would Benefit from Mayor Adams' Axe the Tax Proposal And Other Highlights From 2022 Personal Income Tax Data**

**December 13, 2024** – As part of IBO's annual release of New York City Residents personal income tax data IBO is publishing both an estimate of who will be impacted by the recently proposed "Axe the Tax" credit and highlights of trends in personal income tax more broadly. The most recent data is from calendar year 2022; access the tables [here](#).

Mayor Adams recently announced a tax proposal dubbed "Axe the Tax", which would eliminate the New York City Personal Income Tax (PIT) for tax filers with dependents that have incomes at or below 150% of the federal poverty line. Filers that make within \$5,000 of the income threshold would receive a partial PIT credit. The benefits, however, only apply to filers with a remaining PIT liability after all existing credits have been applied.

IBO estimated the number of filers that would qualify for Axe the Tax credits using tax filing information from 2022, along with how much this PIT liability amounts to. Access IBO's Axe the Tax report [here](#).

Key takeaways include:

- Less than 4% of the 3.9 million tax filers in New York City would benefit under the Axe the Tax proposal. About two thirds of these beneficiaries would receive the full PIT liability credit and one third would receive a partial credit.

- For households receiving a full tax credit against their remaining PIT liability, IBO estimates the program would create an average of \$390 tax credit per filer. Households benefiting from a partial credit would see an average tax credit of \$234 annually.
- IBO estimates the City would be forgoing around \$50 million in PIT liability. This represents a small impact against the PIT revenue in fiscal year 2023, which totaled around \$14.8 billion.

Other key takeaways from the 2022 PIT filings for New York residents in this brief [report](#) include:

- The number of full year New York City residents filing tax returns continued to decline in 2022—3.85 million residents filed taxes in 2022 compared to 3.93 million in 2021.
- Unemployment compensation has returned to pre-pandemic levels after a notable spike in 2020 and 2021. In 2022, total unemployment compensation was below \$1 billion, similar to the compensation given out in 2018 and 2019.
- Capital gains income, one of the two largest sources of income per capita (the other being wages and salaries), returned to pre-pandemic levels in 2022 after spikes in 2020 and 2021.