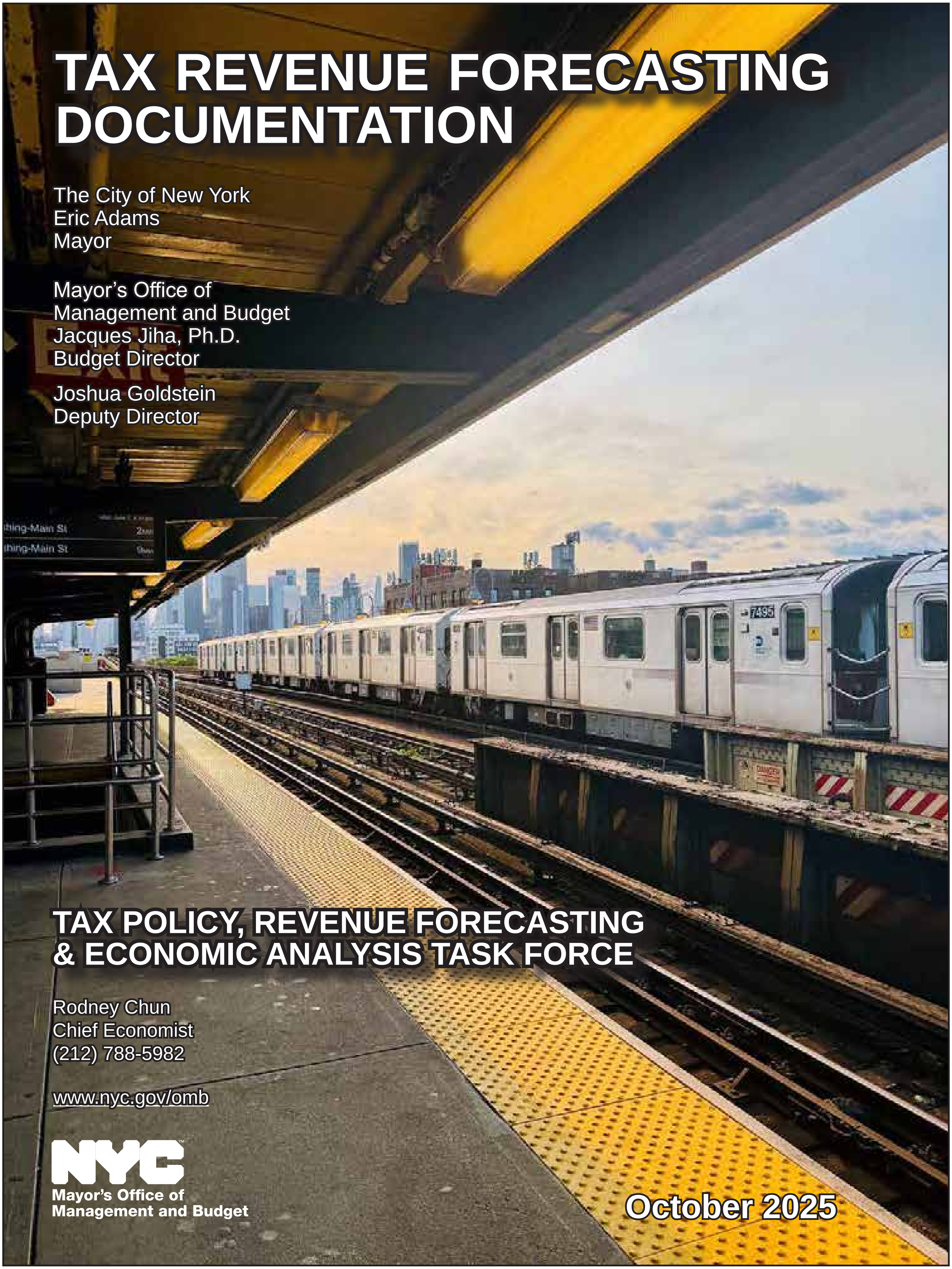

TAX REVENUE FORECASTING DOCUMENTATION

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October 2025

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TO OUR READERS

Thank you for your interest in the Mayor's Office of Management and Budget's (OMB) Tax Revenue Forecasting Documentation report for Financial Plan Fiscal Years 2025-2029.

This report describes how OMB economists evaluate tax trends, and analyze economic data, in order to forecast the amount of tax revenue the city will collect on an annual basis. The Mayor and City Council use this revenue assessment to determine the amount of city funds that are available to invest in critical public needs, including public safety, education, social services, and infrastructure projects. Tax revenues are also used to fund reserves that will help the city manage through difficult times.

By properly estimating available resources, the tax revenue forecast allows the city to serve as a good steward of our resources, protect our long-term fiscal health, and better serve New Yorkers across every borough.

TAX REVENUE
FORECASTING DOCUMENTATION

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INTRODUCTION

As mandated by the New York City Charter, this report documents the forecasting methodology for each tax revenue source which represents five percent or more of total New York City tax revenue. The taxes that meet this requirement are the real property, personal income, sales, and NYC business corporation tax.[1] Since 2007, non-charter mandated taxes have been included in this report.

Although this document focuses on structured approaches, this does not signify that developing the tax forecasts is purely a mechanical process. The methodologies described in this report are the tools used to develop the forecast. The results which these models produce are supplemented by information derived from analysis of tax collections as well as judgments concerning many factors, both economic and behavioral.

Tax Revenue Forecast - June 2025 Plan
($ in Millions)

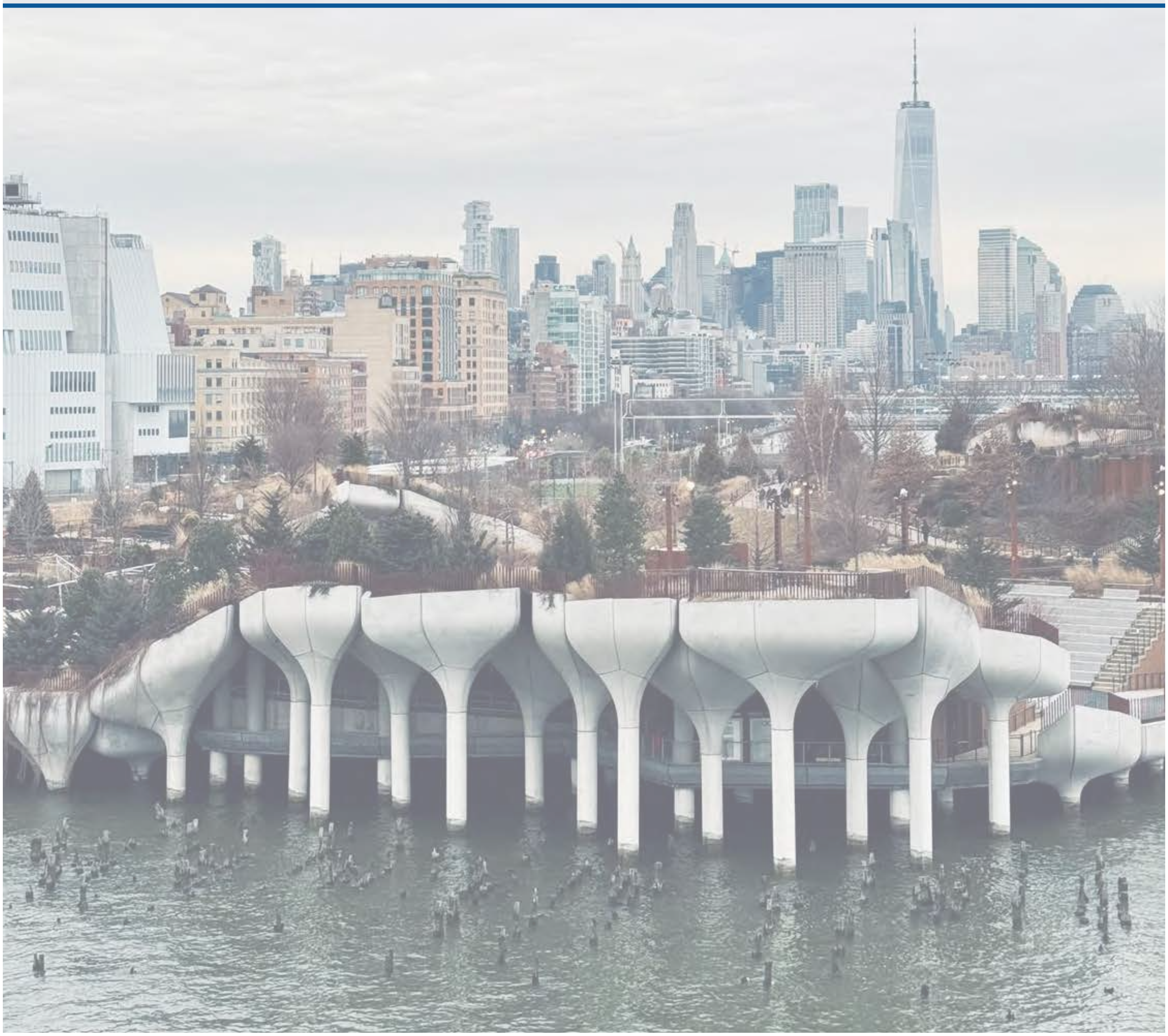
	Fiscal Year			
Taxes	**2024 (Actuals)**	**Share**	**2025 (Forecast)**	**Share**
Real Estate-Related Taxes:				
Real Property	$32,859	44.3%	$34,607	43.1%
Commercial Rent	918	1.2	945	1.2
Real Property Transfer	1,130	1.5	1,257	1.6
Mortgage Recording	597	0.8	770	1.0
Income-Based Taxes:				
Personal Income[1]	15,671	21.1	18,410	22.9
Business Corporation[2]	6,886	9.3	7,079	8.8
Unincorporated Business	2,789	3.8	3,392	4.2
Consumption and Use Taxes:				
Sales and Use	9,914	13.4	10,303	12.8
Utility	409	0.6	464	0.6
Cigarette	13	0.0	13	0.0
Cannabis	4	0.0	18.0	0.0
Hotel	706	1.0	785	1.0
All Other	1,184	1.6	1,331	1.7
Subtotal*	**$73,081**	**98.5%**	**$79,374**	**98.8%**
Tax Audit Revenue	968	1.3	870	1.1
STAR Aid	128	0.2	107	0.1
Total*	**$74,177**	**100.0%**	**$80,350**	**100.0%**

* Total may not add due to rounding.

[1] Starting with 2023, all references to PIT also includes the newly enacted pass-through entity tax (PTET).

[2] In 2015, the city's corporate tax reform was enacted. The reformed city tax, referred to as the Business Corporation tax, merges the taxation of general business corporations, which were formerly taxable under the General Corporation tax, and banking corporations, which were formerly taxable under the Banking Corporation tax. The Business Corporation tax does not apply to S corporations; they will continue to be subject to the General Corporation tax or the Banking Corporation Tax.

ECONOMIC FORECASTING



ECONOMIC FORECASTING

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ECONOMIC FORECASTING

OVERVIEW

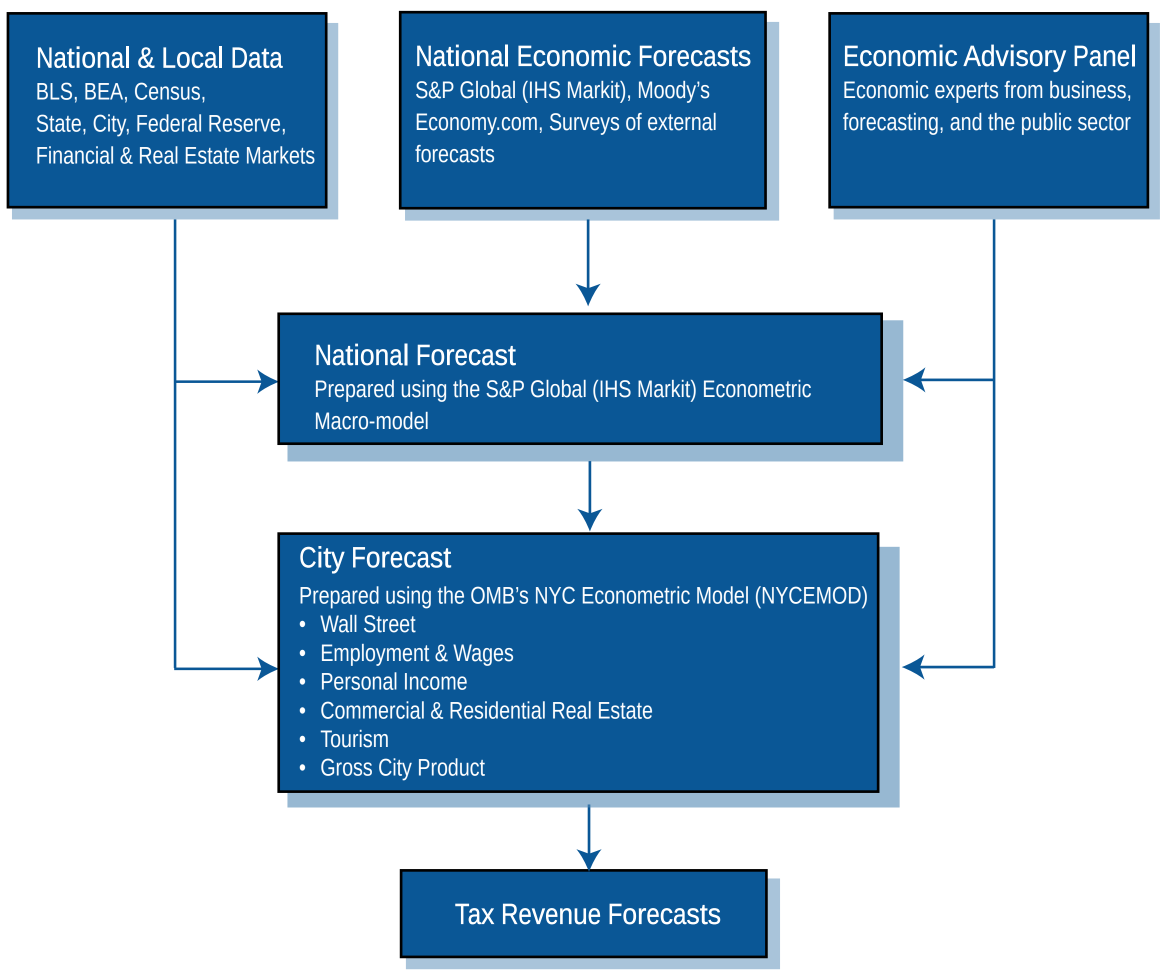
This section explains the fundamental methods used by OMB to forecast the New York City economy. The economic forecast for the city is then used as part of the tax revenue estimation process. In the most basic terms, the city's forecast uses local and national data incorporated into dynamic econometric models, along with feedback from a panel of outside experts (Figure 1). The main econometric component of the forecast consists of two structural statistical models. The first is a national econometric model developed by an outside macroeconomic consultant, S&P Global, which merged with IHS Markit, a descendant of the Global Insight, Data Resources Inc., and Wharton Econometrics models. The second is a model of the NYC economy developed internally by OMB.

The first step in the forecasting process involves the preparation of a national forecast, using the econometric macromodel built by S&P Global. S&P Global produces a forecast of the national economy based on assumptions regarding aggregate behavior and other indicators, such as the path of monetary policy, fiscal policy, energy prices, and corporate earnings. OMB analyzes and modifies those assumptions if necessary based on information from other sources; i.e. Moody's Analytics, financial and futures markets, the Energy Information Administration, the Federal Reserve and other outside government agencies.

To augment the many sources of assumptions, OMB convenes its Panel of Economic Advisers twice a year – in December before the Financial Plan and in March before the Executive Budget. Members of the Panel include economists, experts, and forecasters working in the major sectors of the economy including banking, commercial and residential real estate, and tourism. The Panel members present their opinions and

Figure 1

Forecasting Process



projections on both the U.S. and New York City economies, as well as any specific economic factors that might influence the forecast. The main U.S. forecast assumptions are finalized after this Panel meeting. A baseline U.S. macroeconomic forecast is then produced by OMB using the S&P Global macroeconometric model. The major indicators of the U.S. forecast are then compared with the latest forecast released by other noteworthy organizations including the Federal Reserve, the Federal OMB, the Congressional Budget Office, the Blue Chip Consensus Forecast, and other outside forecasters.

NEW YORK CITY FORECAST

A forecast of the New York City economy is produced using OMB's internal New York City Economic Model (NYCEMOD). Exogenous inputs for NYCEMOD consist of OMB's forecast of the major U.S. indicators based on the S&P Global macromodel, other forecast providers (such as Moody's Analytics), and the Economic Advisory Panel. The equations in NYCEMOD produce forecasts for the major sectors of the NYC economy, including Wall Street profits, employment and wages, personal income, commercial & residential real estate, tourism, and Gross City Product. More details of each NYCEMOD sector are discussed below.

Certain adjustments to the city model are part of the forecasting process. One of the most difficult sectors to project is Wall Street's financial performance. OMB utilizes a combination of econometric techniques and the latest analysis from industry experts in arriving at the final forecast for NYSE member-firm profits. In addition, the latest estimates of New York City wage earnings are calibrated with the data on New York City personal income tax withholding, which are more current and provide a good proxy of wage earnings. The final forecast of New York City economic indicators is produced after all these forecast assumptions are incorporated into NYCEMOD and the overall output is reviewed for consistency.

NYCEMOD

New York City's Economic Model (NYCEMOD) is a structural econometric model that forecasts a number of key variables that serve as inputs for the tax revenue forecast. NYCEMOD consists of over 100 equations and identities describing Wall Street, labor markets, wages, personal income, commercial & residential real estate markets, tourism, and Gross City Product. NYCEMOD's base frequency is quarterly and most of the relationships are estimated over a historical span from 1990 to the latest available data. The start date is determined by the availability of industry-level data classified using the North American Industry Classification System. Stochastic equations are periodically re-estimated and the model is solved to generate a four-year projection of the NYC economy. Figure 2 shows the logical relationships in the model. Each of the major blocks is described in more detail below, including general equation structure and data sources.

WALL STREET

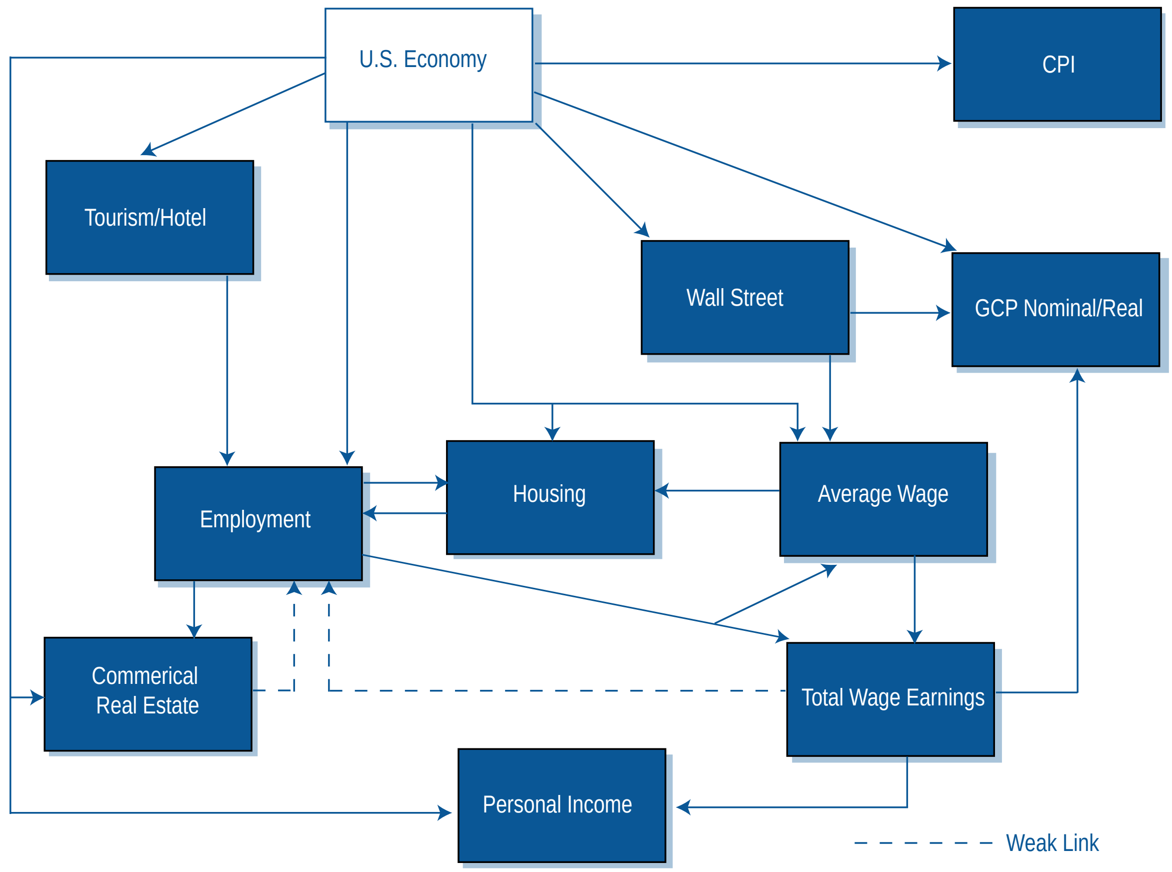
Due to the changing nature of financial markets, it is inherently difficult to forecast the performance of the financial sector – which provides a disproportionately large share of the city's income. The securities sector alone, while only four percent of the employment in the city in 2023, accounted for around 18 percent of the city's annual wage earnings. While vitally important to forecast, it is impractical to rely on the output of the econometric model alone.

Because of this sector's complexity, it is necessary to augment the model's results by using a number of quantitative techniques and judgments to better reflect Wall Street behavior at different time horizons. As a proxy for Wall Street activity, OMB tracks and analyzes the performance of New York Stock Exchange (NYSE) member firms. Aggregate statistics of the firms' performance are reported by the NYSE on a quarterly basis, usually two months after the close of a calendar quarter. A general proxy used to summarize the overall performance of these firms is referred to as NYSE member-firm profits.

For the immediate forecast quarter, OMB monitors the advance earnings reports of the large NYC banks. These firms release their quarterly reports soon after their fiscal quarters conclude, providing an early picture of financial activity for the industry as a whole. Forecasting earnings over longer horizons relies on a consensus view driven by several separate methods. The first is derived from an assessment of the individual revenue lines and major expense items. The revenue lines including trading, commission, underwriting, investment, margin interest, other revenue related to securities, fees and other revenue are forecasted separately. A consensus forecast of the S&P 500 is used in many of the estimates, but trend analysis and interest rate spreads are also used where appropriate. On the expense side, compensation and interest expense are broken out and estimated separately from other expenses.

Figure 2

NYCEMOD Flow Chart



NYSE profits are used as an explanatory variable in NYCEMOD to help predict many of the local variables – both directly, through the securities sector employment and wages, and indirectly through other labor sectors, the commercial office market, and the local housing market.

EMPLOYMENT

NYCEMOD forecasts major employment sectors of the city's economy. The model classifies the different sectors into either export industries, local industries, or a combination of the two. Export sectors are defined by their ability to generate external flow of funds into the city. For example, the city's primary export sector is finance. On the other hand, the goods and services produced by the local sectors are consumed mostly by city residents. Construction, for example, is often considered a local industry. Because of New York City's standing as a global city, many industries both export their goods and services outside the city while also servicing local needs (Figure 3).

The source of the employment data is the Current Employment Statistics (CES) provided by the New York State Department of Labor. OMB adjusts the jobs data using a methodology that accounts for the differing sources of seasonal patterns inherent in the benchmarked and unbenchmarked series and the Census X13 statistical method to derive appropriate weights to control for regular seasonal patterns. The core employment equations in NYCEMOD utilize the seasonally adjusted data.

The model forecasts the first difference of the cyclical sectors, while the non-cyclical sectors are forecast in levels. First differencing accounts for stochastic trends in the employment data. An equation estimated for an employment sector has three types of regressors:

CES Sector Employment = F(Macro Variables, Sector Specific Variables, Dummy Variables)

CES aggregates are determined as identities that sum over the component sectors. For instance, private employment would be the summation of all sectors with the exception of government.

Figure 3

Employment Sector	
Finance & Insurance	Export
Real Estate	Local
Professional & Business Services	Mixed
Leisure & Hospitality	Export
Information	Export
Transportation & Utilities	Local
Wholesale Trade	Mixed
Retail trade	Mixed
Construction	Local
Manufacturing	Export
Other Services	Local
Health	Local
Education	Local
Government	Local

WAGES

NYCEMOD forecasts the mean wage for the employment sectors listed in Figure 3. The source of the wage data is the Quarterly Census of Employment and Wages (QCEW), published by the U.S. Bureau of Labor Statistics, which is not seasonally adjusted. Similar to the employment variables, regressors used in the wage equations can be categorized into national (exogenous) variables and sector-specific influences, which are exogenous for estimation purposes, but may be endogenously determined in the forecast period as a result of the model solution. The explanatory variables include U.S. wage and employment data from S&P Global's macromodel and local inputs, including seasonally adjusted CES employment data.

An equation estimated for mean wages takes the form:

Sector QCEW Mean Wage = F(National Variables, Local Employment Variables, Seasonal Dummy Variables)

National wage effects capture the impact of overall macroeconomic growth on local wages. Local employment effects include the relative size of employment in the sector and labor market conditions. The one exception to this wage specification pattern is the securities sector. Wages in this sector are determined by Wall Street performance.

Total sector wage earnings (not seasonally adjusted) are calculated as the product of QCEW mean wage and QCEW employment:

Sector wage earnings = (QCEW Sector Employment) X (QCEW Mean Wage)

Since the model forecasts CES employment, it is necessary to estimate QCEW employment data based on the CES data. This occurs by applying the year-over-year growth rates from the forecast of a CES sector to its corresponding QCEW sector.

PERSONAL INCOME

NYCEMOD forecasts the city's total personal income and its components. Historical data is provided by BEA at a county level but is only available at an annual frequency with significant lags. Figures are released in November for the year ending 11 months prior. The seven components of personal income (with 2023 values) as defined by BEA are shown in Figure 4.

Because the base frequency of NYCEMOD is quarterly, it is necessary to interpolate higher frequency data from the annual data release. This is accomplished by applying the quarterly pattern for New York State personal income variables to the corresponding city variables. Historical data run from 1975 through 2023, the latest available observation.

Figure 4

NYC Personal Income and Components	2023 Values ($ in Billions)
Unadjusted Personal Income	1,018.3
Wage and Salary Disbursements	542.8
Personal Current Transfer Receipts	138.2
Proprietors Income	86.5
Supplements to Wages and Salaries	98.4
Dividends, Interest and Rent	152.4
Less	
Adjustment For Residence	199.2
Contributions For Government Social Insurance	74.7

Each component of personal income is forecasted separately, using both local and macro variables as drivers. By far the most important of these items is wage and salary disbursements, forecasts of which are driven by the local employment and wage forecasts. Other components are related to a combination of local and/or national factors. For example, NYC dividends, interest, and rent are a function of U.S. dividend payments to individuals, U.S. personal interest income, and U.S. personal rental income (with a capital consumption adjustment). Linking to components of national personal income has the advantage that the data is available at a higher frequency. For the most recent two-year history, the local values are back-cast using the historical U.S. data. Going forward, forecast values of these national factors are taken from the S&P Global macromodel output.

COMMERCIAL REAL ESTATE

The commercial real estate market is a vital component of the city's economy. There is over 400 million square feet of inventory in Manhattan, the city's central business district, making it the largest office market in the country. Within the commercial office market, NYCEMOD includes equations on Asking Rents, Vacancy Rates, Occupied Inventory, and Total Inventory for both the Primary (Class A) and Secondary (Class B) markets. The Class A market is broken down geographically into Midtown and Downtown.

The source of the office market data is the commercial real estate firm, Cushman & Wakefield. Most of the variables listed above span the time period from 1986 to the present. The source data are monthly and then compiled quarterly using the last month of the quarter.

The commercial real estate market equations constitute a relatively autonomous block within the overall NYCEMOD. The main linkage from NYCEMOD to the real estate block is office-using employment, which is forecast by NYCEMOD. Office-using employment is defined as financial activities, professional & business services, and information. Within the real estate block, most of the values are determined endogenously. The main exception is office inventory, the path of which is set outside the model. Because new commercial buildings take approximately three years to complete from start, it is possible to generate a reliable forecast of inventory by simply tracking new developments in the pipeline.

The general structure of the commercial real estate model is:

Inventory = F(Future Development)
Occupied Inventory = F(Finance & Insurance Employment, Inventory, Asking Rent, Vacancy Rate, Interest Rates)
Asking Rents[1] = F(Vacancy Rates, Inventory, Wage Earnings, Occupied Inventory)
Vacancy Rates = (Inventory – Occupied Inventory)/Inventory

There are further geographical relationships. The Midtown Primary market is assumed to be the central market. Therefore, Downtown conditions are partly derived from their relationship to Midtown, and vice versa. For example, Downtown occupancy has been estimated to increase when Midtown's occupancy increases.

[1] Asking Rents are only based on the asking rate for available, unleased space.

RESIDENTIAL REAL ESTATE

The residential real estate section was added to NYCEMOD in 2007. Previously, this economic sector was forecast separately from the main model. However, with an increase in the availability and frequency of relevant data, it became possible to incorporate a basic analysis into the model. Four components of the residential real estate markets are tracked within NYCEMOD: transaction volume (sales), transaction prices, new construction, and StreetEasy's rent index.

Transaction volumes and prices are estimated for both Class 1 (1-3 family homes) and Class 2 (co-op and condo) properties. Historical data are compiled quarterly using transaction data provided by the NYC Department of Finance.[2] Transaction volume measures the number of sales per quarter and transaction price represents the average price of those sales. The product of these two gives the total gross quarterly value of residential sales.

The basic framework of the residential market is given by the following equations:

Price of Single-Family Homes = F(S&P/Case-Shiller Single Family Index, Price of Condo, Sales of Single-Family Homes, Interest Rates, Wage Earnings)
Price of Co-op = F(Price of Single-Family Home)
Price of Condo = F(S&P/Case-Shiller Condo Values Index, Sales of Single-Family Homes, Price of Single Family Home, Construction Wage Earnings, Interest Rates)
Sales of Single-Family Homes = F(Sales of Condos and Co-ops, U.S. Single-Family Existing Home Sales, Finance & Insurance Sector Average Wages)
Sales of Co-ops = F(Sales of Single-Family Homes and Condos, New York Area Inflation, Private Sector Wage Earnings, Bond Yields)
Sales of Condos = F(Sales of Single-Family Homes, Price of Single-Family Homes, StreetEasy Rent Index)
Permits = F(Construction Employment, Wage Earnings, Interest Rates)
Completions = F(Permits)
StreetEasy Price Index = F(Price of Condo, Sales of Single Family Homes)

TOURISM

A section of NYCEMOD is dedicated to forecasting hotel activity. The two key indicators useful for measuring growth in the industry are hotel occupancy rates and the hotel room rates.

Historical data for hotel occupancy rates and hotel room rates are supplied by CoStar, which obtains industry data through monthly surveys of NYC hotels conducted by STR, a subsidiary of CoStar. Hotel occupancy rates come from a questionnaire directed at hotel managers who are asked to report average monthly vacancy rates and the average monthly room rate. The city average room rate is the mean pre-tax rate across all surveyed establishments. These two data series date back to 1987.

The inventory of hotel rooms is not forecast within NYCEMOD. Similar to projections of office building inventory, there is sufficient information outside of the model to estimate the number of new hotel rooms in the development pipeline. Price Waterhouse Coopers' lodging reports are an important source of data. Industry contacts and media reports are also used to track additions to inventory.

Occupancy rates are determined as the share of occupied inventory. Room rates are estimated as a function of the occupancy rate in the prior quarter and seasonal dummy variables.

GROSS CITY PRODUCT

Gross City Product (GCP) is forecasted separately from the main model using components of the forecast generated by NYCEMOD and the S&P Global macromodel. Starting in 2021, OMB switched to using the BEA's county-level GDP statistics as the official measure for Gross City Product. The GCP data are available at an annual frequency and are released every December for the prior reference year. Historical data is available starting from 2001; earlier estimates (pre-2001) are created using the growth rates from OMB's previous GCP methodology that

[2] Administrative data provided by the NYC Department of Finance is processed before it is used for analytical purposes. This includes removing non-arms length transfers and consolidating multiple records of the same transaction. This process is frequently revised, as new information is provided, and due to corrections, amendments, and other administrative procedures, data may not stabilize for up to a year after the quarter closes

shared-down national GDP using wage-earnings. Following the release of 2022 county-level GDP statistics, BEA shifted the base year for all county-level GDP data from 2012 to 2017 dollars.

The city's annual GDP series are converted into quarterly patterns using the quarterly non-finance earnings patterns. The interpolated series are then seasonally adjusted using the Census X13 statistical algorithm.

Finally, both series are forecasted using the following relationships:

Nominal Gross City Product = F(Non-finance Earnings, NYSE profits, U.S. GDP)
Real Gross City Product = F(Non-finance Earnings, NYSE profits, U.S. GDPR)

CHARTER MANDATED TAXES

Real Property Tax
Personal Income Tax
General Corporation Tax
Business Corporation Tax
Sales Tax

REAL PROPERTY TAX

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REAL PROPERTY TAX

OVERVIEW

The real property tax is the largest single source of city tax revenue, accounting for 44.3 percent of New York City tax revenue in 2024, or $32,859 million.

The property tax is levied on properties' taxable billable assessed value at an average tax rate of 12.283 percent. The individual class tax rates are determined annually by the City Council at the adoption of the budget for the new fiscal year. For 2025, the class tax rates are as follows: Class 1 – 20.085 percent; Class 2 – 12.500 percent; Class 3 – 11.181 percent; and Class 4 – 10.762 percent. The assessment of real property tax in the city is governed by the provisions of the New York State Real Property Tax Law (NYSRPTL), the City Charter and the City Administrative Code. The New York City Department of Finance (DOF) administers the real property tax, determines the market value of all real properties in the city, and collects the property taxes levied.

State law requires DOF to assign every property to one of four real property tax classes. Class 1 consists of one-, two- and three-family residential properties and small condominiums. Class 2 consists of all other residential properties, including rentals and multi-family cooperatives and condominiums. Class 3 consists of utility real properties. Class 4 consists of all other real properties, such as office buildings, factories, stores and vacant lands.

PROPERTY TAX SUMMARY

The Property Division of DOF annually estimates the full market value of each parcel of real property. Once the full market value of the property is determined, the actual assessed value of the property is derived by multiplying full market value by an assessment ratio. The assessment ratio for each class is established by State law, which requires all properties in each class to be assessed at the same percentage of full market value. Tax Class 1 is assessed at six percent of full market value and Tax Classes 2, 3 and 4 are assessed at 45 percent of full market value.

The actual assessed value of Class 1 or small Class 2[1] (10 units or less) properties is then adjusted to account for the assessment caps. The actual assessed value of large Class 2[2] (more than 10 units) or Class 4 properties is similarly adjusted to account for the phase-in requirements from prior years to yield the billable assessed value. All or a portion of the billable assessed value of a property may be eligible for exemption from taxation. Billable assessed value less exemptions yields taxable billable assessed value. There are no assessment caps or phase-in requirements for Class 3 properties.

The citywide taxable billable assessed value multiplied by the average tax rate yields total tax levy.

The Class share is the share of the total tax levy that is borne by each tax class and is regulated by the provisions of the NYSRPTL. Each tax class's share of the total tax levy is updated annually to reflect relative full market value changes among the four tax classes, as well as physical changes including new construction, demolition of properties, alterations, changes in taxable status, and reclassification of properties.

Once each class tax levy is set using class share, the tax rate for each tax class is then determined by dividing the levy for such tax class by the taxable billable assessed value of that tax class. The tax rates are determined annually

Table 1

Distribution of Real Property
(By Class)

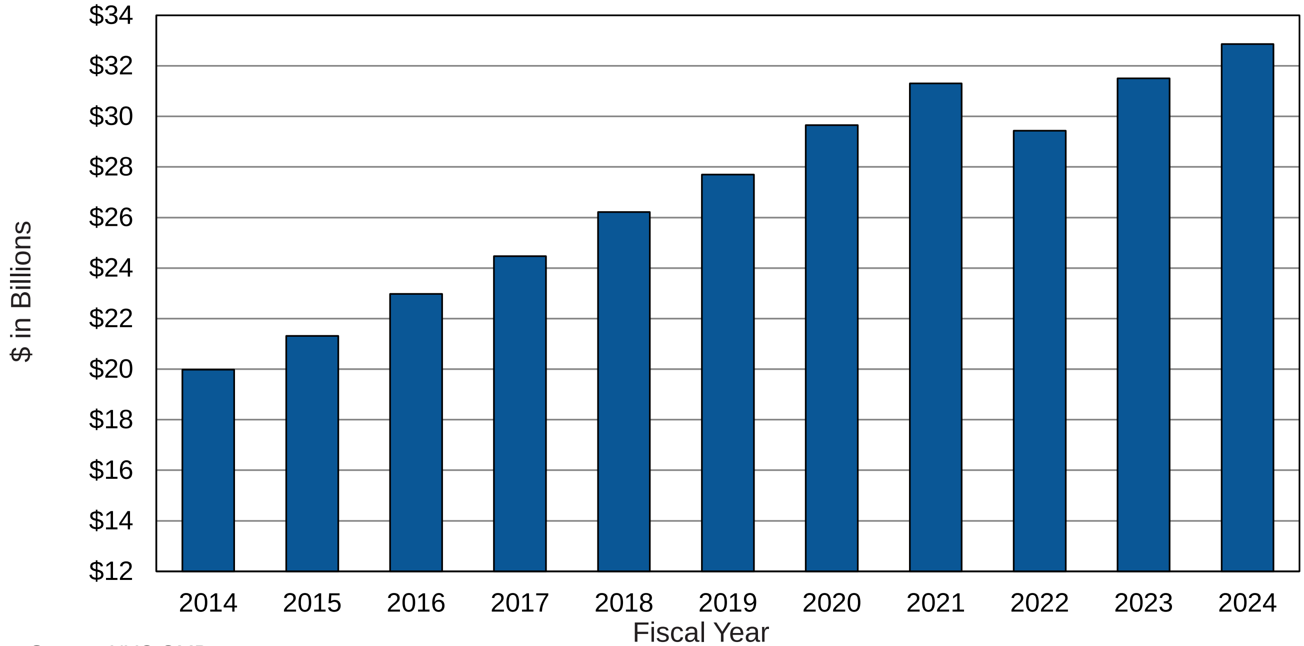
	Parcels*	% Share
Class 1	698,508	62.90%
Class 2	310,114	27.93
Class 3	292	0.03
Class 4	101,510	9.14
Citywide	**1,110,424**	**100.00%**

* FY 2026 final roll
Note: Totals may not add due to rounding

[1] Small Class 2 (10 units or less) includes rental, cooperative and condominium parcels that belong to buildings with 10 units or less.
[2] Large Class 2 (more than 10 units) includes rental, cooperative and condominium parcels that belong to buildings with more than 10 units.

Chart 1

Real Property Tax 2014 - 2024



Source: NYC OMB

by the City Council at the adoption of the budget for the new fiscal year. The practice in recent years has been that the City Council holds the average tax rate constant, allowing the individual tax rates to fluctuate.

Some portion of the tax levy is uncollectible each year due to delinquency, cancellation of tax liability and tax abatements. The uncollectible taxes are forecast and reserved against the levy. The tax levy less the reserve for uncollected taxes yields the annual property tax revenue.

FORECASTING METHODOLOGY

The property tax revenue forecast starts with a forecast of taxable billable assessed value. Then, the total taxable billable assessed value is multiplied by the current average tax rate to yield the total tax levy. Next, the reserve for uncollectible taxes is forecast, which allows the calculation of total tax revenue (the total levy less the reserve). The total revenue is then distributed into a monthly cash flow model. See Chart 2 for a summary of the Real Property Tax Revenue Estimating Procedure.

Table 2

The Real Property Tax Calendar

- Market value survey and class equalization rates are published in December. (New York State Office of Real Property Tax Services, ORPTS)
- Tentative assessment roll is released in mid- January. (DOF)
- Taxpayers wishing to protest this assessment may do so by applying to the Tax Commission for a hearing.
- Calculating estimated class shares (Current Base Proportions) updates each class' share of the levy for changes in market value in April.
- The final assessment roll is released in late May. (DOF)
- Calculating final class shares (Adjusted Base Proportions) updates the class shares for physical changes in late May, after release of the final roll. (ORPTS)
- The final tax rates are set at budget adoption in June. (City Council)

Taxable Billable Assessed Value Forecasting

The taxable billable assessed value forecast begins with the determination of market value. Class 1 properties are valued based on sales of comparable properties. Small Class 2 (10 units or less) are valued using the Gross Income Multiplier (GIM) method. All other Class 2 and Class 4 properties are valued based on the income capitalization approach. Class 3 properties are valued based on the Reproduction Cost New Less Depreciation (RCNLD) method. Once the market value is determined, the actual assessed value is calculated by multiplying the market value by the class assessment ratio.

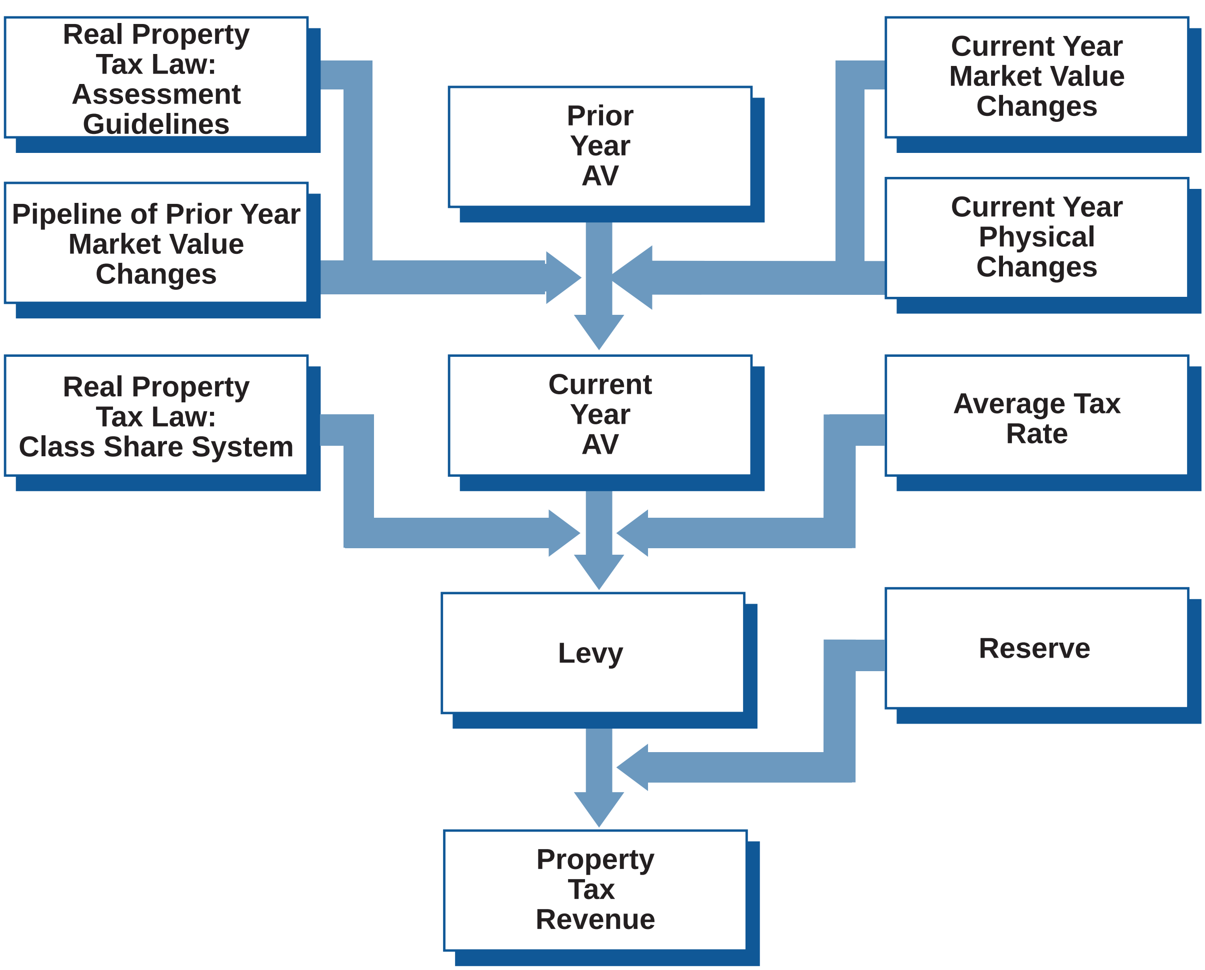
The law also established an assessment cap to restrict annual actual assessed value increases for Class 1 and small Class 2 (10 units or less) properties if the increases result from appreciation of the property value based on the market condition. For large Class 2 (more than 10 units) and Class 4 properties, in addition to actual assessed value, an interim value called transitional assessed value is calculated. Actual assessed value changes (both increases and decreases) resulting from appreciation and depreciation of the property value based on the market condition are phased in over five years and incorporated into transitional assessed value. There are no assessment caps or phase-in requirements for Class 3 properties.

Billable assessed value is the lower of actual assessed value or transitional assessed value when a transitional assessed value for the property is generated. For properties with no transitional assessed value, the billable assessed value and the actual assessed value are the same. The taxable billable assessed value, upon which tax liability is based, is the billable assessed value less any portion of the assessed value that is exempt from taxation.

The taxable billable assessed value forecast is based on four components: (1) changes in assessed value due to physical changes; (2) changes in assessed value due to equalization (value appreciation/depreciation) in the current year, which are subjected to assessment caps or phase-ins; (3) phase-ins from prior year equalization changes into

Chart 2

Real Property Tax Revenue Estimating Procedure



the current year transitional assessed value for large Class 2 and all of Class 4 properties – the “pipeline”; and (4) changes in assessed value due to new exemptions granted and the reduction or removal of existing exemptions. DOF considers legislative and administrative changes when reviewing these four components for each class. Increases in assessments due to physical changes are generally not subject to any limitations or phase-in requirement. However, the assessment ratio for market value changes due to physical additions and improvements for small Class 2 properties is limited to 15 percent instead of 45 percent. This limitation does not apply to newly constructed buildings and properties that change their tax class from small Class 2 to large Class 2 because of improvements or additions.

The taxable billable assessed values for the four classes are totaled to provide the citywide taxable billable assessed value. The total citywide taxable billable assessed value is then multiplied by the current average tax rate of 12.283 percent to yield the property tax levy.

Property Tax Levy = Total Billable Assessed Value x Average Tax Rate

Class 1 properties’ market values are valued based on sales data of comparable properties. The Class 1 actual assessed value is calculated by multiplying the market value by the six percent assessment ratio. The actual assessed value growth for Class 1 properties due to equalization (price appreciation or depreciation based on the market condition) change is limited by law to six percent a year and 20 percent over five years. For smaller Class 2 properties, actual assessed value growth due to equalization is limited to eight percent a year and 30 percent over five years. The assessment caps play a major role in the overall growth of the actual assessed value. For example, if a property’s value grows beyond the cap, the excess growth is foregone due to the cap. Because of this limitation, many properties’ billable assessed value growth is restrained.

Large Class 2 properties are valued as income-producing properties. The Class 2 actual assessed value is calculated by multiplying the market value by the 45 percent assessment ratio. The actual assessed value forecast for Class 2 properties is guided by the outlook of rental buildings’ income. NYSRPTL Section 581 mandates that the assessments of residential cooperatives and condominiums market values, which are generally not income-producing properties, be based on the value of comparable rental buildings, rather than on a cooperative or condominium unit’s sale price. Older properties tend to have comparable rentals which are typically subject to rent control laws, while newer properties tend to have comparable rentals which are typically market rate rentals. Therefore, assumptions about incomes of market rate apartment buildings and the allowable rent increases for rent-stabilized units, set by the Rent Guidelines Board, drive the forecast for Class 2 actual assessed values.

Class 3 properties are unique in that three utility companies comprise the vast majority of the class tax base. Utility properties are classified as special franchise properties (easements and rights of way), Real Estate Utility Corporations (REUC - plant and equipment), or other Class 3 properties. The valuation of special franchise utility properties is done by the New York State Office of Real Property Tax Services (ORPTS). In appraising the full value of these properties, ORPTS uses the inventory information reported by the utility companies to value the properties using the Replacement Cost New Less Depreciation (RCNLD) method. The rest of Class 3 properties are valued by DOF using a similar approach. The final actual assessed value is determined by DOF by multiplying the ORPTS certified full market value by the assessment ratio of 45.0 percent for Class 3.

Class 4 properties are valued as income-producing properties. The starting point for the market valuation is the net operating income data from income and expense statements filed by the property owners annually with DOF. For example, the taxpayers filed the income and expense data for the calendar year 2022 (RPIE 2022) in calendar year 2023 (by June 1, 2023), which was used for valuing Class 4 properties as of January 5th, 2024, the valuation date for the fiscal year 2025 roll. The income data is then adjusted for changes in economic conditions such as vacancy rates and building conditions since the last filing date. Finally, the market value is derived by capitalizing the net income using the income capitalization method.

Reserve Forecasting

The next step in forecasting property tax revenue is the forecast of reserve for uncollectible taxes. The initial levy adjusted for the reserve produces the total revenue forecast. The reserve represents the portion of the tax levy which remains uncollected from the current year levy for a variety of reasons. Delinquency, arising from the failure of taxpayers to pay their taxes in full by year end, is accounted for in the reserve. Statutory abatement programs, which lower the amount of levied tax (e.g. the co-op/condo abatement, the SCRIE and J-51 programs), are also accounted for in the reserve. Reductions in tax levy due to the Tax Commission and Law Department actions are reflected in the refunds and cancellations components of the reserve. The forecasts for refunds and cancellations are based on an estimate of the number of outstanding petitions as well as the average amount of estimated reductions that are expected to be granted in assessed values for those properties in dispute.

The reserve also allows the city to account for shelter rent and exempt property restored to the tax roll after the final roll is published. Both are positive offsets to property tax revenue, which are unaccounted for in the initial tax levy. In addition, collections from prior years' levies are also estimated and included in the reserve as a positive offset.

After the reserve is estimated, it is subtracted from the total levy to yield the tax revenue.

Tax Revenue = Tax Levy - Reserve for Uncollectibles

Cash Plan Approach

The cash plan approach is a monthly forecast of total fiscal year revenue or anticipated tax receipts. It provides a measure for monitoring monthly collections to determine whether actual tax receipts meet planned revenue. A separate cash plan estimate is made for each of the four quarterly billing periods, for prior year collections, refunds and the lien sale.

A revenue shortfall or surplus against the monthly cash plan may signal a temporary payment pattern shift or an incorrect estimate of the reserve component as the real property tax levy is a fixed amount set at the beginning of each fiscal year. If it is determined that this variance will not be resolved in the current fiscal year, adjustments to the reserve forecast are made at budget modifications, resulting in a change in revenue.

At the beginning of the fiscal year, a quarterly payment schedule for taxpayers is determined based on the amount of actual assessed value that falls into the semi-annual or quarterly payment schedules. If a parcel's actual assessed value is greater than $250,000, the real property tax is payable semi-annually in July and January. If the parcel's actual assessed value is $250,000 or less, the real property tax is payable quarterly in July, October, January and April. The threshold of billable assessed value was increased from $80,000 to $250,000 in 2009 to allow more homeowners to pay the real property tax quarterly. Once the breakdown by billing schedule is set, a monthly cash plan is made for the upcoming fiscal year using historical data on the percentage of total collections received in each month. Other factors, which affect the timing of collections such as administrative and legislative changes, are also considered in finalizing the monthly cash plan.

The historical monthly patterns for prior year collections (PYCs) and refunds are also taken into consideration. For PYCs and refunds, however, July and August receipts are accrued back to the prior fiscal year.

TAX DETAIL

Tax Base

Tax Class and Assessment Cycle

State law requires that DOF assign every property to one of four tax classes. Class 1 consists of one-, two- and three-family residential properties and small condominiums. Class 2 comprises all other residential properties, including cooperatives, condominiums and multi-family rentals. Class 3 represents utility real properties. Class 4 consists of all other real properties, such as office buildings, factories, stores and vacant lands.

On the fiscal year 2025 final roll, the market values for Class 1 and Class 2 account for 49.4 percent and 24.7 percent, respectively, while Class 3 and Class 4 account for 3.9 percent and 21.9 percent, respectively, of the total market value. Among the residential properties, 66.7 percent of total residential units' market value is from Class 1, and the remaining 33.3 percent is from Class 2.

The taxable status and billable assessed value of each property in the city are determined on January 5th for the subsequent fiscal year, which begins on July 1st. In mid-January, DOF publishes a tentative assessment roll and taxpayers are notified of their new assessment level. The tentative roll is open for public inspection and examination. Taxpayers can file a protest with DOF or the Tax Commission to correct factual errors relating to their properties' descriptions and market values. Owners of Class 1 properties may file a request to review their property values by March 15th. Other property owners may file a request by March 1st. After its review, DOF incorporates these changes through change-by-notice which are incorporated into the final roll. A change-by-notice must be mailed to the owner ten days before the assessment roll becomes final.

Taxpayers can also file a petition to challenge their properties' actual assessed value to the Tax Commission.[3] The property's actual assessed value may be protested if the underlying property is misclassified, or the underlying

[3] The Tax Commission is the City of New York's forum for independent administrative review of real property tax assessments set by the Department of Finance.

market value is alleged to be unlawful, unequal or excessive. The Tax Commission holds hearings on assessments beginning in April. Reductions in actual assessed value, granted by the Tax Commission up to May 20th, are also incorporated into the final roll. A taxpayer who does not wish to accept a Tax Commission decision may begin an Article 7 proceeding (tax certiorari) in New York State Supreme Court. Petitions for review of the assessment with the Tax Commission are only for the current tax year.

Determination of Market Value

For Class 1 properties, the valuation methodology is based on the sales price of comparable properties. Sales price information is obtained from real property transfer tax returns. Physical inspections are conducted periodically and are compared with other information such as building permits (for repairs/renovation), fire reports and exemption applications. Properties are re-inspected at least once every five years. The Department of Finance uses statistical modeling to analyze prices of similar properties (based on factors such as size and location) that were sold in a neighborhood in the prior 3 years.

For Class 2 and Class 4 properties, the primary valuation methodology is the income capitalization approach. This approach requires three variables: income, expenses and a capitalization rate (cap rate), the rate of return an investor would reasonably expect.

To get the Market Value, the Department of Finance uses a statistical model as a tool to find typical income and expenses for properties that are similar (in terms of size, location, number of units and age).

Income and expense statements are required to be filed each year by owners of income-producing properties with an actual assessed value of more than $40,000. Data from these statements are the starting point for the income capitalization approach to valuation. Income and expenses are adjusted to reflect the lag between reporting and the valuation dates for the assessment roll. When actual data do not exist, data from comparable properties are used for properties such as owner-occupied businesses or newly constructed properties. Other general conditions such as vacancy rates and building conditions are also taken into consideration. Smaller Class 2 buildings are also valued as income-producing properties. However, since most of these buildings are not legally required to file a Real Property Income and Expense (RPIE) statement, the valuation approach is the Gross Income Multiplier method (GIM). Department of Finance generates an estimate of typical income per square foot by comparable rental properties. Income for the entire building is generated by multiplying the income per square foot by the building's total square footage. The building's estimated income is then multiplied by a factor to generate the property's market value. For example, a building with income of $200,000 and subject to a multiplier of 10 would be valued at $2 million.

The appropriate cap rate is determined based on the analysis of the location, property type and quality of the income stream. Valuation cap rates are primarily driven by fall-out cap rates and cap rate changes taken from the market reports (e.g. Co-Star). In the case of fallout cap rates, DOF uses the income and sales information for Class 2. For Class 4, the changes to the cap rates are benchmarked using actual changes from market reports.

Cooperatives and condominium buildings, which in general are non-income producing properties, are valued based upon the methodology stipulated under Section 581 of the RPTL. This section requires that these properties are to be valued as if they were rental buildings without regard to the sale price of individually owned units. Cooperative and condominium buildings in a number of prime real estate neighborhoods benefit from this valuation method using the comparable income capitalization approach as the net income from many comparable buildings are usually rent regulated, resulting in a suppressed level of income.

Class 3 properties consist of special franchise (the right to locate, maintain and operate property in the public domain including tangible property such as pipelines, cables and other equipment on, below or over public property and also the intangible right to use the public right of way) and the Real Estate Utility Corporation properties (plant and equipment). The special franchise properties are assessed by ORPTS using the RCNLD approach while the remaining Class 3 properties are assessed by DOF using a similar approach.

Assessment Ratios and Assessed Value

The property tax rate is applied to the taxable billable assessed value that is a proportion of a property's full market value after exemptions. The proportion of full market value upon which the tax is levied is called the assessment ratio. The assessment ratio for Class 1 properties is six percent, while the assessment ratio for all other classes is 45 percent. Starting in 2006, assessment ratio increases due to physical additions and improvements for small Class 2 (10 units or less) properties are limited to 15 percent (instead of 45 percent). This limitation does not apply to new buildings or to buildings where the improvements or additions result in large Class 2 (more than 10 units) properties. A property's full market value multiplied by the class assessment ratio yields the property's actual assessed value.

Actual Assessed Value = Market Value x Assessment Ratio

The assessment ratios and caps discussed above have limited the impact of market value increases on the taxable billable assessed value for Class 1 and small Class 2 (10 units or less) properties. In 2025, the Class 1 share of total market value is 49.4 percent while its share of total taxable billable assessed value is only 8.6 percent. For small Class 2 (10 units or less) properties, their share of the market value is 6.1 percent while their share of the

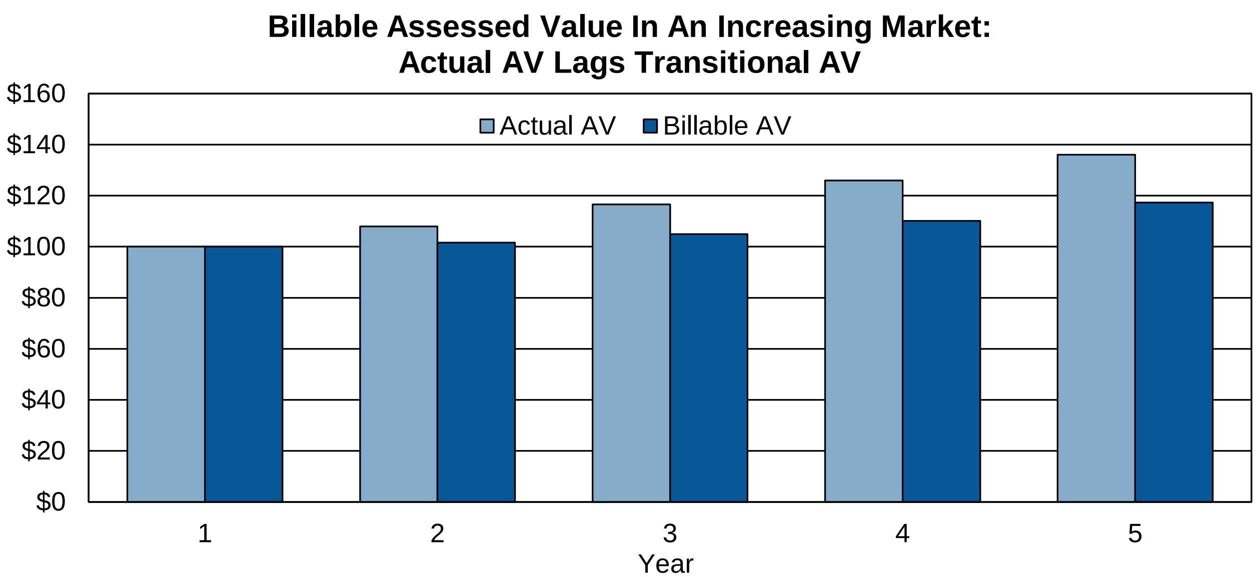
Chart 3

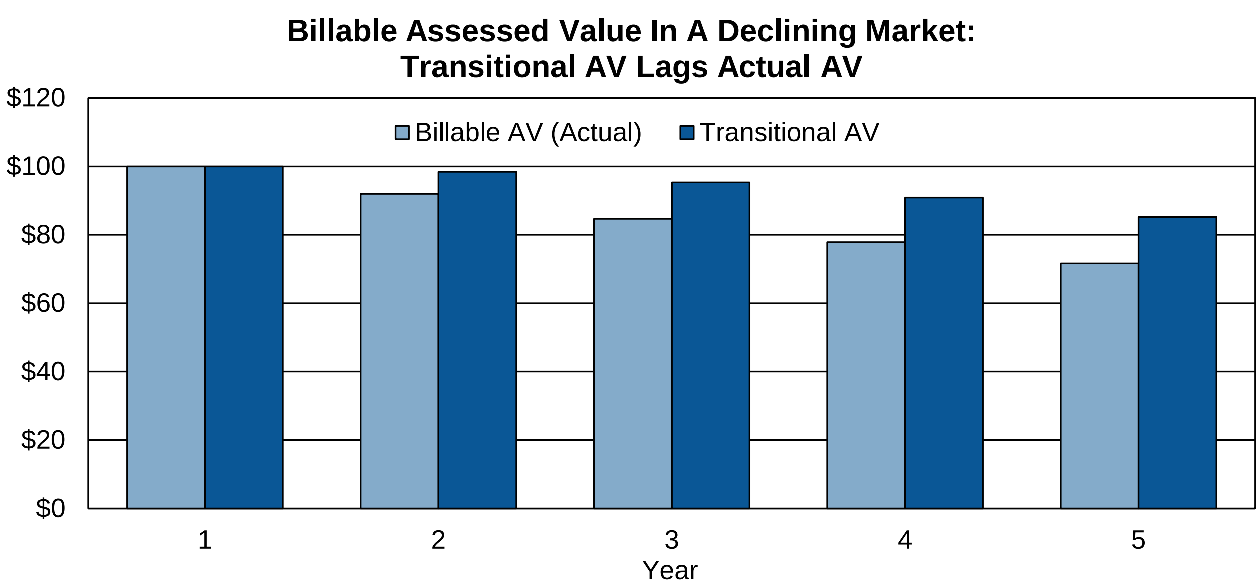
Type of Assessed Value

ACTUAL ASSESSED VALUE - The actual assessed value is the market value multiplied by the assessment ratio for each class.

TRANSITIONAL ASSESSED VALUE - By law, increases and decreases in actual assessed values for Classes 2 and 4 must be phased in over a five-year period. The transitional assessed value represents the interim value during the phase-in period.

BILLABLE ASSESSED VALUE - Billable assessed value is the amount on which tax liability is based. The billable assessed value is the lower of actual assessed value or transitional assessed value.





taxable billable assessed value is 4.6 percent. However, assessment changes that result from physical changes made to the property are taxable immediately and are not subject to the assessment cap.

For all large Class 2 (more than 10 units) properties and all Class 4 properties, there are no annual restrictions on assessment increases. DOF calculates two types of assessed values for these properties. One value is actual assessed value, which is simply 45 percent of the full market value and includes all the physical as well as equalization changes recorded for the year. The other value is transitional assessed value which incorporates the assessment changes (increases or decreases) that are phased in over five years. This interim assessed value during the phase-in period includes 20 percent of the assessment changes due to equalization changes from the current year as well as 20 percent of the assessment changes from the previous four years. The billable assessed value in any given year is the lower of the actual assessed value or the transitional assessed value (See Chart 3). However, changes that are the result of physical changes are taxable immediately and are not subject to the phase-in requirement.

There are no statutory limitations on annual assessed value changes in Class 3 properties. See Appendix I: Real Property Tax for summary of assessed value by class.

Class Tax Rate Calculation:

Class Tax Rate = Class Levy / Class Taxable BAV (from DOF)

↓

Class Levy = Total Levy * Class Share

↓ ↓

Total Levy = Total Taxable BAV (from DOF) * Average Tax Rate (12.283%)

Class Share (Adjusted Base Proportion) = Base Year Levy Share (FY91) * Change in MV Share (MV share current year/ MV share base year)

Tax Levy and Tax Rate Determination

Class Shares and City Discretion

The City Council determines property tax rates annually for each of the four classes of property. Under the provisions of the NYSRPTL, the total levy is apportioned to each of the four classes of property using the “class shares.” Once the class levies are set, the class tax rates are determined annually by dividing the levy for each class by the taxable billable assessed value for the class.

The class shares calculation is authorized by NYSRPTL under the rules promulgated by ORPTS and the methodology has been unchanged since 1992. Each year, this methodology updates the 1991 class shares for price-related and physical alteration changes in market value for the current year. The final class share is called the adjusted base proportion and is derived after a series of calculations. First, the levy shares by class in 1991 (the local base proportion) are adjusted for the changes in each class’s market value share in the current year (the current percent) over the market value shares seen in 1990 (the base percent). The resulting share is called the current base proportion.[4] This share is then adjusted for the changes in market value due to physical improvement or demolition in the current year to derive the adjusted base proportion. In addition, the current base proportion calculation takes into account the statutory cap of 5.0 percent in the year-over-year change in any one class’s share. In a number of years, additional legislation has been sought to lower this cap to 2.0 percent. In 2009 and 2010, the cap was lowered to zero percent. In 2011 and 2012, the cap was set to 2.5 percent. In 2013, the cap was set to 1.5 percent. In 2014, the cap was set to 1.0 percent. In 2018, the cap was set to zero percent. In 2019, the cap was set to 0.5 percent. In 2020, the cap was lowered to zero percent. In 2021, the cap rate was set to 0.5 percent. In 2023 and 2024, the cap was set to zero percent. In 2025, the cap rate was set to 0.9 percent.

Chart 4 illustrates the methodology used to calculate the class shares. The base year percentages used in all subsequent annual calculations were determined in 1992 by taking the share of each class’s market value to the total market value from 1990. The market value for the base year was calculated by dividing the taxable assessed value from DOF’s 1990 final roll by the class equalization rate. ORPTS calculated class equalization rates for this roll are based on the 1986 market value survey. Therefore, the resulting market values reflect 1986 market values in terms

[4] The current base proportion (CBP) calculation is an interim step in setting class shares, reflecting market value changes from the base year.

Chart 4

Calculation of Adjusted Base Proportions

	Base Year (FY 1990)	FY 2025
Given:	ORPTS: Class Equalization Rate DOF: Assessed Value by Class (FY 90 Roll)	ORPTS: Class Equalization Rate DOF: Assessed Value by Class (This calculation uses the rate and AV for the prior year's roll)
Derive:	Market Value by Class = AV by Class/ Class Equalization Rate	Market Value by Class = AV by Class/ Class Equalization Rate
Calculate:	Each Class' Market Value as a % of Total Market Value = BASE PERCENTAGE	Each Class' Market Value as a % of Total Market Value = CURRENT PERCENTAGE

For Each Class:

$\frac{\text{Current \%}}{\text{Base \%}} \times$ Local Base Proportion (FY91 Share) $=$ Current Base Proportion → Adjustment for Physical Change → Adjusted Base Proportion (FY25 Class Shares)

of the physical characteristics of the 1990 roll. Each of the class market values derived above was then adjusted to reflect the reclassification of parcels between 1990 and 1991. The resulting market value is used as the base year market value over which future market value growth is determined and is known as the base percentage.

A similar calculation is done each year to derive the current percentage. In the ORPTS's methodology, the market value is determined by dividing the taxable billable assessed value of each class from the prior year's assessment roll (the reference roll) by the class equalization rates for that roll. For example, to determine the FY 2025 current percentage, the 2024 market value is used, which is calculated by the 2024 assessed value by class (fiscal year 2024 roll) and the class equalization rates for that year (ORPTS refers to these as the class equalization rates for the 2023 assessment roll).

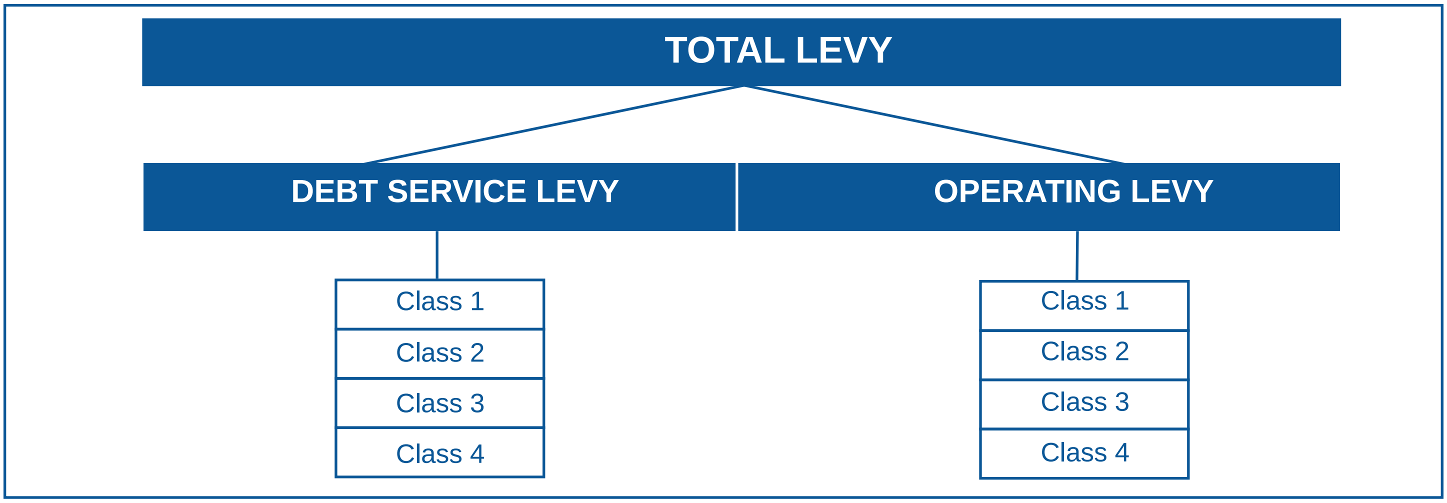
The 1991 class shares are designated as the local base proportions. Each year, these class shares are updated for market value changes by multiplying them by the ratio of the current percentage to the base percentage for each class, yielding the current base proportion for each class. Since the current base proportion for any class cannot exceed the class's prior year adjusted base proportion by more than 5.0 percent, any excess must be distributed to other classes. The City Council exercises its discretion on how the excess is apportioned among the remaining classes. The last step in updating the current base proportion for market value changes is to normalize the proportions so that the sum of all the class percentages equals 100 percent. Finally, the current base proportion is adjusted for physical alteration and related market value changes (physical changes such as new construction, renovation, additions and demolitions) to arrive at the adjusted base proportion.

Components of the Tax Levy

From 2019 onwards, the property tax levy consists of eight components. (See Chart 5.) These distinctions are necessary as the property tax is used to finance debt service and operating expenditures, which are subject to specific limitations. The levy is first allocated by tax class as each tax class bears a different tax levy. The class levies are further broken into levies for debt service and for operating (non-debt) purposes. This split is necessary because the amount of real property tax that can be levied for operating purposes is limited by the New York State Constitution. This limit is equal to 2.5 percent of the average full value of taxable assessed value for the current and prior four years (the five-year full value) less payments for NYC short-term debt and business improvement district levies (See Table 3). The real property tax is also the primary source of revenue for the General Debt Service Fund. Under the State Constitution, NYC's ability to levy a real property tax for the payment of principal and interest on the city's long-term debt is unlimited. There is a limit, however, on the total debt outstanding, including business improvement district debt, which may not exceed 10 percent of the five-year average full value of real property in the city. ORPTS estimates full value as of January 1st for each of the recent five years (See Table 3).

Prior to 2019, the debt service and operating levies were further broken down into levies for education and non-education purposes. This final split was necessary because under NYSRPTL, veterans received a partial

Chart 5



exemption on their assessed value levied for non-education purposes. Veterans were, however, required to pay the full amount of their levy for education. After 2019, law changes enable veterans to be fully exempt from the property taxes making it no longer necessary to calculate a separate school tax rate. This reduced the property tax levy components to eight (from 16 previously).

Tax Rate Determination

Each year, the tax fixing resolution (TFR) certifies the city's fiscal year appropriations and sets the property tax revenue and the class tax rates. The target revenue to be raised through the property tax is calculated as the difference between the city's appropriations for all expenses and the Mayor's estimate of all revenues excluding the property tax. Once the target property tax revenue is estimated, the tax levy that is necessary to yield this revenue is calculated by adding back the reserve for uncollectible taxes. The total tax levy is then distributed by class based upon the class shares. The individual class levy is then divided by the taxable billable assessed value of that class to determine the class tax rate.

FY	Class 1	Class 2	Class 3	Class 4	Avg. Tax Rate
2025	20.085	12.500	11.181	10.762	12.283

Class Tax Rate = Class Levy / Class Taxable Billable Assessed Value

See Appendix I: RPT for summary of class tax rates.

Reserve for Uncollectible Taxes

The property tax levy, approved by the City Council each year, includes a reserve for uncollectible taxes. The reserve for uncollectible taxes encompasses three general categories:

1. delinquency
2. cancellation of tax liability due to reductions in assessed value arising from tax commission/court actions
3. tax abatements through number of programs providing residential, economic development and individual assistance.

In addition, there are significant cash inflows and outflows affecting the reserve, including refunds of current and past years' overpayments, collections against prior year levies and payments from exempt property restored back to taxable status.

Delinquency, Cancellation and Refunds

The delinquency rate is a measure of the real estate market health. The delinquency rate which was 2.6 percent in 1989 rose to nearly five percent in 1994, due to prolonged weakness in the local real estate markets. With a recovery in the local economy and the real estate market in the late 1990s and the initiation of the property tax lien sale enforcement program in 1996, the delinquency rate declined over time until 2019 when it reached 1.2 percent. With the onset of COVID-19 pandemic since February 2020, the delinquency rates have gone up, as the economic activity

Table 3

Taxing Authority

- The city may levy as much real property tax as necessary to cover debt service expenses.
- The levy to cover operating expenses may not exceed 2.5 percent of the full valuation of taxable real property in the city. The full value used in computing the operating limit is an average of five years of full values - for the current and last four fiscal years less interest on temporary debt and the aggregate amount of the business improvement district charges.

	($ in Millions)				
Fiscal Year	5-Yr Avg Full Value	Operating Limit	Actual Operating Levy	Unused Margin	Operating Levy/ Operating Limit
97	$319,108	$7,857.3	$4,933.3	$2,924.0	62.8%
98	309,484	7,599.7	5,934.1	1,665.5	78.1
99	289,497	7,170.3	6,307.7	862.6	88.0
00	293,319	7,268.7	7,223.1	45.5	99.4
01	305,932	7,573.1	7,432.7	140.4	98.1
02	328,672	8,128.1	8,086.0	42.1	99.5
03	359,933	8,925.2	8,694.6	230.6	97.4
04	399,908	9,893.5	9,387.4	506.1	94.9
05	431,152	10,675.8	9,615.0	1,060.5	90.1
06	470,510	11,666.2	11,633.3	32.7	99.7
07	533,355	13,224.5	13,094.4	130.1	99.0
08	601,024	14,949.0	10,462.4	4,486.7	70.0
09	704,189	17,525.7	13,213.6	4,312.1	75.4
10	749,042	18,641.4	16,472.3	2,169.1	88.4
11	762,244	18,898.5	16,418.4	2,480.0	86.9
12	760,967	18,936.0	17,181.1	1,754.9	90.7
13	768,527	19,101.4	16,239.9	2,861.5	85.0
14	791,003	19,601.7	18,782.8	818.9	95.8
15	813,549	20,164.1	17,923.1	2,241.0	88.9
16	851,841	21,130.6	20,761.2	369.4	98.3
17	902,361	22,377.8	22,303.5	74.3	99.7
18	982,415	24,448.7	24,005.2	443.5	98.2
19	1,062,429	26,437.7	26,274.6	163.1	99.4
20	1,162,657	28,936.2	27,803.8	1,132.5	96.1
21	1,230,178	30,614.3	28,960.9	1,653.4	94.6
22	1,273,521	31,695.2	29,341.6	2,353.6	92.6
23	1,274,475	31,714.4	31,383.4	330.9	99.0
24	1,316,433	32,757.4	32,066.3	691.6	97.9
25	1,367,549	34,033.5	32,524.1	1,509.4	95.6

in the city slowed, resulting in significant employment losses. It was 1.85 percent in 2020 and 2.02 percent in 2021. As the economy reopened, the delinquency rate dropped back to 1.77 percent in 2022. With the expiration of lien sale program, the delinquency rate grew to 2.09 percent in 2023, and 2.17 percent in 2024. With the reauthorization of the lien sale program, the delinquency rate dropped back to 1.92 percent in 2025.

Cancellations represent reductions in assessed value granted by the Tax Commission during the summer hearings after the final assessment roll is released. In addition to remissions from the Tax Commission, which typically represent most of the value of cancellations, reductions resulting from court decisions, Law Department settlements and Department of Finance adjustments that lowers the assessed value are also reflected in the reserve for cancellations. The reserve for refunds covers reimbursement to taxpayers who overpaid their tax liabilities, or whose liabilities were reduced after payment was made.

Tax Expenditures

New York City is required to provide real estate tax expenditures by a variety of New York State laws, provisions in the City Charter, the City Administrative Code and underlying agency regulations. Tax expenditures are mainly granted and administered by various city agencies. There are also State programs and public agencies that provide housing and economic development incentives to the local real estate market.

All or a portion of the assessed value of a property may be eligible for exemption from taxation. Typically, government-owned (public) properties are exempt from taxation and include properties owned by the Federal Government, the State of New York, the City of New York, public benefit corporations, the United Nations and foreign governments (if they use such properties as missions to the United Nations or as consulates). Private properties that are exempt from taxation include property owned by non-profit, religious, charitable, educational, medical and cultural organizations.

In addition, a variety of property tax expenditure programs are offered by the city, granting varying degrees of tax exemptions to privately owned properties. These property tax expenditure programs generally fall into the following categories: (1) Residential - incentives for spurring residential construction and renovation; (2) Commercial - promotion of economic development; and (3) Individual assistance - tax relief to classes of individual homeowners or tenants.

Residential: Residential exemptions are intended to encourage rehabilitation of existing housing and new construction or renovation. Program benefits vary based on geographic criteria. The exemption benefits granted to residential properties are frequently extended to commercial space within the same building.

Economic Development: Commercial and industrial exemptions are intended to encourage economic development. Properties assisted by these programs range from hotels, retail space and office buildings to properties involved in manufacturing and distribution activities, such as factories and warehouses. These programs typically provide greater benefits to industrial construction and renovation.

Individual Assistance: Individual assistance programs are intended to reduce taxes for homeowners who are qualified veterans, seniors, or persons with disabilities and provide relief to qualified renters who are seniors or with disabilities.

See Appendix I: Estimated Value of Real Property Tax Exemptions and Abatements 2005-2025.

Administration

The real property tax is administered by DOF, which assesses property values annually, issues bills, collects revenues and conducts enforcement. ORPTS assesses special franchise properties and approves current and adjusted base proportions.

All properties with an actual assessed value of $250,000 or less (or in the case of cooperatives, the average per unit assessed value of $250,000 or less) pay quarterly installments. All other properties with an actual assessed value of more than $250,000 pay semi-annual installments. Quarterly installments are due on July 1st, October 1st, January 1st and April 1st while semi-annual payments are due on July 1st and January 1st.

In addition, quarterly taxpayers are entitled to a 15-day interest-free grace period. Taxpayers are also entitled to an early payment discount. If the entire amount due for the year is prepaid by the July due date (or grace period due date for quarterly payers), they receive a 0.5 percent discount on the full amount of the property tax paid. If the remainder of the full year tax is paid by the October due date, they receive a 0.33 percent discount on the remainder of the full year balance paid. If the remainder of the balance due for the year is paid by the January due date, they receive a 0.17 percent discount on the balance paid.

In addition, the law was amended in 2015 to add a new provision. If the Council doesn't adopt a discount percentage before the statement of account or bill are due to be prepared, then the default discount percentage would be the annualized interest rate on 6 month US treasury bill (as reported by the Board of Governors of the Federal Reserve System in its H.15 report or similar statistical report detailing selected interest rates)on the last business day of April preceding the fiscal year for which the discount rate is being determined), plus seventy five basis points the sum of which shall be divided by four.

Interest is charged to taxpayers on the outstanding amount of property tax and is compounded daily until the payment is received. The interest rate for late payment depends on the assessed value of the property. Prior to legislation passed relating to the COVID-19 pandemic, for properties with an actual assessed value of less than $250,000, the interest rate was 7.0 percent (raised from 6.0 percent effective July 1, 2018) and for all other properties, the interest rate was 18 percent. In order to provide relief to taxpayers affected by the pandemic, the interest rate was lowered for the first quarter to 3.25 percent (and zero percent for eligible owners with under $150,000 in income who were adversely affected by the pandemic) for properties with an actual assessed value of less than $250,000 for the first quarter of 2021 and to 5.0 percent for subsequent periods. For properties with an actual assessed value of $250,000 or more, the interest rate was lowered to 7.5 percent for the first quarter of 2021 for eligible Class 4 and Class 2 properties for the first quarter then subsequently reverted to 18 percent. In January 2021, legislation was passed to create a new bracket and to lower interest rates. Effective July 1, 2021 through June 30, 2022, interest rates were lowered to 3.0 percent for properties with actual assessed values of less than or equal to $250,000, 6.0 percent for properties with actual assessed values greater than $250,000 but less than or equal to $450,000, and 13.0 percent for properties with actual assessed values greater than $450,000. In June 2022, interest rates were increased to 4.0 percent for properties with actual assessed values of less than $250,000. 7.0 percent for properties with actual assessed values greater than $250,000 but less than or equal $450,000, and 14.0 percent for properties with actual assessed values greater than $450,000. In June 2023, interest rates increased to 5.0 percent for under $250,000, 7.0 percent for between $250,000 and $450,000, and 15.0 percent for properties for over $450,000. In June 2024, interest rates increased to 6.0 percent for under $250,000, 9.0 percent for between $250,000 and $450,000, and 16.0 percent for properties for over $450,000.

Tax Lien Sale (NYC Administrative Code - Title 11 - Chapter 3)

Beginning in 1996, a comprehensive plan to improve real property tax compliance by selling real property tax liens was instituted. Under the lien sale program, the city forgoes future cash flows from the delinquent taxes sold, in exchange for a lump sum payment and a subordinate position in any cash flow that remains after the bond holders are repaid. Currently, all real property taxes, water and sewer charges and other city charges on property become liens on the day they become due and payable. Unpaid tax liens including water and sewer charges can be sold by the city (See Table 4 for Lien Sale Summary).

For Class 1 or Class 2 (residential cooperatives and condominiums only) properties, the tax liens are eligible for sale if the real property tax component of the tax liens has remained unpaid for three years. Other liens such as water and sewer charges are included in the sale only when a qualifying property tax lien exists. With respect to Class 2 rental, Class 3 and Class 4 properties, the tax liens are eligible for sale if the real property tax component of the tax liens remained unpaid for one year.

Occasionally, there may be instances that materially and adversely affect the value of the tax liens that were sold by the city, resulting in a breach of representation and warranty by the city and thereby causing the underlying liens to be defective. There are many ways a lien can become defective, such as a lien sold incorrectly on a property with a valid tax exemption or if the property's taxes are later reduced as a result of changes in assessed value, property tax classification or changes in any applicable exemptions pursuant to tax certiorari proceedings. A defective lien is identified by either the servicer or DOF/DEP and the city is legally required to "cure" the defect within 30 days. This is done by either replacing the defective lien with the same original value and with similar characteristics (substitution) or by paying the current redemptive value with cash. The city generally cures the defective liens with cash by depositing the required amount with the Trust.

Once a tax lien on a property is sold, each lien is levied a mandatory five percent surcharge and accrues interest at the rate of three percent per year for properties with an assessed value of less than $250,000 and 13 percent per year for properties with an assessed value of more than $450,000. The lien sale reauthorization legislation that was passed in January 2021, created a new interest rate bracket for properties with assessed value between $250,000 and $450,000. The new rate was six percent. After its expiration on February 28, 2022, the lien sale program was reauthorized in June 2024, with interest rates set at six percent for properties with an assessed value of less than $250,000, nine percent for properties with an assessed value between $250,000 and $450,000 and 16 percent for properties with an assessed value greater than $450,000.

The lien sale program, which was originally set to expire in 1997, was extended in 1997, 1999, 2001, 2004, 2006, 2007, 2010, 2014, 2017, 2021, and 2024. Since its original enactment, the lien law has been amended several times to close various loopholes. In 1997, the lien sale law was updated to define subsequent liens or liens that that remain unpaid after the date of a tax lien sale provided that the prior tax lien or liens also remain unpaid. The first major amendment to the program was made in 2001. Prior to the amendment, water and sewer liens could not be sold if there was no qualifying real property tax lien on the property on the sale date. Certain taxpayers, after being notified of their property's inclusion in the lien sale, paid only the delinquent property taxes owed, leaving water and sewer charges unpaid. The unpaid water and sewer charges were then removed from the lien sale, since in order for them to be eligible for sale they must be accompanied by a qualifying property tax lien. The 2001 amendment allowed the sale of Class 2 (excluding residential cooperatives and condominiums) and Class 4 water and sewer charges that remained unpaid regardless of whether there was a qualifying real property tax lien remaining on the lien sale date. However, water and

Table 4

Tax Lien Sale
($ in Millions)

Trust	Collateral	Bond Amount	Gross Proceeds (Incl. Water & Sewer)	Comments
96-1 Sale	$250.4	$215.4	$181.2	Bonds Redeemed
97-1 Sale	126.0	118.4	89.0	Bonds Redeemed
98-1 Sale	103.9	97.6	78.2	Bonds Redeemed
98-2 High LTV Sale	145.0	55.0	32.8	Bonds Redeemed
99-1 Sale	48.3	45.2	29.9	Bonds Redeemed
99-R Sale	142.2	69.7	65.0	Bonds Redeemed
2000-A	243.0	156.8	120.8	Bonds Redeemed
2001-A	161.8	139.1	93.2	Bonds Redeemed
2002-A	117.3	105.6	53.4	Bonds Redeemed
2003-A	164.0	86.0	25.6	Bonds Redeemed
2004-A	54.7	50.0	66.4	Bonds Redeemed
2005-A	57.9	49.8	40.4	Bonds Redeemed
2006-A	35.9	32.8	24.7	Bonds Redeemed
2008-A	78.8	52.3	36.6	Bonds Redeemed
2009-A	90.3	59.3	51.8	Bonds Redeemed
2010-A	102.0	73.4	56.7	Bonds Redeemed
2011-A	112.5	69.7	61.8	Bonds Redeemed
2012-A	86.7	66.7	53.1	Bonds Redeemed
2013-A	140.6	91.4	76.0	Bonds Redeemed
2014-A	126.3	95.5	65.9	Bonds Redeemed
2015-A	90.9	71.8	55.2	Bonds Redeemed
2016-A	79.8	65.0	59.2	Bonds Redeemed
2017-A	80.2	64.6	58.7	Bonds Redeemed
2018-A	91.0	74.7	64.8	Bonds Redeemed
2019-A	89.4	74.2	66.7	Bonds Redeemed
2021-A	111.1	88.9	78.9	Bonds Redeemed

sewer liens still could not become eligible for sale on their own if there was no qualifying property tax lien on the property. The lien sale reauthorization effective September 1, 2006, further expanded the city's authority to sell water and sewer liens. The 2006 law allowed water and sewer liens for Class 2 rental and Class 4 properties to become eligible for sale even if there was no qualifying real property lien on the property. In order to be sold, the water and sewer charges have to been delinquent for at least one year and equal or exceed $1,000 in arrears. The law also restricted the city's authority to sell real property tax liens (for certain senior citizens, disabled and low-income homeowners) and to sell water and sewer liens (for any single-family property in Class 1 and for certain senior citizens, disabled and low-income homeowners). The new law also extended the initial notification period from 60 days to 90 days.

The lien sale reauthorization in 2010 expanded the sale of water and sewer liens by including Class 1 (two to three - family homes only) delinquent water and sewer charges that are at least one year old with a delinquency balance of at least $2,000. In addition, the law changes allowed the sale of Emergency Repair Program (ERP) charges and Alternative Enforcement Program (AEP) charges that are at least a year old with a delinquency balance of at least $1,000 on all property classes even if there is no qualifying property tax or water and sewer lien. However, 2- family properties and owner occupied 3- family properties are excluded from the standalone sale based on ERP/AEP charges only. In order to qualify for a lien sale, these properties must have a qualifying property or water and sewer lien.

The amendment also expanded the lien sale to include delinquent property, water and sewer and other municipal charges on Housing Development Fund Corporation (HDFC) rentals, if they are at least two years old with a delinquency balance of at least $5,000. The new lien law also authorized the NYC to offer pre-sale payment plan agreements to delinquent taxpayers with quarterly or monthly payment terms with duration of up to ten years with no down payment requirement.

The 2010 lien law also changed the interest rate charged on the tax liens after they have been sold. For properties with an assessed value of less than $250,000 the interest rate charged would be nine percent compounded daily instead of 18 percent. Properties with an assessed value of more than $250,000 will continue to accrue interest at 18 percent compounded daily (See Table 5 for a Summary of Lien Sale Revenue). The 2010 reauthorization which was set to expire on December 31, 2014, was extended in 2015 by two years to December 31, 2016.

In 2017, the lien sale program was extended to December 31, 2020. The reauthorization legislation changed the lien sale qualification rules, which allowed emergency repair charges of at least $1,000 that had remained unpaid for at least one year, to qualify for the sale independently on 1-3 family homes that are not owners' primary residences. Previously, ERP charges could qualify for the sale on their own only on non-owner occupied 3-family homes in the Alternative Enforcement Program.

The renewal legislation also conformed the interest rates applied for liens sold under the program to the rates applied for the unsold delinquent charges. Previously, the interest rates used under the program were tied to the rates that used to be applied for unsold delinquent charges prior to July 1, 2016. Under the revised legislation, liens on the properties with actual assessed value (AAV) of more than $250,000 will continue to be subject to the 18 percent interest. Properties with AAV of $250,000 or less would be subject to six percent interest rate, instead of nine percent. Going forward, changes made to the rates for unsold delinquent charges will be reflected automatically on the lien sale rates with a one year lag.

In addition, the legislation allowed those who have defaulted a payment agreement previously to enter into another payment plan without having to wait for five years. Previously, taxpayers were barred from entering into a new agreement within five years from the previous default. This re-entry is, however, allowed only as a one-time exception per taxpayer.

In 2018, for properties with an actual assessed value of less than $250,000, the interest rate was raised to seven percent (raised from six percent effective July 1, 2018).

In January 2021, the lien sale program was extended for an additional year to February 27, 2022. The reauthorization legislation changed the qualifying criteria. It raised the property charge threshold from $1,000 to $5,000 for Tax Class 1 properties, residential condos, and cooperatives. It also increased the water charge threshold from $2,000 to $3,000 for Tax Class 1 properties. Vacant land in Tax Class 1 is excluded from these threshold changes. This legislation also created a new interest rate bracket for properties with an assessed value between $250,000 and $450,000. The legislation also increased the income eligibility threshold for PT AID payment plans from $58,399 to $86,400.

The reauthorization legislation created an exemption for residential properties owners affected by the COVID-19 pandemic. Anyone who owns ten or less residential units, with one of those units being the owner's primary residence, can qualify. Owners must submit a "hardship declaration" affirming they qualify for the exemption and are unable to pay due to one of multiple COVID related issues (loss of income, increased childcare costs, loss of rental income, etc.) For owners that qualify, their properties are removed from the lien sale eligibility list. This exemption expired on December 31, 2021.

In 2021, for properties with an assessed value of less than $250,000 the interest rate is three percent per annum. For properties with an assessed value greater than $450,000, the interest rate is thirteen percent per annum. The reauthorization legislation created a third interest rate bracket for properties with assessed value between $250,000 and $450,000. The rate for this bracket is six percent. In June 2022, interest rates were increased to 4.0 percent for properties with actual assessed values of less than $250,000. 7.0 percent for properties with actual assessed values greater than $250,000 but less than or equal $450,000, and 14.0 percent for properties with actual assessed values greater than $450,000. In June 2023, interest rates increased to 5.0 percent for under $250,000, 7.0 percent for between $250,000 and $450,000, and 15.0 percent for properties for over $450,000. In June 2024, interest rates increased to 6.0 percent for under $250,000, 9.0 percent for between $250,000 and $450,000, and 16.0 percent for properties for over $450,000. The authorization for the city to sell tax liens expired in February 27, 2022. A modified lien sale program was passed June 30, 2024, effective from July 1, 2024 to December 31, 2028. The modified lien sale program created an "Easy Exit" that allows primary resident owners of non-vacant Class 1 properties and condominiums, and whose income is below the Enhanced STAR income limit (FY25: $107,300) and owns no other Class 1, 2, or 4 properties, to request removal from the lien sale. The owner can apply for their property to be removed from the lien sale up to 3 times within a three-year period from the date the tax lien was removed for the first time. The legislation also increased the criteria for when the city can sell a subsequent tax lien: The real property tax component of such lien for non-vacant Class 1 and residential co-ops and condos must equal or exceed $5,000 (from $3,000) remaining unpaid for 3 years (from 1 year). Additionally, the program is modified to exclude vacant lands that were determined by HPD as economically impracticable due to size, shape, zoning and topography from the lien sale.

Under the new legislation, homeowners would be able to apply for eligible exemptions up to 90 days after the tax lien sale date. The new law also waived the five percent surcharge for all homeowners who enter a payment plan.

Concurrently, the legislation also allowed for "voluntary summary foreclosure" under the "Preservation Track," whereby the property owner who has been a primary resident for 12 months, whose combined income is below the Enhanced STAR income limit, owns no other Class 1, 2, or 4 properties, and certifies that there are no mortgages, liens or encumbrances on the property, would be allowed to have their liens voluntarily foreclosed but continue to live on the property. The property would be leased to them for a period of 99 years by the qualified preservation purchaser (QPP), an HDFC (housing development fund company), that would take the title to the property and execute two

Table 5

Net Tax Lien Sale Revenue
($ in Millions)

Fiscal Year	Lien Sale Revenue[1]	Def. Lien Refunded[2]	Unused Def. Lien	Net
1996	$169.1	$ —	$ —	$169.1
1997	51.5	(7.5)	—	44.0
1998	22.5	(0.5)	—	22.0
1999	127.0	(8.4)	—	118.6
2000	73.0	(10.8)	—	62.2
2001	210.9	(15.1)	—	195.8
2002	44.5	(3.9)	—	40.6
2003	22.6	(11.1)	—	11.5
2004	89.9	(5.7)	—	84.2
2005	37.8	(3.0)	—	34.8
2006	83.0	—	10.8	93.8
2007	41.2	(1.0)	—	40.2
2008	35.5	—	—	35.5
2009	34.0	—	—	34.0
2010	35.0	—	4.0	39.0
2011	16.6	(14.2)	—	2.4
2012	84.8	(3.2)	—	81.6
2013	85.5	1.2	—	86.7
2014	84.0	(2.8)	—	81.2
2015	93.0	3.0	—	96.0
2016	82.0	2.0	—	80.0
2017	93.8	1.7	—	95.5
2018	100.5	0.6	—	101.1
2019	58.6	2.2	—	60.8
2020	101.3	(4.6)	—	96.7
2021	8.1	3.6	—	11.7
2022	91.3	(4.7)	—	86.6
2023	—	—	3.7	3.7
2024	30.0	0.0	0.0	29.8
2025 (Preliminary)	145.0	(7.0)	0.0	138.0

[1] Including proceeds from the Graveyard Trust.
[2] Net of reserve for defective liens.

notes: one in favor of the city and NYC Water Board and the other in favor of the tenant (former owner). The amount would be in "synthetic equity" of the property—the financial position of the property's market value relative to its liabilities–in the second priority position. Furthermore, the QPP is also required to enter into a regulatory agreement with HPD that they will operate the property as affordable housing. Upon vacating the property, the tenant may instruct the QPP to terminate the lease and offer to sell the property as a limited equity property. The new legislation also called for earlier "past due" notifications from the Department of Finance, which would highlight resources and options available, including information about exemptions, payment plans, minimum amounts and options for more time to pay to owners who miss their quarterly or semi-annual payments. DOF also created the "Deferral Installment Agreement," a new type of payment plan for owners with property assessed value below or equal $250,000 and a property tax burden greater than 10 percent.

SIGNIFICANT LEGISLATIVE & ADMINISTRATIVE CHANGES

Four Class System

In December 1981, Chapter 1057 of the Laws of 1981, commonly referred to as S.7000-A, amended Article 18 of NYSRPTL, significantly restructuring the tax beginning in 1983. Prior to that time, a single tax rate was applied to all taxable real properties, regardless of type or use.

With the enactment of S.7000-A, real property was classified into four classes: Class 1, consisting of one-, two- and three-family residential properties and small condominiums; Class 2, consisting of all other residential properties, including multi-family cooperatives and condominiums; Class 3, consisting of utility real properties; and Class 4, consisting of all other real properties, such as office buildings, factories, stores, lofts and vacant land.

Assessment Ratios

The Class 1 assessment percentage has varied over time. It was 18 percent of market value in 1983, but dropped in 1991 to eight percent. It further dropped to six percent in 2006. The Class 2 and Class 4 assessment percentage was reduced to 45 percent from 60 percent in 1985. Starting in 2006, assessment ratios for market value increases for Class 2 properties with ten or fewer units is limited to 15 percent (rather than 45 percent) provided that the market value increase is attributable to physical additions and improvements. Class 3 properties are assessed either by DOF or by ORPTS. Prior to 1994, locally assessed property (plant and equipment, known as Real Estate of Utility Corporations, or REUC) was assessed at 50 percent. Special franchise property (the right to locate, maintain and operate property in the public domain including tangible property like pipelines, cables and other equipment on, below, or over public property, and also the intangible right to use the public right of way) was assessed by SBRPTS using the State equalization ratio, which fell from 50 percent to 22 percent in 1993. In 1994, a uniform 45 percent assessment ratio was adopted for all types of Class 3 property.

Assessment Increases, Caps and Phase-ins

The S.7000-A law also established restrictions on annual assessment increases due to equalization increase, which is defined as appreciation of the existing property value based on the market condition. Assessments of Class 1 properties may not increase by more than six percent annually and 20 percent over five years. Beginning in 1994, increases in assessments of small Class 2 properties (10 units or less) due to equalization, are also limited to eight percent a year and 30 percent over five years.

For all other Class 2 and all Class 4 properties there are no annual restrictions on assessment increases. Instead, market value changes are fully reflected in actual assessed value. At the same time, however, DOF calculates an alternative assessed value called transitional assessed value in addition to the actual assessed value. Increases and decreases in value due to the market condition are phased in over five years. Billable assessed value, which is used for tax purposes, is based on the lower of the actual assessed value or the transitional assessed value.

Changes that are the result of physical changes are taxable immediately and are not subject to the assessment cap or the phase-in requirement.

Class Shares

As originally enacted, S.7000-A required that the class shares for the 1981 roll be certified as base proportions. These base proportions were to be modified periodically by ORPTS for relative changes in market values among the four classes as well as for physical changes. While the adjustment for physical changes took place each year, the first market value adjustment was not scheduled until 1987. At that time, legislation postponed the implementation of market value changes until calendar year 1989 (for use in fiscal year 1990). This legislation was also intended to substitute the 1984 class shares for the 1981 base proportions in calculating class shares. However, neither amendment was implemented. Legislation passed in the spring of 1989 amended S.7000-A, changed the mechanics of market value adjustment and further postponed the market value adjustment until 1992 in order to prevent a significant shift in tax burden towards Class 1 taxpayers in fiscal year 1990. Thus, from 1983 to 1991, NYC apportioned the tax levy by using the 1981 proportions, as adjusted annually for physical change. Starting in 1992, the 1981 proportions were replaced by the 1991 proportions, which were set to be base proportions. The 1991 proportions have been used as the base proportions to apportion the tax levy to date. During the 1983 to 1991 period, the City Council exercised discretion in setting class shares as long as an increase in each class's share was within 5.0 percent of the previous year's share.

Since 1992, class shares have been adjusted annually for relative changes in market value (subject to a "cap" of 5.0 percent over the prior year's share) in addition to physical change. The resulting shares are called adjusted base proportions.

Assessment and Valuation Methodology Changes

Prior to the early 1990s, DOF's assessment policy emphasized the sales approach to establish the estimated market value of Class 4 properties. Properties which were sold during this period were assessed at 45 percent of their sale price regardless of their actual income, and capitalization rates derived from these sales were applied by assessors to the income of unsold properties (the income capitalization approach). During or soon after construction, the cost approach was often used.

With the onset of the 1990-91 recession, fewer sales were available to derive capitalization rates and DOF began to focus less on the sales comparison approach to value properties and instead relied primarily upon the income capitalization approach. The deepening local recession led to large increases in vacancy rates and drops in asking rents. Consequently, the current rent of a building no longer indicated the rents the building would command upon lease renewal. Therefore, actual or contractual rents were increasingly discounted in light of current market rents. This "mark-to-market" technique resulted in significant assessment reductions for buildings where income and expenses were estimated, and tenants were paying above-market rents. As a result of the reliance on the "mark-to-market" technique, the forecast of actual assessed value relies upon the outlook for net income, which in turn is based on the forecast of asking rents, vacancy rates and building expenses.

From 2009 to 2011, DOF adopted the Gross Income Multiplier (GIM) method to value Class 2 properties (except for four to five family rentals). Under this method, DOF first grouped the properties into deciles based on the gross income per square foot, using the building's income and expense information filed by taxpayers. Separate multipliers were then developed for each of these deciles. The same multiplier was shared by all the parcels that fall into the same income per square foot decile range. The multiplier was then applied to each individual property's gross income to derive its market value. In order to derive the gross income multiplier for each group, DOF employed the income capitalization approach to estimate the market value of all the properties within the decile range. The multiplier was then derived by dividing the market value per square foot by the median income per square foot within the decile range. Under this approach, the GIM increased as the income per square foot went up.

Since 2012, the valuation methodology for Class 2 four-to-five family rental properties has been changed from comparable sales to GIM. The valuation methodology for large Class 2 properties has been changed as well from GIM to income capitalization. DOF continues to use GIM for all other Class 2 properties.

PERSONAL INCOME TAX

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PERSONAL INCOME TAX

OVERVIEW

The personal income tax and PTET accounted for 21.1 percent of city tax revenue in fiscal year 2024, or $15,671 million.

The personal income tax is imposed on the taxable income of NYC residents, estates, and trusts. The city has imposed the personal income tax since 1966 under Title 11, Chapter 17 of the city Administrative Code enabled by Article 30, Section 1301 of the New York State Tax Law. The starting point for determining taxable income is Federal adjusted gross income (AGI). Adjusting the Federal AGI for New York State statutory modifications yields NYS AGI. Taxable income is then derived by subtracting the New York State deduction and exemptions from NYS AGI. Taxpayers may claim either the NYS standard deduction or the NYS itemized deduction. The city tax rates are imposed directly on the NYS taxable income of city residents. Credits are given to city taxpayers against their personal income tax liability.

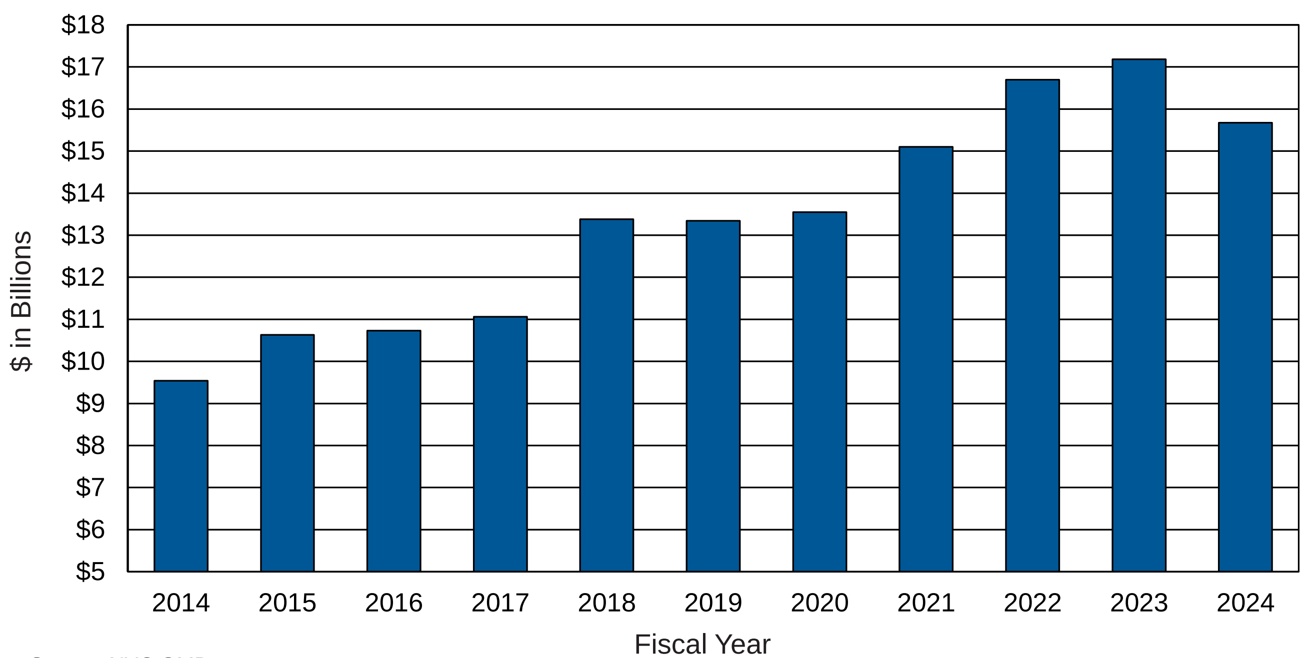
The city's personal income tax rates and brackets have changed over the years. The top rate for tax year 2024 is 3.876 percent (see Appendix II:PIT). The city's rates are lower than the state's rates (the NYS top rate for tax year 2024 is 10.9 percent). In addition to paying the city tax, city residents are also responsible for federal and state income taxes. State authorization is required to change the city's rates and brackets. Additionally, NYS legislative approval is required to extend the current rate every three years, though rates are routinely extended.

FORECASTING METHODOLOGY

Several data sources and techniques are used to forecast the city personal income tax revenue. Total liability is calculated by adding together forecasts for both withholding and all non-withholding revenue sources, as described below. Forecasting personal income tax is not a mechanical process. Other factors affecting tax revenue are considered such as tax law changes, components of income, federal, state and local tax rates, as well as the respective strengths of the equity and real estate markets (See Chart 2 and Table 1).

Chart 1

Personal Income Tax 2014 - 2024



Source: NYC OMB

The NYS Taxpayer Population File

Tax returns are provided by the NYS Department of Taxation and Finance. The NYS personal income tax study file for tax year 2023 contains a population of 10,785,279 NYS tax returns, of which 4,221,721 are also NYC filers. Both the withholding and non-withholding forecasts use the actual components of income for the population of filers as the base year. Forecasts of the components of income are used to forecast successive tax years. Future year non-withholding tax liabilities are calculated using the grown income components and the applicable tax law for those years. Income components are added together to arrive at a total AGI value and an average historical effective tax rate is applied to arrive at the forecasted tax revenue.

Withholding

Withholding is strongly correlated with total wage earnings. A quarterly equation is used to determine the elasticity between growth in wage earnings and growth in withholding, and that relationship is applied to the wage earnings forecast. Currently the elasticity is 1.17. The final forecast is adjusted for any withholding table changes (see Appendix II: PIT). The withholding equation is as follows:

$$\mathbf{WITHHOLDING_t = Withholding_{(t-1)} * (1 + \%\Delta\ Wage\ Earnings) * (elasticity)}$$

The withholding forecast is also supplemented with a monthly withholding pattern analysis, particularly the change in the daily average collections. This is especially useful during the December through March bonus period when large bonus payments are paid out. Tracking average daily collections makes it possible to estimate base withholding (withholding on non-bonus wages), so that withholding collections above the base can be attributed to withholding on bonus payments. The base is estimated by examining withholding collections during non-bonus periods, and by using the economic forecasts of total wages and securities sector wages.

Non-withholding

All payments other than withholding, or non-withholding payments (estimated payments, settlement payments, and the pass-through entity tax) are almost entirely derived from non-wage income sources, which include income from interest, dividends, rent, capital gains realizations, proprietorships, partnerships, S corporations, and retirement accounts, among other components of income. In the next section are forecast methodologies for the most important non-wage income sources.

The non-withholding tax forecast is then broken down into the various PIT components based on the component's historical share of the revenue source and other timing related factors such an examination of the impact of safe harbor rules, which allow taxpayers to estimate their current year tax liability as 110 percent of their prior year's tax liability.

Capital Gains

A significant, and highly volatile, portion of high-income NYC residents' tax liability is based on capital gains realizations. As a result, an average of three econometric equations are used to forecast capital gains realizations. The three separate capital gains equations are designed to capture the macroeconomic and behavioral effects on capital gain realization:

In accordance with best econometric practice and the presence of non-stationarity most variables are logarithmically transformed and then first differenced, helping to avoid spurious regressions.

1. Household Model:

$$\begin{aligned}
&\mathbf{dln(NET\ GAINS\ REALIZATIONS_t)=}\\
&\quad \mathbf{a + b_1 * dln(Household\ Holdings\ of\ Equities)}\\
&\quad\quad \mathbf{+ b_2 * dln(Large\ Commercial\ Real\ Estate\ Transactions)}\\
&\quad\quad \mathbf{+ b_3 * dln(Federal\ Capital\ Gains\ Net\ of\ Tax\ Rate)}\\
&\quad\quad \mathbf{+ dummy_2001}\\
&\quad\quad \mathbf{+ \varepsilon}
\end{aligned}$$

The first model seeks to capture the impacts of household behavior on capital gains realization. Firstly, using household equity ownership to capture financial market exposure of households and the concurrent wealth effects in asset-prices which incentivize households to realize capital gains. Secondly, the model uses large commercial real estate transactions to capture the impacts of real estate activity on high income households which are more exposed to real estate activity as a source of wealth and income generation. Additionally, an elasticity variable is included which captures the top federal capital gains net of tax rate (see Agersnap and Zidar, 2021), helping to capture taxpayer responses to federal capital gains tax reform[1] . A dummy variable is included to control for the 2001 Dot-Com crash.

2. Partnership Model:

$$
\begin{aligned}
&\mathrm{dln}(\text{NET GAINS REALIZATIONS}_t)= \\
&\quad a + b_1 * \mathrm{dln}(\text{SP500 Annualized Average}) \\
&\quad + b_2 * \mathrm{dln}(\text{NYSE Underwriting}) \\
&\quad + b_3 * \mathrm{dln}(\text{Large Commercial Real Estate Transactions}) \\
&\quad + b_4 * \mathrm{dln}(\text{Federal Capital Gains Net of Tax Rate}) \\
&\quad + b_5 * \text{Transitory Effects of Capital Gains Rates} \\
&\quad + \varepsilon
\end{aligned}
$$

The second model seeks to explain the impacts of certain variables that are strongly related to partnership activity which has risen to account for an outsized share of capital gains realizations. Much of the activity in private equity, hedge funds, and other related asset managers flows through pass-through entities and partnerships. An annualized average of the SP500 index is used to capture the impacts of equity prices on capital gains realizations. To model the activity of partnerships in particular, the value of NYSE Underwriting revenues is used to capture the underlying IPO activity whereby investors take companies public often realizing large capital gains. Additionally, like the first model, large commercial transactions are included to capture the outsized role real estate plays in partnership activity in NYC. To capture capital gains tax rate elasticities, the top federal gains net of tax rate is included again. Furthermore, a transitory effect variable is included to capture the longer-term transitory effects of federal capital gain rate changes on taxpayer behavior[2] (see Miller and Ozanne, 2000).

3. Cumulative Increases and Decreases SP500 Model:

$$
\begin{aligned}
&\mathrm{dln}(\text{NET GAINS REALIZATIONS}_t)= \\
&\quad a + b_1 * \text{SP500 Monthly Cumulative Decreases} \\
&\quad + b_2 * \text{SP500 Monthly Cumulative Increases} \\
&\quad + b_2 * \mathrm{dln}(\text{NYSE Underwriting}) \\
&\quad + b_3 * \mathrm{dln}(\text{Large Commercial Real Estate Transactions}) \\
&\quad + b_4 * \mathrm{dln}(\text{Federal Capital Gains Net of Tax Rate}) \\
&\quad + b_5 * \text{dummy\_2020} \\
&\quad + \varepsilon
\end{aligned}
$$

The third and final model is a slight variation of the second model. The aim of this model is to incorporate the effects of large market sell-offs on capital gains realizations, which are statistically significant (Miller and Ozanne, 2000). Therefore, to better capture the impact of larger selloffs, the cumulative monthly decreases and increases of the SP500 are calculated on an annual basis. This process helps the model estimate how financial market fluctuations impact capital gain realization. Like the second model, NYSE Underwriting revenues are included as measure of IPO underwriting activity and large commercial real-estate transactions are included to capture real estate activity. A federal capital gains net of tax rate is included as well to capture taxpayer elasticities. A dummy variable for 2020 is included to control for the outsized role monetary policy and fiscal stimulus had on equity price fluctuations during the COVID19 pandemic.

Rents, Royalties, Partnership, S Corporation and Trust Income

Rents, Royalties, Partnership, S corporation and Trust Income (RRPST) comprises of the second largest component of non-wage income and is strongly tied to real economic activity, the local rental real estate market, and

[1] Agersnap, O. and Zidar, O., 2021. The tax elasticity of capital gains and revenue-maximizing rates. American Economic Review: Insights, 3(4), pp.399-416

[2] Miller, P.J. and Ozanne, L.J., 2000. Forecasting capital gains realizations. Congressional Budget Office.

financial markets. To best capture this, a simple linear regression is used to regress household holdings of equities, asking rental prices of midtown and downtown apartments, and pre-tax corporate profits against RRPST.

Rents, Royalties, Partnership, S Corporation and Trust Income$_t$ =
a + b_1 * (Household Holdings of Equities)
+ b_2 * (Asking Rental Price Midtown + Downtown Manhattan)
+ b_3* (Pre-tax Corporate Profits)
+ ε

Dividends

Dividends which represent the cash-flow performance of publicly traded firms and their subsequent payouts to shareholders are another major component of non-wage income and are forecasted separately. Dividend income is shown to be highly interest rate sensitive as it makes cash-flows more expensive. As a result, a differenced model is used with two main variables being included: the prime discount rate at the Federal Reserve Bank of New York to capture interest rates and dividends received by state and local pension and social insurance funds to capture payouts. A dummy variable is included for 2020 due to the impact of the COVID pandemic.

D(Dividend Income$_t$) =
a + b_1 * d(Prime Discount Rate of the FRBNY)
+ b_2 * d(state and local pension dividends received)
+ b_3* (dummy_2020)
+ ε

Interest Income

Interest income represents the income received from interest bearing fixed income assets like bonds and other related products. To best forecast interest income fluctuations a partial log differenced model is used, with the main independent variable being a differenced three-month Treasury bill rate, the aim of this variable is to capture changes in interest rates due to monetary policy and fixed income markets. Additionally, a dummy variable is used to control for the large Federal Reserve rate increases of 2006.

dln(Interest Income$_t$) =
a + b_1 * d(3-Month T-Bill Rate)
+ b_3* (dummy_2006)
+ ε

Business Income

Business income represents the income reported from individuals operating as sole proprietors. Therefore, Business Income is highly sensitive to underlying real economic conditions. A percent change model is used whereby percent changes in retail trade employment which holds a strong relationship with sole proprietorship activity is regressed against percent changes in Business Income.

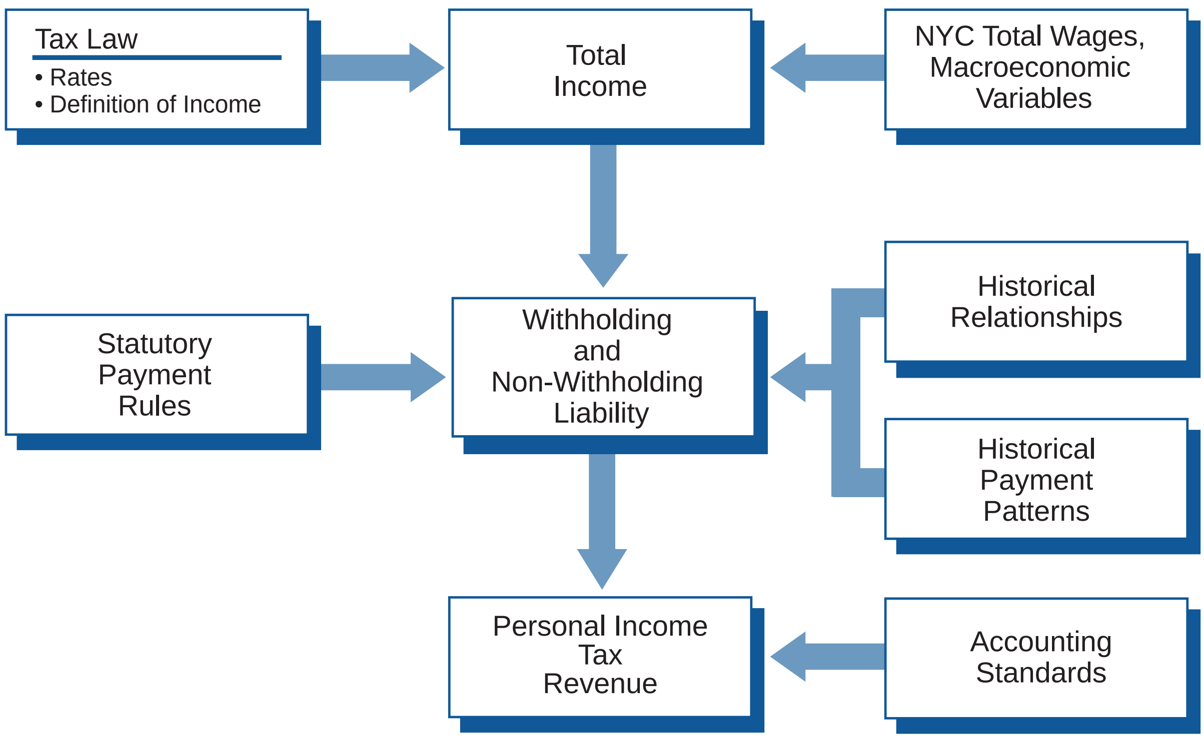
%Δ(Business Income$_t$) =
a + b_1 * %Δ (NYC Retail Trade Employment)
+ ε

Prepayments

Personal income tax prepayments consist of wage withholding and quarterly installment payments. Prepayments are tax payments due for the period in which income is earned and paid before the final return in April. Withholding refers to the amount of an employee's income that an employer withholds from a paycheck and remits directly to NYS (who administers the tax for NYC) as prepayment of the individual's tax liability for the year. In general, installment payments are quarterly tax payments due on income from sole proprietorship or partnership income. Also, filers who

Chart 2

Personal Income Tax Forecast Methodology



receive significant investment income, a pension, an annuity, or any other non-wage income from which taxes are not withheld, are also required to make installment payments.

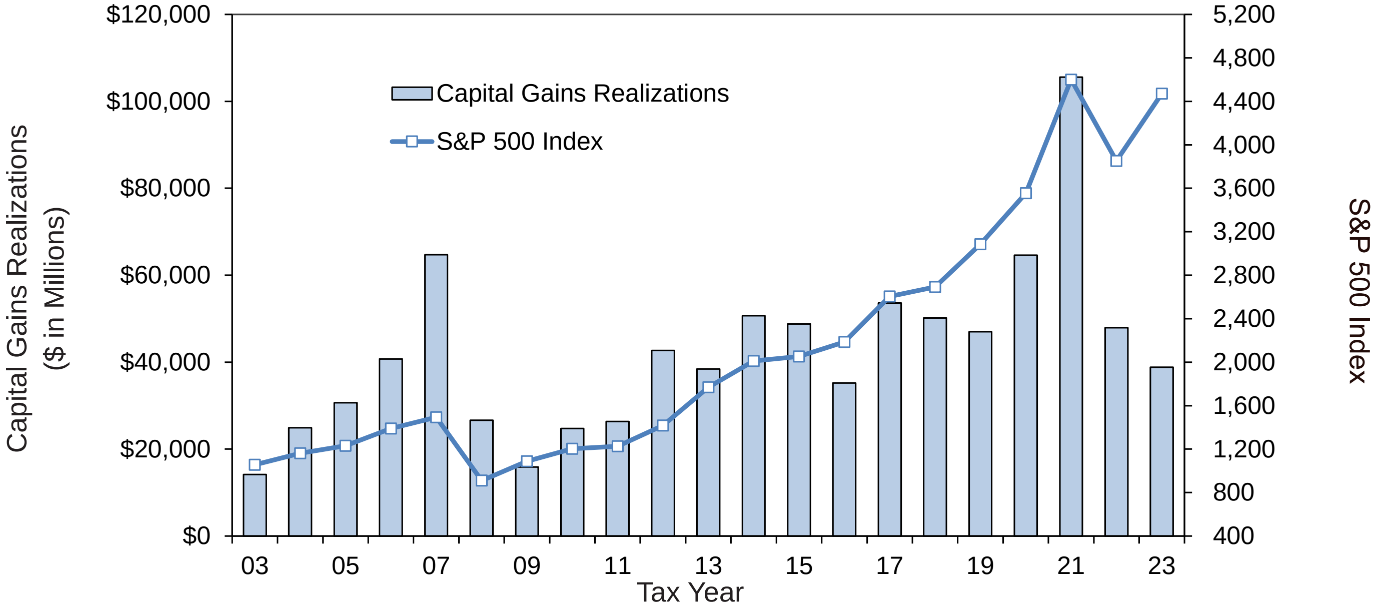
All installment payments are allocated between the city and state based on the taxpayers' zip code. If it cannot be determined via the taxpayer's zip code that they are a NYC resident, then 100% of the installment payment is remitted to the state. If a NYC resident's installment payment meets certain amount thresholds, then a pre-determined city/state share percentage is applied to the check. The share is based on the ratio between the city's top rate and the state's top rate prior to the 2021 NYS rate change. The ratio has been 31% to the city and 69% to the state since 2012. If this split

Table 1

Forecast Details

Component	Dependent Variables
Total Liability	Withholding
	Non-Withholding
Withholding	NYC Wage Earnings
	Prior Period NYC Withholding
	Elasticity
Non-Withholding	NYC Capital Gains
(Including Settlement Payments and PTET)	NYC Rent, Royalties, Partnerships, S corporation, and Trust Income
	NYC Pensions, Annuities, and Social Security Income
	NYC Business Income
	NYC Interest Income
	NYC Dividends Income
	NYC Other Income Sources
	5-year-average Non-Withholding Effective Tax Rate

Chart 3
Capital Gains Show Extreme Volatility



Note: S&P Represents the average value of the fourth quarter of the year.
Source: S&P and NYS Dept of Taxation and Finance, Office of Tax Policy Analysis

is found to be inaccurate after taxpayers file their final returns, then NYC is paid (or owes) the difference in the form of Offset payments.

Settlement Payments

Settlement payments (the sum of extension payments, final returns, refunds, and the state/city offsets) are what taxpayers either owe or get refunded to them after subtracting tax prepayments from total liability on their final return. Settlement payments are calculated as a share of total non-withholding income based on historical averages.

Extension payments are made by certain taxpayers who owe tax and request an extension on their final returns by filing NYS Form IT-370, which extends the due date of a taxpayer's final return (but does not extend the due date of the tax owed) by an additional six months provided that the IT-370 is filed on or before the April 15th filing deadline. If a filer owes tax, and neither a final return nor an extension request is filed by the April 15th deadline, the filer can incur penalty fees in addition to their liability. When the taxpayer owes tax at the April 15th filing deadline, the taxpayer must make full payment of the properly estimated final return due by this deadline. Therefore, the request for an extension does not lengthen a taxpayer's time to pay. When liability growth is high or accelerating, liability often shifts from installment payments into extension payments. This shift is a result of the 'safe-harbor' rules and many taxpayers' inability to accurately estimate final liability when the final installment payment is due in mid-January.

Refunds are paid out to taxpayers who have paid taxes above their total liability. Refunds historically have been a consistent percentage of liability year withholding. Final returns on liability are due on the April 15th following a tax year, or October 15th if the filer requests an extension by filing NYS form IT-370 before the April 15th filing deadline. Payments on final returns correct any underpayments made on filers' prepayments or extension payments. The state/city offsets correct any imbalances in liability distributions between the state and the city made during the administration of the tax.

Economic swings can exacerbate trends in settlement payments. In years when taxpayers' liabilities grow faster than their prepayments, settlement payments increase significantly. This explains, in part, the high settlements seen in tax years 2012 through 2021, as well as 2005 through 2007. Conversely, in years when taxpayers' liabilities fall faster than their prepayments, settlement payments shrink. This phenomenon is recently seen in tax years 2008 and 2009.

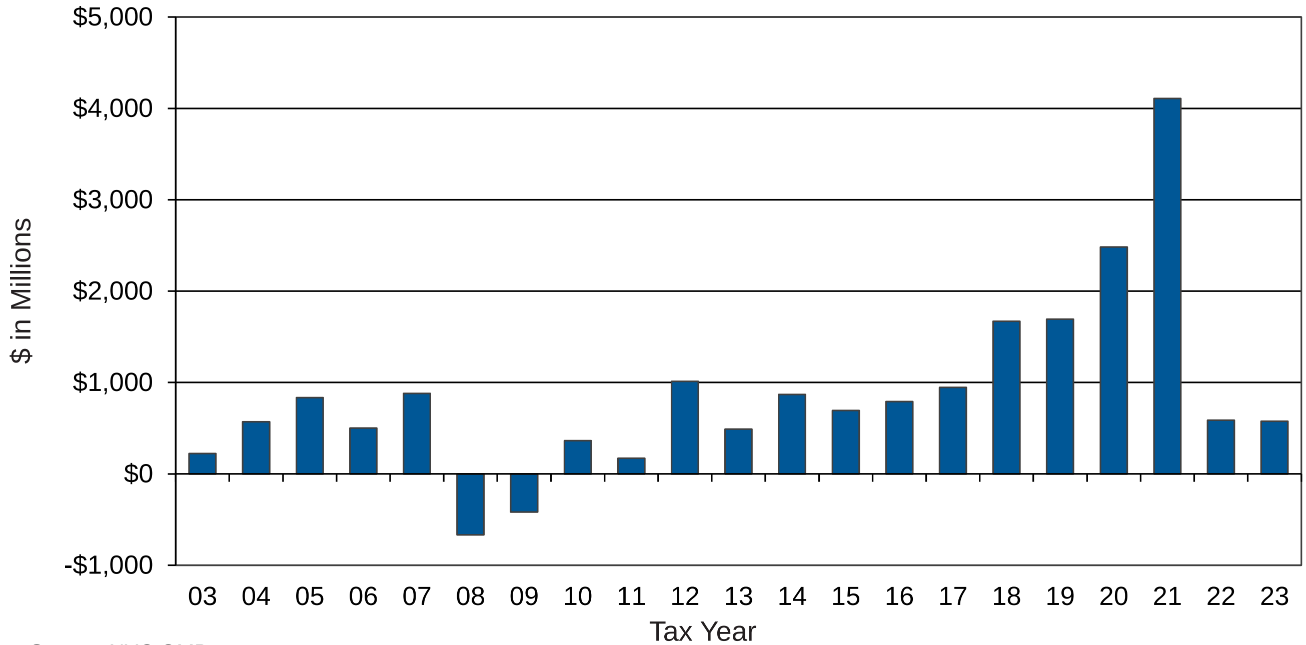
Tax Program Estimates

Personal income tax liability is forecast on a collections basis after layering on the impact of tax programs

Tax program revenue impacts are estimated using two different methods: (1) rate-based tax programs are estimated using the micro-simulation model to derive the revenue impact from actual collections and the current

Chart 4

Cash Settlements



Source: NYC OMB

economic forecast; and (2) Tax credit programs are estimated by calculating what their cost would have been had they been in effect in the most recent tax file year using the micro-simulation model and then forecasted using trend growth into the year they are set to be implemented.

Cash Flow Model

The cash flow model is used to monitor revenue forecasts by comparing actual monthly cash collections for each component against the monthly plan. The variations in actual monthly collections from the cash plan are one of the main determinants of current year revenue modifications.

Monthly Cash Plan

The monthly cash plan for the personal income tax translates annual liabilities into monthly fiscal year collections. A historical average of the monthly share of total collections for each component of the tax is the starting point. Monthly collections by components are also adjusted for non-recurring collections and tax law changes.

Collections Analysis

Collections are monitored regularly for accurate forecasting. Different components of the personal income tax are closely monitored at different times of the year when collections from that component are significant.

Daily withholding: Withholding collections are monitored daily and compared with the same period in the prior year. Tracking daily collections is particularly important during the December-March bonus period to determine base withholding and identify bonus payments which are significantly greater than the base withholding amounts.

Daily installment payments: Installment payments are tracked daily during the months of September, January, April, and June when quarterly payments are due and compared to the same period in the prior years.

Weekly settlement payments: Settlement payments are tracked weekly in April and October when most of the positive settlement payments are collected (final returns, extension payments, and offsets), and refunds are paid out.

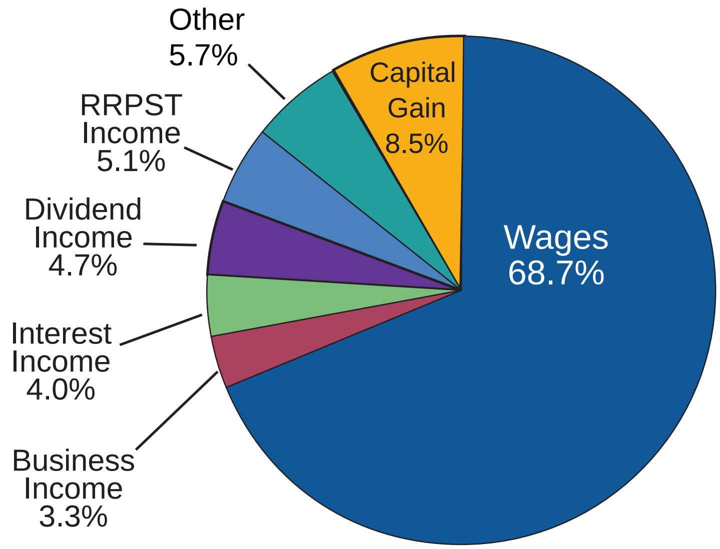
Transitional Finance Authority (TFA)

Beginning in 1998, with the introduction of the Transitional Finance Authority (TFA), the personal income tax cash flow to the city changed. The TFA gives the city an additional financing vehicle to meet capital commitments beyond the constitutional debt limit. The city personal income tax is forecast prior to TFA retention, and beginning in fiscal year 2010, personal income tax collections in fiscal year close documents are reported before TFA retention. Prior to fiscal year 2010, personal income tax collections in fiscal year close documents were reported after TFA retention, unless otherwise stated.

Chart 5

Components of Income

New York City Resident Returns Tax Year 2023



Wages	68.7%
Capital Gain	8.5%
Other	5.7%
RRPST Income	5.1%
Dividend Income	4.7%
Interest Income	4.0%
Business Income	3.3%
	100.0%

Source: NYS Dept. of Taxation and Finance, Office of Tax Policy Analysis

Debt Service Administration: The TFA has the first claim on the city personal income tax revenue to meet its debt service and administrative costs, and the residual is distributed to the city. There are four debt service retention periods of November, February, May, and August. Beginning on the first day of the first month of any retention quarter, personal income tax collections are retained by the TFA, including one-half of the projected debt service for the following quarter. The remainder of the personal income tax collections are distributed to the city. The same procedure is followed in the second month of the retention quarter, and when collections in the second month are not adequate to cover the projected debt service of the following quarter, collections from the third month are retained until the total projected debt service is fully collected. After debt service requirements are met, the TFA retains personal income tax collections to fund its operating expenses and pay its subordinate creditors.

GASB

Beginning in 1994, city taxpayer assessed taxes are recognized on a modified accrual basis as required by GASB (Governmental Accounting Standards Board) Statement No. 22. For budgetary (General Fund) purposes, final returns, refunds, assessments, and audits are considered available when collected within sixty days after fiscal year end. Beginning in 2001, these revenues are also recognized on a full accrual basis in the Government-wide statement of activities, as required by GASB Statement No. 33.

TAX DETAIL

Tax Base

The city personal income tax base consisted of 4.2 million tax filers in tax year 2023. The tax base information is obtained from the most recent personal income tax population file provided by the NYS Department of Taxation and Finance.

Components of Income

Wages are the largest and the most stable share of income. In tax year 2023, wage income was 68.7 percent of total reported income on city tax returns. Capital gains realizations are another major, yet volatile, share of income. In tax year 2023, capital gains realizations accounted for 8.5 percent of income. Rents, royalties, partnerships, S corporations and trusts (RRPST) income accounted for 5.1 percent of income. Other components of income include business income, dividend income, and interest income, among others. Interest income, dividend income, and business income accounted for 4.0 percent, 4.7 percent, and 3.3 percent, respectively. All other components of income accounted for 5.7 percent of total reported income.

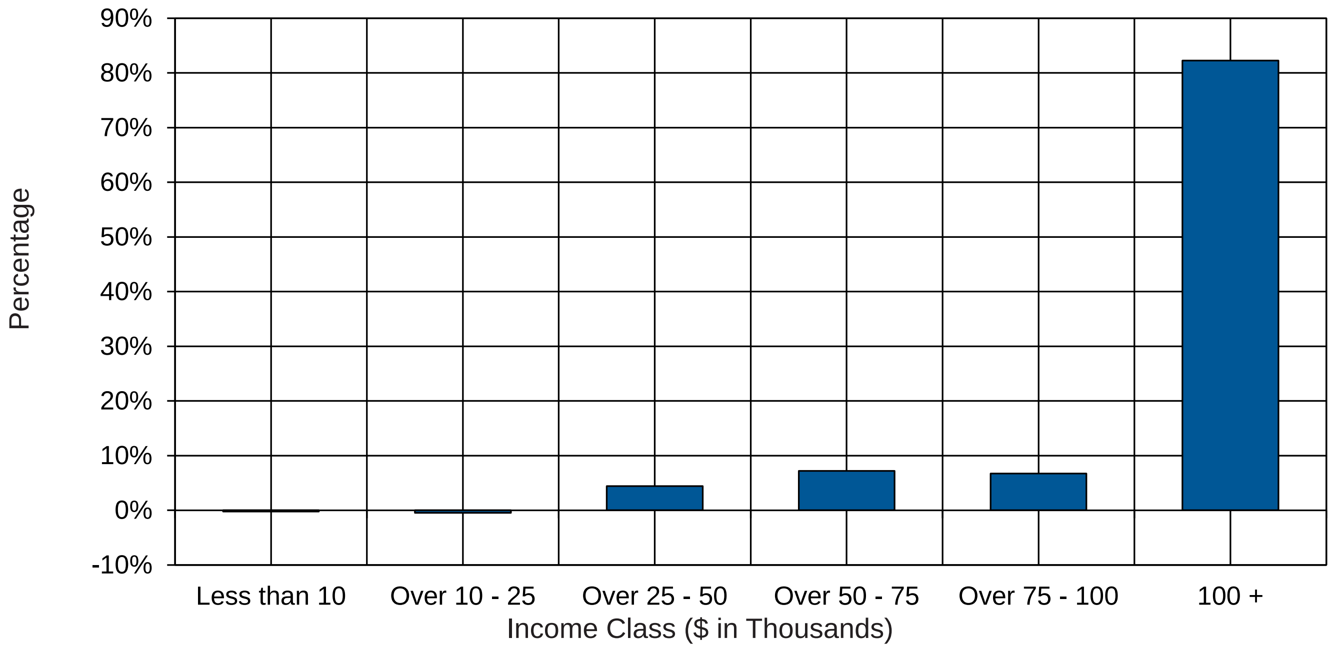
History of Components of Income

Wages have been a consistent share of personal income from tax years 1990 through 2022 ranging between a low of 57.1 percent (tax year 2021) to a high of 85.4 percent (tax year 1994). Income from capital gains realizations, the most volatile source of income, has ranged between 3.7 percent (tax year 1991) to 22.0 percent (tax year 2007).

Chart 6

Share of Liability

Tax Year 2023 New York City Resident Returns

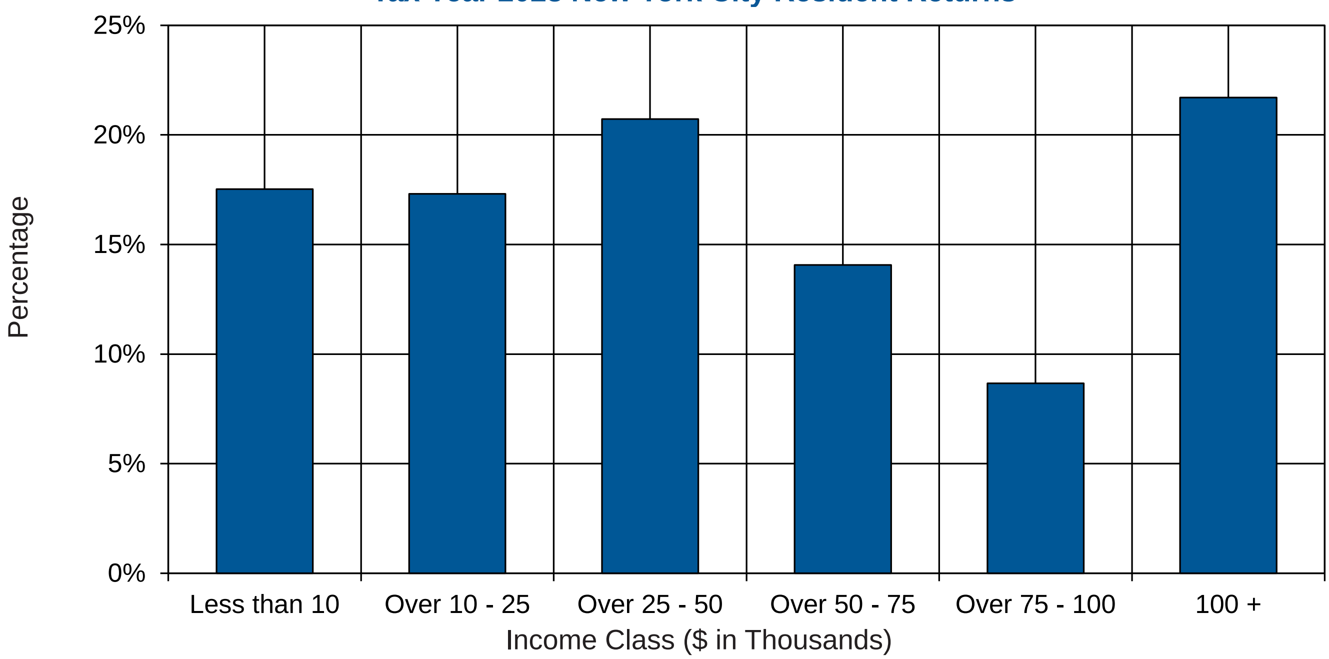


Source: NYS Dept. of Taxation and Finance, Office of Tax Policy Analysis

Chart 7

Percentage of Filers

Tax Year 2023 New York City Resident Returns



Source: NYS Dept. of Taxation and Finance, Office of Tax Policy Analysis

Distribution of Filers

In tax year 2023, there were slightly more than 4.2 million tax returns filed. Most returns were filed by those with adjusted gross income less than $50,000. Filers with income under $50,000 accounted for 55.6 percent of filers but only 3.8 percent of tax liability. The minority of filers (those with income greater than $50,000), those who make up the top 44.4 percent, paid 96.2 percent of the total tax liability. Generally, higher income taxpayers earned most of the nonwage income in the city. Those with adjusted gross income over half a million accounted for 2.2 percent of filers with 46.6 percent of the total PIT liability associated with such filers. The 42.2 percent of filers earning between $50,000 and $500,000 accounted for 49.7 percent of tax liability. Many filers with small tax liabilities before refundable credits end up owing no tax, or receive a refund, after the refundable credits are claimed.

Calculation of Tax

The starting point for determining taxable income is the Federal AGI. This amount is adjusted for statutory modifications to yield NYS AGI. Taxpayers may claim the New York standard deduction or the itemized deductions (the Federal itemized deduction amount subject to New York modifications). High income taxpayers are subject to percentage reductions in their New York itemized deductions. Finally, taxpayers are allowed a flat exemption amount for each dependent. Taxable income results from subtracting the New York deductions and New York exemptions from the NYS AGI. There are different tax rate schedules for singles (and married taxpayers filing separately), heads of household, and married taxpayers filing jointly. These separate schedules were introduced in 1987. Tax liability for NYC residents is calculated by applying the tax rate table to their taxable income.

Table 2

NYC Personal Exemptions and Deductions - Tax Year 2023

Filer Type	Exemption	Standard Deduction	Average Itemized Deduction
Single	None	$8,000	$26,469
Head of Household	$1,000 for each dependent	$11,200	$24,712
Joint	$1,000 for each dependent	$16,050	$41,409

Current Tax Rates and Brackets

The city personal income tax rates are composed of a graduated tax rate table based on filer type and taxable income bracket, like the NYS and Federal personal income taxes. NYC does not have a rate recapture provision for high-income filers like NYS. Tax liability is calculated by multiplying the filers' taxable income for each bracket by the bracket's respective tax rate and summing the result. There are four income brackets and corresponding rates for tax year 2023. The combined tax rate of 3.078 percent (base tax of 2.70 percent plus a 14 percent additional tax on the base rate) corresponds to the lowest bracket of each filer type. The highest combined rate for each filer type is 3.876 percent (base tax of 3.4 percent plus a 14 percent additional tax on the base rate). The lowest brackets are between $0 and $12,000, $21,600, and $14,400 for single, joint, and head of household filers, respectively. The highest brackets start at $50,000, $90,000, and $60,000 for single, joint, and head of household filers, respectively.

The tax year 2016 city personal income tax combined tax rates for taxable incomes $500,000 and below were set by law in 2002, consisting of a base rate and a 14 percent additional tax on the base rate. After the expiration of the temporary tax increase at the end of 2005, the legislated 2002 base rates and the 14 percent additional tax were re-imposed effective January 1, 2006. As part of the New York State 2010-11 Enacted Budget, the STAR tax rate reduction for NYC resident taxpayers with taxable incomes greater than $500,000 was eliminated. The base rate for these taxpayers was increased from 3.2 percent to 3.4 percent for tax year 2010 and thereafter. The total tax rate for taxable incomes greater than $500,000 was therefore increased from 3.648 percent to 3.876 percent.

Beginning in tax year 2017 all STAR related rate changes were eliminated, and the city personal income tax rates are now comprised of solely of base rates set at 2.7% for the lowest income bracket and at 3.4% on the highest income bracket, in addition to a 14% surcharge on those rates. The top rate is still 3.876% because the STAR rate

Withholding Tables

Withholding tables are adjusted to reflect changes made to tax rates, standard deductions, and dependent exemptions. There are six withholding table brackets for tax year 2023, ranging from 2.05 percent to 4.25 percent.

On September 1, 2010, the top withholding rate was increased from 4.0 percent to 4.75 percent, reflecting the expiration of the STAR tax rate reduction for taxable income greater than $500,000 effective beginning in tax year 2010. The 4.75 percent withholding rate was calculated to collect the full-year liability increase over a four-month period, and was reduced to 4.25 percent on January 1, 2011, as the additional liability is collected over a full liability year.

Retroactive to January 1, 2015, the STAR rate cut for filers with taxable income greater than $500,000 was eliminated entirely, removing their ability to take advantage of the lower marginal rates for the first $500,000 of income. This change results in increased collections in withholding as well as estimated payments, but overall is revenue neutral as New York State's reimbursement to New York City for the STAR programs will be reduced by the same amount.

On July 1, 2017, the bottom six withholding table brackets were adjusted to account for the STAR program elimination. The second highest rate was increased to 4.45 percent, an amount calculated to collect the full-year liability increase for tax year 2017 over a six-month period. This rate was reduced to 4.15 percent beginning January 1, 2018. The top withholding rate remained 4.25 percent in tax year 2018 because the STAR rate reduction was already eliminated for this bracket. This change will result in increased collections from withholding and estimated but will also be revenue neutral for NYC because STAR payments previously made from the state to the city were eliminated.

Current NYC Credits

NYC currently has six credits available to qualifying taxpayers to lower their tax payment. These credits are as follows: Axe the Tax - a tax credit eliminating the NYC PIT liability of taxpayers with dependents and incomes under 150% of the federal poverty line, the pass-through entity tax (PTET) credit the earned income tax credit (EITC), the unincorporated business tax (UBT) credit, the NYC household credit, and the NYC childcare credit. While PTET, EITC, and the childcare credits are refundable, Axe the Tax, the UBT and the household credits are nonrefundable. The UBT credit and PTET credit is designed to reduce tax liability of taxpayers of low, middle, and upper middle-income brackets based on certain eligibility criteria; Axe the Tax, childcare, EITC and the household credit, on the other hand, are intended for low-income taxpayers only.

NYC previously had a STAR credit that was designed to reduce tax liability of taxpayers of low, middle, and upper middle-income brackets based on certain eligibility criteria, but this was eliminated for tax year 2016. It has been replaced by a New York State STAR credit in the same amount. NYC also previously had an S corporation tax credit, but it reached sunset in July 2019.

The "Axe the Tax for the Working Class" tax credit (ATT) takes effect in tax year 2025 and eliminates the NYC PIT for filers with dependents living at or below 150 percent of the federal poverty line, as well as lowers NYC PIT for tax filers with up to $5,000 in income above that threshold. This tax is non-refundable by definition because only those with liability after all other credits are taken are eligible for this credit.

The NYC PTET credit became effective for tax year 2022 and is meant to reimburse taxpayers for the full value of the PTET tax paid by their partnership or S corporation. For more information on the PTET tax and the credit please see the Pass-through Entity Tax section of this publication. When combined with the new PTET tax, the PTET credit is revenue neutral for NYC.

Table 3

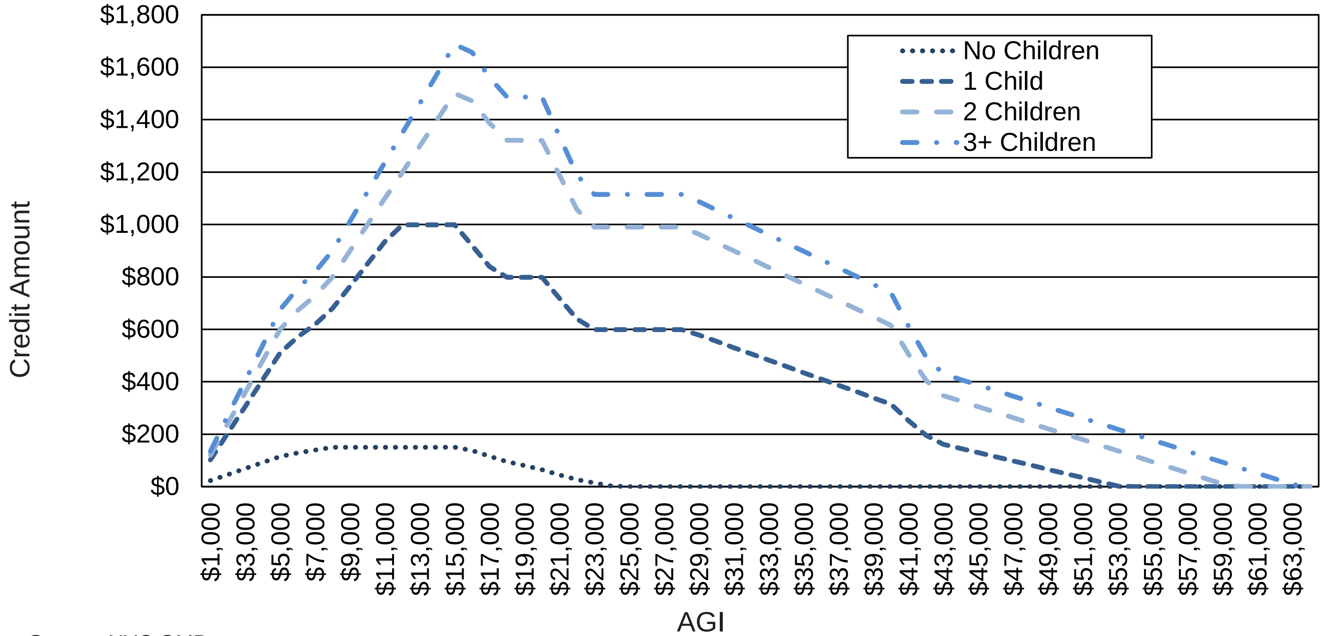
New York City Credits

Credit	Type	Effective
Axe the Tax for the Working Class	Nonrefundable	2025
PTET	Refundable	2022
Child Care	Refundable	2007
EITC	Refundable	2004
UBT	Nonrefundable	1997
Household	Nonrefundable	1987

The EITC became effective on January 1, 2004. NYC EITC was revised to allow NYC residents to claim up to 30.0 percent of the federal EITC on a sliding scale beginning in tax year 2022, up from flat 5.0 percent of the Federal credit in prior years. When the city credit is greater than the taxpayer's liability (net of other allowable credits), the excess is treated as an overpayment and is refunded to the taxpayer. When the taxpayer is a city resident for only part of the tax year, the credit is prorated based on their AGI for the period of residence as a share of their AGI for the full year (See Charts 8 and 9)

Chart 8

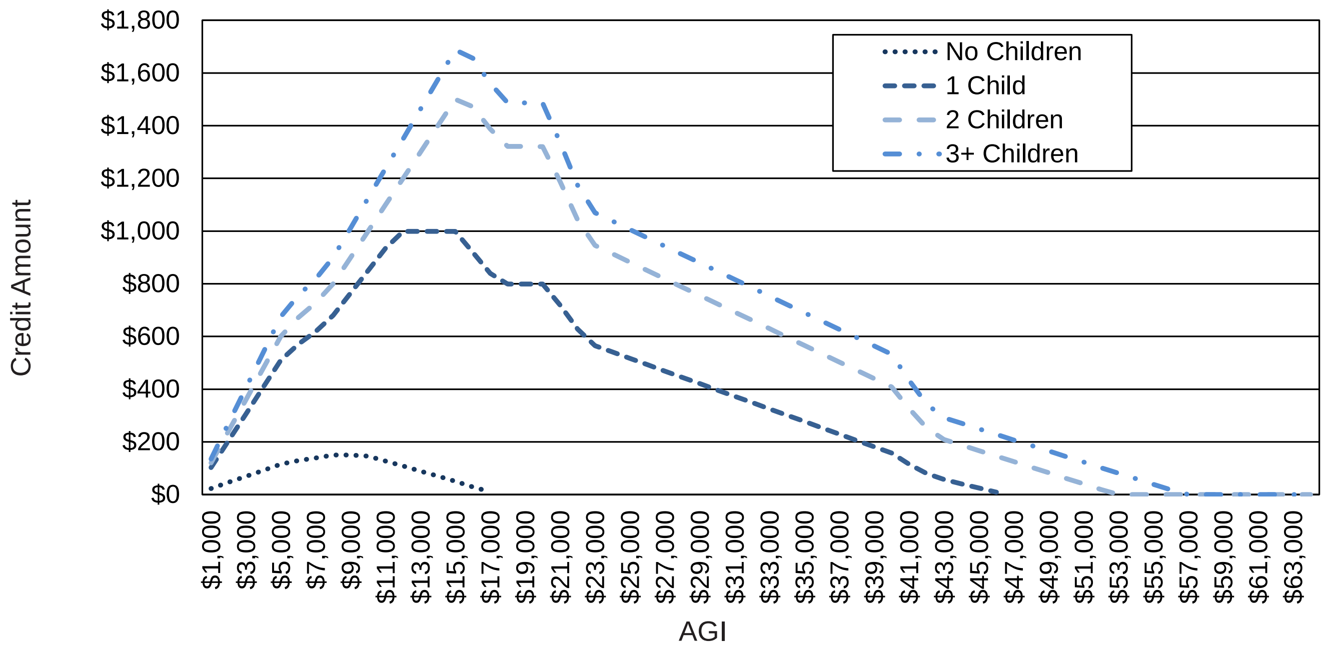
NYC EITC Credit Amount, Joint Filers 2023



Source: NYC OMB

Chart 9

NYC EITC Credit Amount, Single and Head of Household Filers 2023



Source: NYC OMB

The childcare credit was effective January 1, 2007. This refundable credit is allowed for childcare expenses for children up to the age of four. For taxpayers, whose NYS AGI is below $25,000, the applicable percentage is 75 percent of eligible expenses; this percentage progressively declines to zero for taxpayers with household gross income between $25,000 and $30,000. There is no credit for families with income over $30,000.

Part-Year Resident Tax

When a filer has a change of residential status during the year by moving in or out of the city, the filer is considered a part-year resident for the year. The tax is based on his/her NYS AGI for his/her period of residence, computed as if the year for federal income tax purposes were limited to the period of residence. NYC deductions, exemptions, and credits are prorated for part-year residents based on the period of residence in the city.

Nonresident Tax

From 1966 through 1970, a nonresident earnings tax was levied at 0.25 percent on wages and 0.375 percent on net earnings from self-employment. Nonresidents were taxed only on their NYC source income. From 1971 through July 1, 1999 the tax rates were increased to 0.45 percent on wages and 0.65 percent on net earnings from self-employment. Retroactive to January 1, 1999, the city's nonresident earnings tax was repealed. (See Appendix II: PIT, Legislative History, 1999).

Administration

The NYC personal income tax has been administered by NYS since 1966. The NYS Department of Taxation and Finance is responsible for tax collections. Within that department, the Office of Tax Policy Analysis generates and provides the city with the daily collections, refund reports, and other reports. At the end of each month, the city receives a letter from the state Department of Taxation and Finance verifying the final amount of personal income tax revenue by its components due to the city for that month.

Prepayment Rules

NYC withholding collections are administered by NYS. Employers with withholding of $15,000 or more in the preceding calendar year are required to file withholding with the state within three business days of the payroll date where total accumulated tax withholding would equal or exceed $700. For employers that withheld less than $15,000 during the previous year as well as higher educational institutions and health care providers, the due date is within five business days.

Installment taxpayers can file either on a calendar year basis or on a fiscal year basis. For both types of filers, the payments are due on the fifteenth day of the fourth, sixth, and ninth months of their calendar or fiscal year, and on the first month of the following calendar or fiscal year.

A filer is not required to make an estimated payment when the taxpayer's withholding payments are (a) 90 percent or greater of the total tax due for the year, (b) 100 percent or greater of the total tax liability from the prior year, (c) 110 percent of the taxpayer's prior year liability when the taxpayer's NYS AGI exceeds $150,000, or (d) the taxpayer expects to owe less than $300 after credits.

Charges

Each month the state charges the city for the administration of the personal income tax. The charge is based on state expenditures for data entry, processing of tax returns and taxpayer services, which can be attributed to the city. For fiscal year 2024 the city paid $83 million in administrative charges.

Final Returns

Final return payments, which usually arrive in April and October, are payments sent by filers to settle the balance on their taxes due at the end of the liability year. Due to the implementation of the EMPIRE processing system for processing year 2009 (tax year 2008) and thereafter, all final return payments are allocated based on the taxpayers' zip code. If it cannot be determined via the taxpayer's zip code that they are a NYC resident, then 100% of the final payment is remitted to the state. If a NYC resident's finals payment meets certain amount thresholds, then a pre-determined city/state share percentage is applied to the check. The share is based on the ratio between the city's top rate and the state's top rate prior to 2021. The current ratio is 31% to the city and 69% to the state. This is very similar to the way quarterly installment payments are reviewed by the state.

This share system was designed to improve the accuracy of distributing final returns between NYC and NYS and reduce the amount of offset payments needed to correctly distribute liability. For tax years prior to 2008, final tax payments on returns were initially distributed to the city based on a percentage of the state pool of final returns. The distribution percentage was based on the city's historical share of total statewide final returns. Adjustments were made for prior distributions, changes to state and city tax laws and the relative rates of economic growth.

State/ City Offsets

The state attempts to accurately distribute quarterly installment payments by using a pre-determined share, as described in the prepayments section, but this share can still be inaccurate. Offset payments are the result of mis-attributed installment payments made earlier in the year. Historically, these errors have been in favor of the city resulting in positive offset numbers as a trend for years. In recent years growth in offset payments has overshadowed growth in overall liability, implying that the formula calculating the city's and state's share may need to be revised.

Assessments

Sometimes filers miscalculate their tax liability on their final returns or neglect to file a return, resulting in a due balance. The state, using tools that include predictive analytics software, can detect this miscalculation and assess the remaining balance on the date the final return was due. Assessed balances may arise from miscalculations resulting in either underpayment of taxes or an erroneous refund from the state. When the state finds that a taxpayer underpaid their NYS PIT liability, they often find as a byproduct that the taxpayer has also underpaid their NYC PIT liability. When the state finds that this is the case the returned money is received by the city as an Assessment. When the city's Department of Finance finds an error or fraud in a tax filing, the revenue is received by the city as an audit.

Although generally assessments occur within three to six years of the filing due date under some circumstances, such as when no return is filed, a taxpayer could be held liable for a balance at any time.

GENERAL CORPORATION TAX

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GENERAL CORPORATION TAX

OVERVIEW

The general corporation tax (GCT) accounted for 9.29 percent of city tax revenue in fiscal year 2024, or $6,890 million.

The city has imposed the general corporation tax since July 1, 1966, authorized under Title 11, Chapter 6, Subchapter 2 of the City Administrative Code, enabled by Chapter 722 of the State Laws of 1966.

For tax years prior to January 1, 2015, the tax was imposed on all corporations, foreign and domestic, for the privilege of doing business, employing capital, owning or leasing property, or maintaining an office in the city. S corporations, which are generally pass-through entities at the federal and state levels, were and continue to be fully taxed under the city's general corporation tax.

To determine their tax liability, most corporations are required to make three alternative tax calculations, compare these to a minimum tax range (based on gross receipts), and pay the largest amount. The majority of the total general corporation tax liability is paid on the city-allocated entire net income tax base at a rate of 8.85 percent. Small corporations- those with gross receipts of less than $250,000, a 100 percent business allocation to the city and no investment or subsidiary capital- are only required to make one tax calculation to compare against the minimum tax range, with the larger of the two amounts paid.

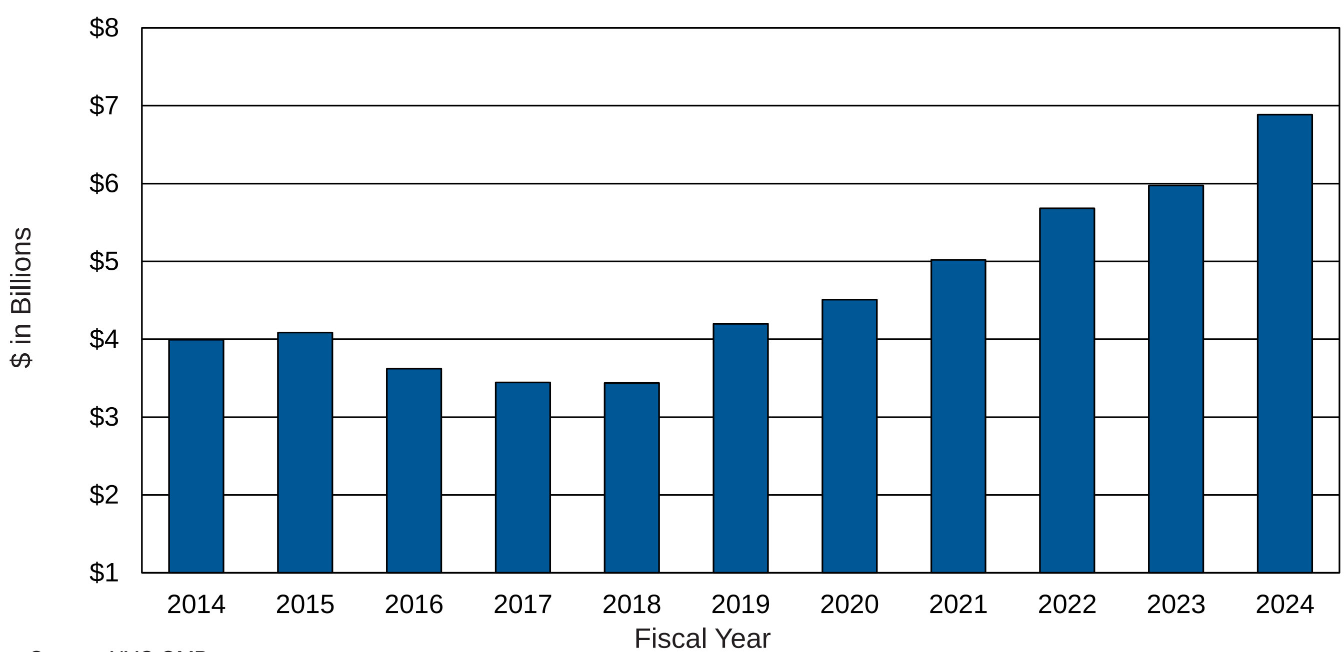
Banking corporations, however, are subject to the city's banking corporation tax and therefore do not pay the general corporation tax. Insurance firms, nonprofit corporations, and Real Estate Mortgage Investment Conduits (REMICs) are also exempt from the general corporation tax. For taxable years beginning on or after January 1, 1998, the general corporation tax also does not apply to an alien corporation whose activities in New York City are limited solely to investing or trading stocks, securities or commodities for its own account

The New York City Department of Finance (DOF) administers the general corporation tax, but the New York State legislature must authorize most changes to the city's general corporation tax laws, including changes to the tax rate and tax base.

Effective January 1, 2015, C corporations formerly subject to the General Corporation Tax, became subject instead to the new Corporate Tax codified in Subchapter 3-A in Chapter 6 of Title 11 of the Administrative Code of the City of New York. General corporations that are S corporations, or qualified subchapter S subsidiaries under subchapter S of the Internal Revenue Code of 1986, continue to be subject to the General Corporation Tax. Banking corporations that

Chart 1

Combined Corporation Tax Revenue 2014-2024



Source: NYC OMB

are S corporations, however, continue to be subject to the Banking Corporation Tax. See NYC Business Corporation Tax section for more detail and the Appendix III-GCT for a breakdown of the revenue history of S corporations.

GASB

Beginning in 1994, city taxpayer assessed taxes are recognized on a modified accrual basis as required by GASB (Governmental Accounting Standards Board) Statement No. 22. For budgetary (General Fund) purposes, such revenues are considered available when collected within sixty days after the end of the fiscal year. Beginning in 2001, these revenues are also recognized on a full accrual basis in the Government-wide statement of activities, as required by GASB Statement No. 33.

TAX DETAIL

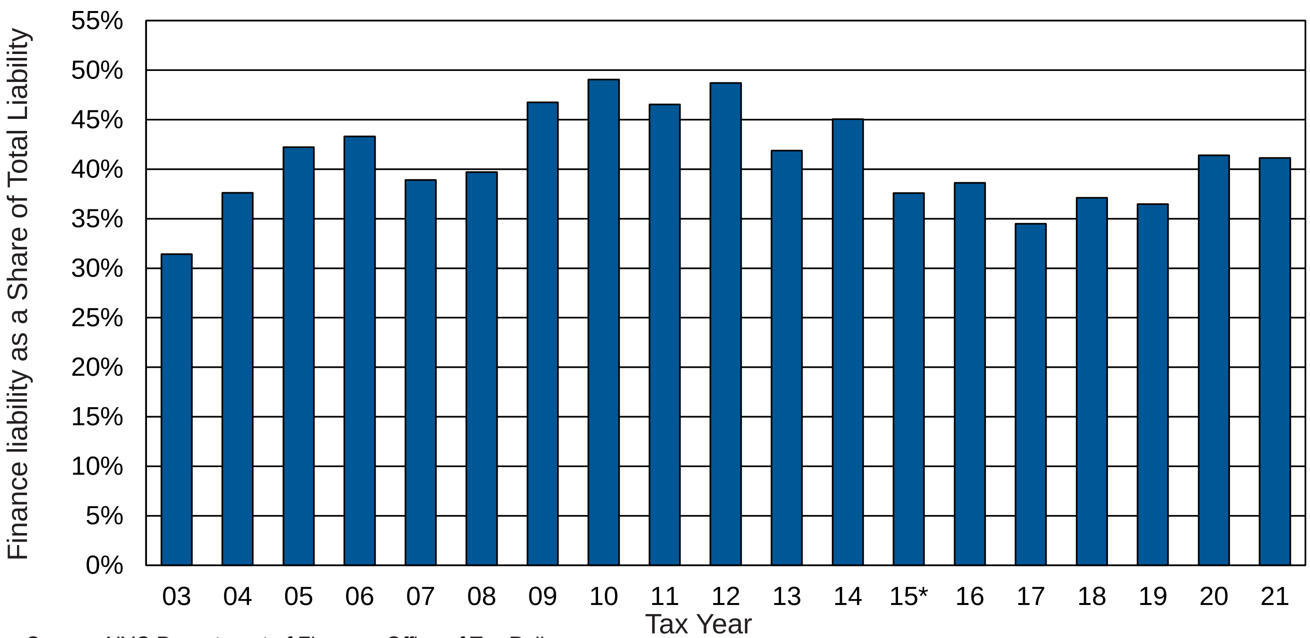
Tax Base

Industrial Mix of Filers and Liability

Details of the industrial mix of filers and liability are lagged by three years. Chart 4 is based on corporate returns for tax year 2021, the latest completed year for which data is available from DOF. The charts reflect the distribution of corporate tax filers and their liability by industrial sector. Charts 2 and 3 show the finance industry's liability as a share of the total and the finance industry's volatility respectively. The finance liability in Charts 2 and 3 from 2000 to 2014 is the total sum of finance liability for GCT and Banking Corporation Tax. Beginning in 2015 through the latest data, the finance liability is the total sum of the finance liability for GCT and Business Corporation Tax. In 2021, the service sector (information, professional/technical/managerial and other services) accounted for 44.7 percent of all corporate taxpayers. The service and trade sectors accounted for the largest number of taxpayers, 44.7 percent and 17.8 percent, respectively.

Chart 2

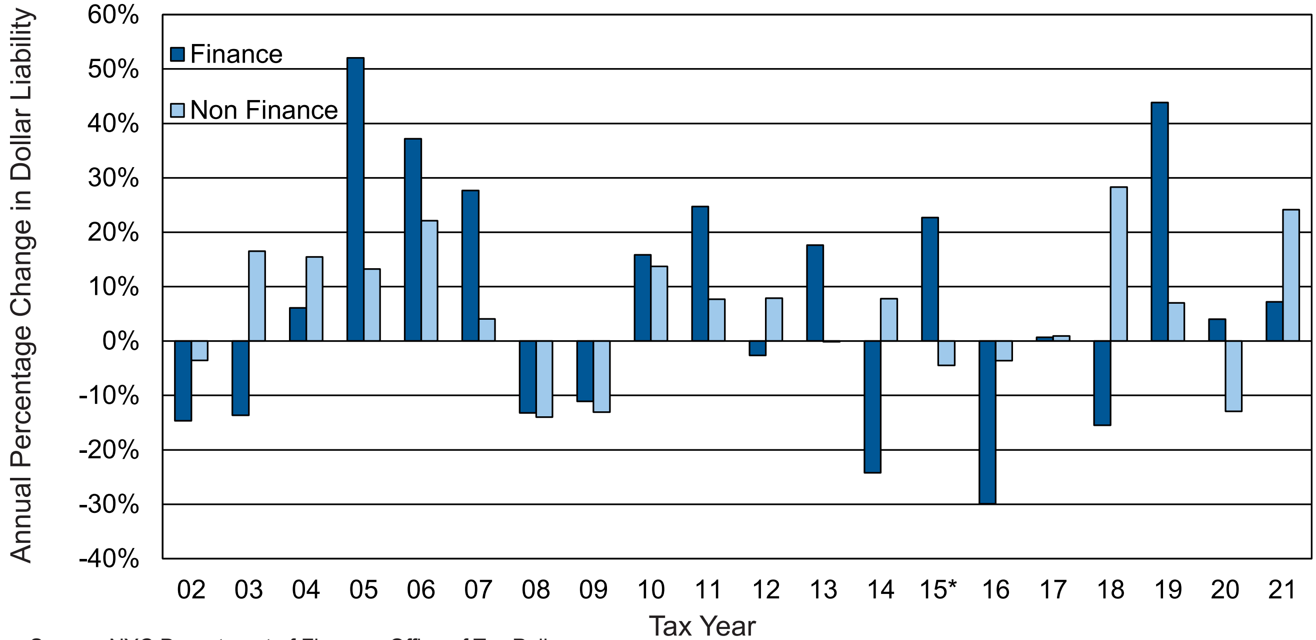
Corporate Tax Finance Liability as a Share of Total Liability



Source: NYC Department of Finance, Office of Tax Policy
* 2015 Corporate Tax Reform

Chart 3

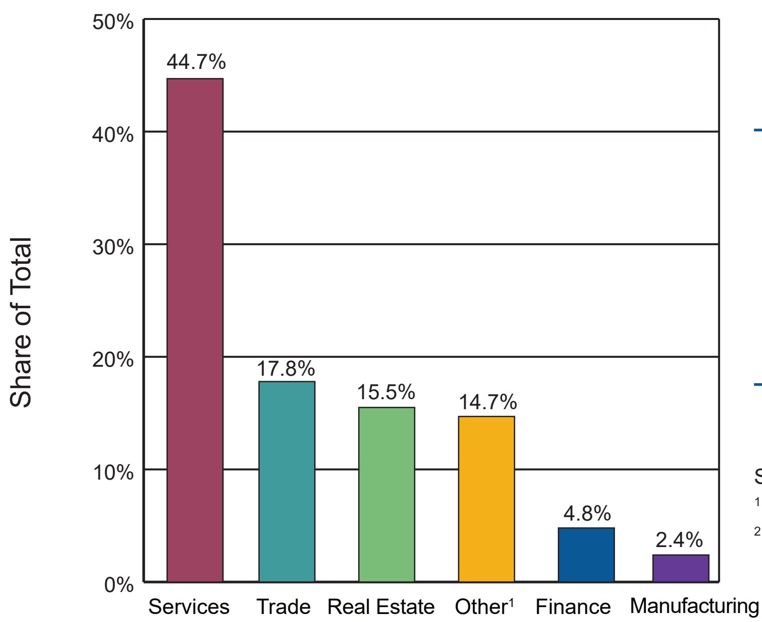
The Finance Sector is More Volatile Than the Non-Finance Sector



Source: NYC Department of Finance, Office of Tax Policy
* 2015 Corporate Tax Reform

Chart 4

Distribution of Taxpayers by Industry (Tax Year 2021)

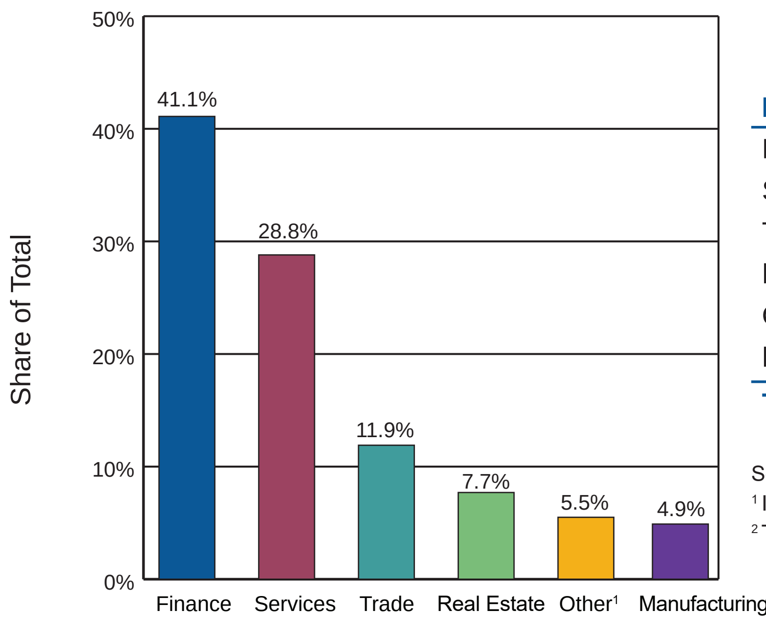


Industry	Number of Taxpayers	% Total
Services	159,139	44.7%
Trade	63,334	17.8%
Real Estate	55,076	15.5%
Other[1]	52,436	14.7%
Finance	17,076	4.8%
Manufacturing	8,641	2.4%
Total	**355,702**	**100.0%[2]**

Source: NYC Department of Finance, Office of Tax Policy
[1] Includes construction, transportation, and utilities.
[2] Totals may not add due to rounding.

Chart 5

Liability Paid by Industry (Tax Year 2021)
($ in Thousands)



Industry	Liability of Taxpayers	% Total
Finance	$2,263,422	41.1%
Services	1,583,496	28.8%
Trade	654,597	11.9%
Real Estate	426,327	7.7%
Other[1]	304,416	5.5%
Manufacturing	270,583	4.9%
Total	**$5,502,842**	**100.0%[2]**

Source: NYC Department of Finance, Office of Tax Policy
[1] Includes construction, transportation, and utilities.
[2] Totals may not add due to rounding.

Corporate Tax total liability (General Corporation Tax and Business Corporation Tax from 2015 onward) has increased 466 percent from $972 million in 1990 to $5,503 million in 2021. A large portion of the increase in liability is a result of growth in the finance sector. The finance sector typically accounts for nearly half of the corporate tax liability, even though the sector accounts for a smaller fraction of total corporate tax filers. The disproportionate share of liability-to-filers is also accompanied by a higher degree of volatility compared to the non-finance sector.

The total number of firms paying the Corporate Tax increased from 203,223 in 1990, to 355,702 in 2021. However, not all sectors have been growing. Manufacturing firms have been steadily moving out of the city. In 1990, 18,115 manufacturing companies accounted for almost 19.4 percent of GCT liability. In 2021, there were 8,641 manufacturing companies in New York City, accounting for 4.9 percent of total Corporate Tax liability.

Table 1

Total (BCT & GCT) Distribution by Tax Base (Tax Year 2021)
($ in Thousands)

Tax Base	Number	% of Total	Liability	% of Total
• Entire Net Income Allocated to the City	119,097	33.5%	$5,213,403	94.7%
• Allocated Net Income + Compensation Paid to All Stockholders Owning More Than 5% of Capital Stock	7,737	2.0	37,471	0.7
• Alternative Tax on Business and Investment Capital Allocated to the City	8,254	2.3	170,957	3.1
• Fixed Minimum Tax[1]	216,654	60.9	62,686	1.1
• Not Available	3,960	1.1	18,325	0.3
Total[2]	**355,702**	**100.0%**	**$5,502,842**	**100.0%**

Source: NYC Department of Finance, Office of Tax Policy
[1] Minimum tax now includes extensions if liability exactly equals one of the fixed minimum amounts.
[2] Totals may not add due to rounding

Calculation of Tax Liability

Four Alternative Bases

To determine tax liability, most corporations are required to make three alternative calculations and compare these to a minimum tax that ranges from $25 to $5,000, based on the taxpayer's annual receipts allocated to the city. The tax due is the largest of the four amounts. The three alternative tax calculations are: (1) 8.85 percent of the firm's entire net income allocated to the city; (2) 1.3275 percent of the sum of allocated net income plus compensation paid to all stockholders owning more than 5 percent of the taxpayer's issued capital stock; and (3) 0.15 percent of the firm's business and investment capital allocated to the city (see Table 1 for the distribution of taxpayers by tax base). There is an additional tax on subsidiary capital allocated to the city, at the rate of 0.075 percent.

The sum of the liability paid on the highest of the four alternative bases, plus the tax on subsidiary capital, is the firm's total tax liability. For small firms, with gross receipts of $250,000 or less, 100 percent business income allocation to the city and no investment or subsidiary capital, the tax due is calculated by applying the 8.85 percent tax rate against the firm's entire net income and comparing that to the minimum tax range of $25 to $5,000 (based on gross receipts). The higher of the two calculations is the firm's tax liability.

Entire Net Income Base

The starting point for determining the entire net income base, 94.74 percent of corporate liability in tax year 2021, is Federal taxable income, which must be modified to account for differences between NYC and Federal treatment of various items, including depreciation, tax-exempt interest, and net operating loss deductions. This modified income must be divided between business income and investment income, and then allocated between income derived from NYC activities (allocated net income) and income derived from activities outside the city. Business income is defined as the firm's entire net income less its investment income, which are primarily dividends and interest income from non-subsidiary operations.

Prior to January 1, 2009, most firms used a three-factor allocation formula to allocate business income and the average of the following ratios: (1) NYC tangible property to total property; (2) NYC receipts to total receipts; and (3) NYC payroll to total payroll. Manufacturing firms were allowed to "double weight" the receipts factor for tax years beginning on July 1, 1996 through December 31, 2010. Since January 1, 2009, the allocation formula for all GCT filers incorporated a greater share of NYC receipts to total receipts until the city conformed to a single sales factor formula for business income allocation, which allocates net income taxable to the city as NYC receipts to total receipts. The new allocation formula was being phased-in over a ten-year period that began in tax year 2009 and became fully effective for tax years beginning after 2017. Therefore, for all tax years beginning 2018, the NYC business income allocation formula conforms to the state's allocation formula for corporations.

Table 2

Phase-In of Single Sales Factor Geographic Allocation

Tax Year	Receipts	Payroll	Property
2008	33.3%	33.3%	33.3%
2009	40.0	30.0	30.0
2010	46.0	27.0	27.0
2011	53.0	23.5	23.5
2012	60.0	20.0	20.0
2013	67.0	16.5	16.5
2014	73.0	13.5	13.5
2015	80.0	10.0	10.0
2016	87.0	6.5	6.5
2017	93.0	3.5	3.5
2018	100.0	0.0	0.0

In 2021, multi-jurisdictional firms accounted for 43.6 percent of total GCT liability (see Appendix III: GCT, Table 4). Investment income is allocated according to the amount of capital employed in NYC by the issuing corporation. In addition to the above allocation rules, special allocation rules may apply (see Appendix III: GCT, Tax Exemptions, Deductions and Credits).

Income-Plus-Compensation Base

The income-plus-compensation base accounted for approximately 0.7 percent of corporate tax liability in tax year 2021. The purpose of this alternative base is to tax firms which lower their taxable income by disguising dividends (which are not deductible) as salaries and other forms of compensation (which are deductible). The starting point for determining this base is NYC allocated net income, to which must be added back the compensation paid to shareholders owning more than 5 percent of the corporation's outstanding stock. After a statutory deduction of $40,000 is applied against taxable income, the firm applies the 8.85 percent rate to 15 percent of this base (hence the 1.3275 percent effective tax rate for tax years after tax year 2009). Effective on and after January 1, 2007, the net income-plus compensation alternative tax base was reduced in four steps: (1) Firms applied the 8.85 percent rate to 26.25 percent of this base in tax year 2007 (yielding an effective tax rate of 2.323 percent); (2) Firms applied the 8.85 percent rate to 22.5 percent of this tax base in tax year 2008 (yielding an effective tax rate of 1.991 percent); (3) Firms applied the 8.85 percent rate to 18.75 percent of this tax base in tax year 2009 (yielding an effective tax rate of 1.659 percent); and (4) Firms applied 8.85 percent to 15 percent of this tax base for all tax years after tax year 2009 (yielding an effective tax rate of 1.3275 percent).

Tax on Allocated Business and Investment Capital

The alternative tax on allocated business and investment capital accounted for approximately 3.1 percent of corporate tax liability in tax year 2021. This base is designed to tax firms that have low allocated net income, either because of temporary financial difficulties or because of extensive use of tax preferences, such as deductions and net operating loss carry forwards. To determine the tax obligation under this base, a firm must compute the value of its business and investment assets, deduct liabilities against those assets, and if eligible, allocate a portion of the business capital and investment capital to the city using the same allocation formulas described previously. The 0.15 percent rate is then applied. In 1988, a cap was placed on the business and investment capital tax base, limiting a corporation's tax on New York City allocated business and investment capital to a maximum of $350,000. For tax years after 2008, this cap was raised to $1 million.

Special Allocation Rules

Exceptions in allocation calculation include the following. Credit card interest is allocated based on the domicile of the cardholder. Publishers of newspapers and periodicals may allocate income from their sales of advertising based on the number of newspapers and periodicals delivered to points within New York City. Taxpayers with income from broadcasting radio and television commercials or programs can allocate to the city based on the ratio of the number of listeners/viewers to its total listener/viewer count.

Minimum Tax

The fixed dollar minimum tax for corporations is based on a sliding scale and is dependent on the total receipts allocated to New York City. Starting with a fixed dollar minimum tax of $25 for corporations with receipts equal to or less than $100,000, the minimum tax is capped at $5,000 for corporations with New York City receipts over $25 million.

Table 3

Minimum Tax

New York City Receipts	General Corporation Fixed Dollar Minimum Tax
Not more than $100,000	$25
More than $100,000 but not over $250,000	$75
More than $250,000 but not over $500,000	$175
More than $500,000 but not over $1,000,000	$500
More than $1,000,000 but not over $5,000,000	$1,500
More than $5,000,000 but not over $25,000,000	$3,500
Over $25,000,000	$5,000

Tax on Subsidiary Capital

The additional tax on subsidiary capital (defined as a corporation of which over 50 percent of the outstanding voting stock is owned by the taxpayer) is imposed because entire net income excludes income derived from subsidiary operations. Subsidiary capital is allocated according to the amount of capital employed in New York City and taxed at a rate of 0.075 percent. The tax liability on subsidiary capital is in addition to the highest of the four methods calculated above.

Tax Exemptions, Deductions and Credits

A number of tax exemptions, deductions and credits are available to NYC corporations. Each of the following exemptions, deductions and credits reduce total tax liability (for details see Appendix III: GCT, Tax Exemptions, Deductions and Credits).

- Insurance Corporation Non-Taxation
- Relocation and Employment Assistance Program (REAP)
- Lower Manhattan Relocation and Employment Assistance Credit
- Employment Opportunity Relocation Costs
- Credit (EORC)
- Real Property Tax Escalation Credit
- Energy Cost Savings Program (ECSP – see Non-Charter Mandated Taxes: Utility Tax)
- Nested Credit
- Film Production Credit
- Industrial Business Zone (IBZ) Relocation Tax Credit
- Small Corporation Exemption from Alternative Taxes
- Cooperative Housing Corporation Four-Tenths Mill Tax Rate on Capital
- School Bus Operation Deduction
- Manufacturing and Research & Development Property Depreciation Deduction
- Air Pollution Control Facilities Deduction
- Tax Treatment of Special Corporations
- Biotechnology Credit
- Relocation Assistance Credit per Employee (RACE)

Limited Liability Companies (LLCs)

For city tax purposes, LLCs and LLPs do not pay the general corporation tax. Instead, they pay the unincorporated business tax (see Non-Charter Mandated Taxes: Unincorporated Business Tax).

Regulated Investment Companies (RICs)

A RIC, as defined by Federal tax law, is subject to the GCT. Under the GCT, RICs are not subject to the alternative tax on business and investment capital, but they are subject to the other three tax bases (entire net income, income-plus-compensation, and the minimum tax bases). For city tax purposes, RICs are only taxed on any undistributed income or long-term capital gains. Therefore, to the extent that a RIC passes through its income to shareholders, a RIC pays minimal city general corporation tax.

Real Estate Investment Trusts (REITs)

A REIT, as defined by Federal tax law, is subject to the GCT. Under the GCT, the tax liability of a REIT is determined by utilizing only the net income tax and the minimum tax bases; paying whichever is larger (REITs are not subject to the alternative tax on capital and the income-plus-compensation tax bases). New York City conforms to Federal tax treatment of REITs, taxing REITs only on any undistributed income or long-term capital gains. Therefore, to the extent that a REIT passes through its income to shareholders, a REIT pays minimal city general corporation tax.

Administration

The general corporation tax is administered by the New York City Department of Finance (DOF). Firms subject to the tax must file according to a payment schedule that conforms to federal and state filing dates. For firms that have a fiscal year beginning on January 1, a prepayment on current year liability equal to 25 percent of the prior year's liability is due in March. A second installment, or annual declaration of estimated tax, is due in June, and estimated payments, or the third and fourth installments, are made in September and December. A final return for the tax year is then due on March 15th of the following tax year. Firms may file amended declarations of estimated tax at any time to correct or change tax estimates. DOF is also empowered to grant a reasonable extension of time for filing returns when there is good cause for doing so. For annual returns, an automatic six month extension can be granted if the firm files an application for extension, extending their final return due date to September (instead of March) of the following tax year. If eligible, firms can file for two additional 3 month extensions, beyond September to the succeeding March, to complete a final return. This allows firms that have filed all three extensions to accurately complete a final return due in March, over one year after the completion of a tax year.

S Corporations

Effective tax year 2015 and thereafter, S corps are taxed under the NYC General Corporation Tax, and C corps under the Business Corporation Tax. Please see the Business Corporation Tax section to get a breakdown of this tax. Under New York City's general corporation tax, S corporations are not taxed differently from C corporations. S corps are required to make all three alternative tax calculations and compare that to a minimum tax range, based on receipts. However, unlike the city, New York State's corporate franchise tax, levied by Article 9-A of the state tax law, applies different tax treatments to S and C corporations. S corporations for state tax purposes are subject to a minimum tax range of $25 to $4,500, based on New York State receipts. Income from the S corporation is then passed-through to shareholders who make tax payments based on their marginal personal income tax rates.

S corp data is also lagged by four years. Chart 7 shows the annual percentage share of finance tax liability. In 2021, the finance sector accounted for about 7.4 percent of the total S corp liability. Since 1998, the average percentage share of finance liability from total S corp liability has been 8.9 percent. The 2015 S corp percentage share should be taken in the context of the NYC corporate tax reform under which the corporate tax base was restructured.

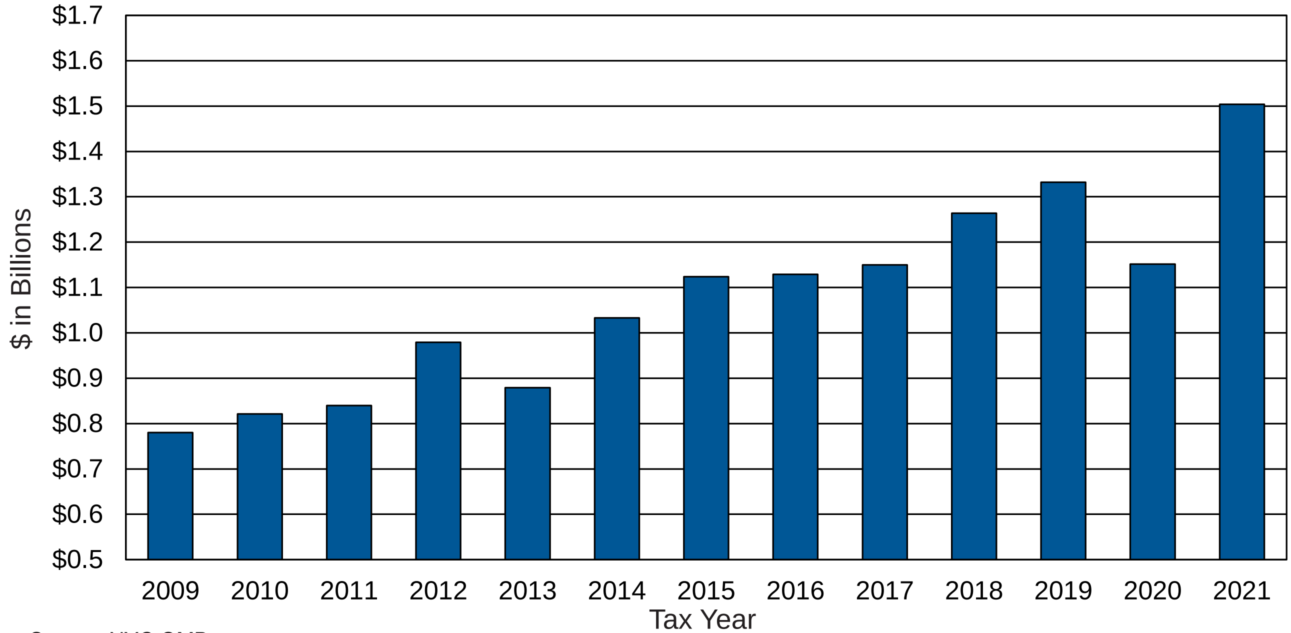
Chart 8 shows the annual percentage change in S corp finance and non-finance liabilities. The finance sector liability is more volatile than non-finance. Chart 9 reflects the latest DOF data on S corps based on corporate tax returns. It reflects the distribution of corporate tax filers and their liability by industrial sector. In 2021, the service sector (information, professional/technical/managerial and other services) and the finance sector accounted for 50.0 percent of S corp liability. The total number of S corp taxpayers in NYC in 2021 stood at 170,273, and the service and trade sectors accounted for the largest number of taxpayers, 51.4 percent and 14.9 percent, respectively.

S corp total liability has increased by 154 percent from 591.7 million in 1998 to $1,504 million in 2021. The finance sector accounted for 7.4 percent of S corp liability in 2021.

In 2021, the total number of S corps was 170,273 - an increase of 64.6 percent in S corps from 1998. However, not all sectors have been growing. Manufacturing firms have been steadily moving out of the city. In 1998, manufacturing companies accounted for 7.4 percent of S corp liability. In 2020, there were 3,924 manufacturing companies in New York City, accounting for 2.7 percent of GCT liability.

Chart 6

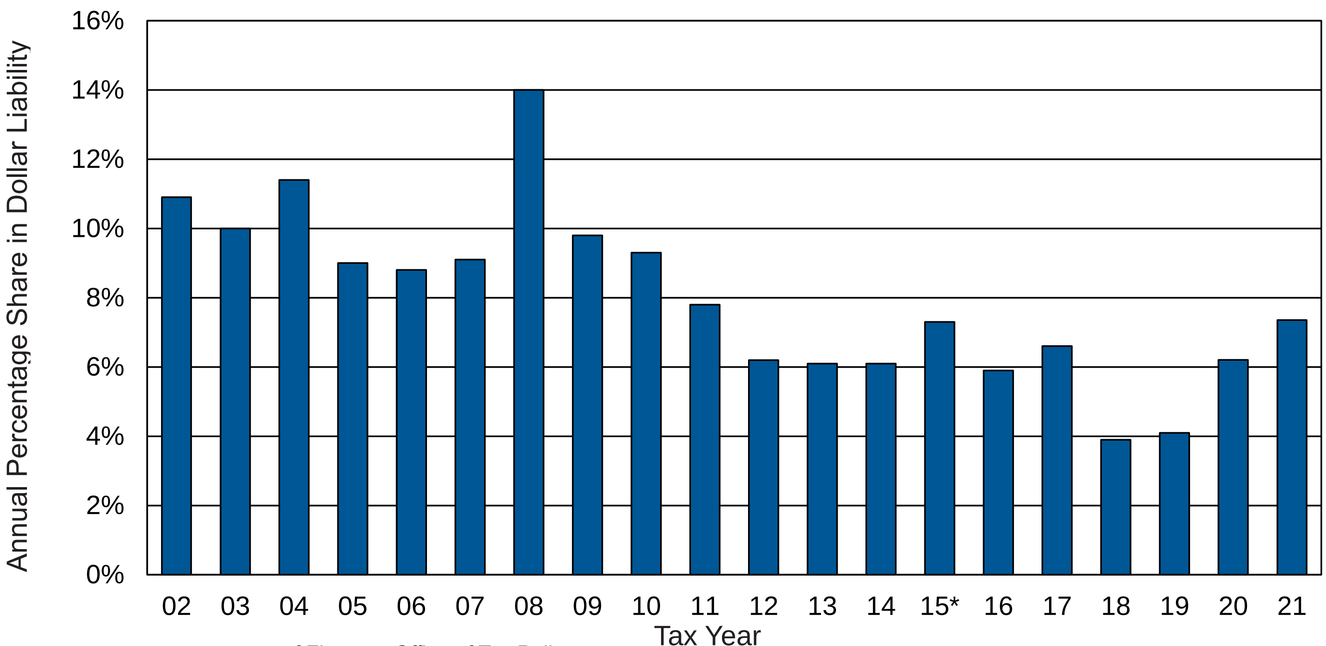
General Corporation Tax 2009-2021



Source: NYC OMB

Chart 7

S Corp - Finance Liability as a Share of Total Liability

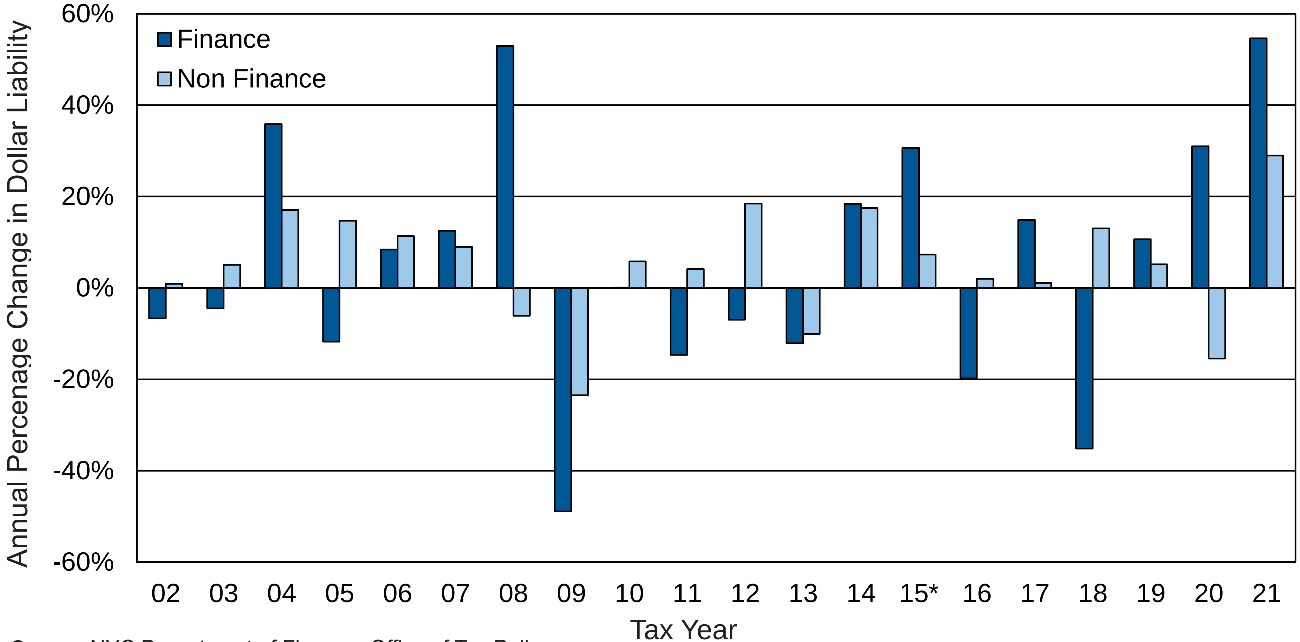


Source: NYC Department of Finance, Office of Tax Policy

* 2015 share reflects the 2015 NYC corporate tax reform & S corp data

Chart 8

S Corp - The Finance Sector is More Volatile Than the Non-Finance Sector

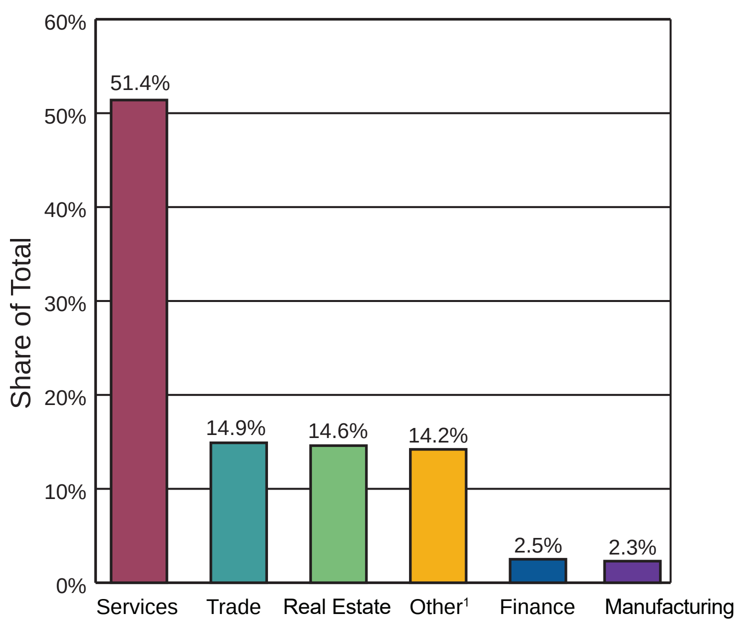


Source: NYC Department of Finance, Office of Tax Policy

* 2015 percentage change reflects the 2015 NYC corporate tax reform & S corp data

Chart 9

S Corp - Number of Taxpayers by Industry (Tax Year 2021)



Industry	Number of Taxpayers	% Total
Services	87,547	51.4%
Trade	25,734	14.9%
Real Estate	24,939	14.6%
Other[1]	24,213	14.2%
Finance	4,276	2.5%
Manufacturing	3,924	2.3%
Total	**170,273**	**100.0%[2]**

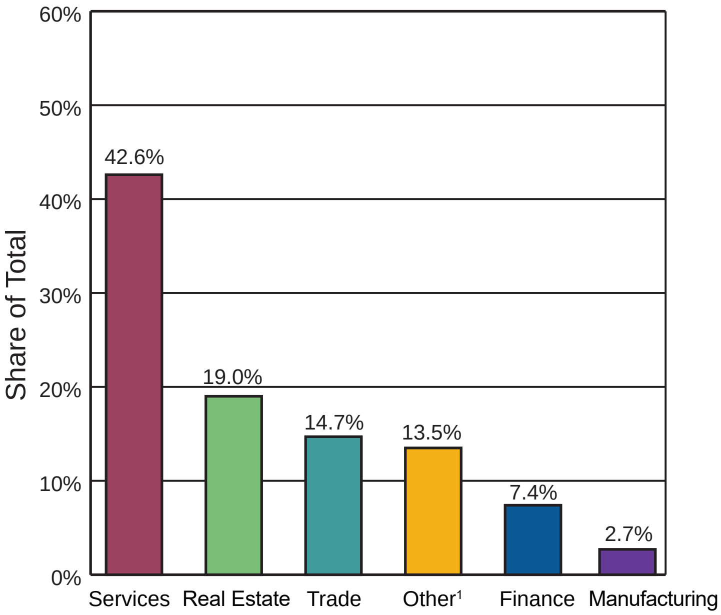
Source: NYC Department of Finance, Office of Tax Policy

[1] Includes construction, transportation, and utilities.

[2] Totals may not add due to rounding.

Chart 10

S Corp - Liability Paid by Industry (Tax Year 2021)
($ in Thousands)

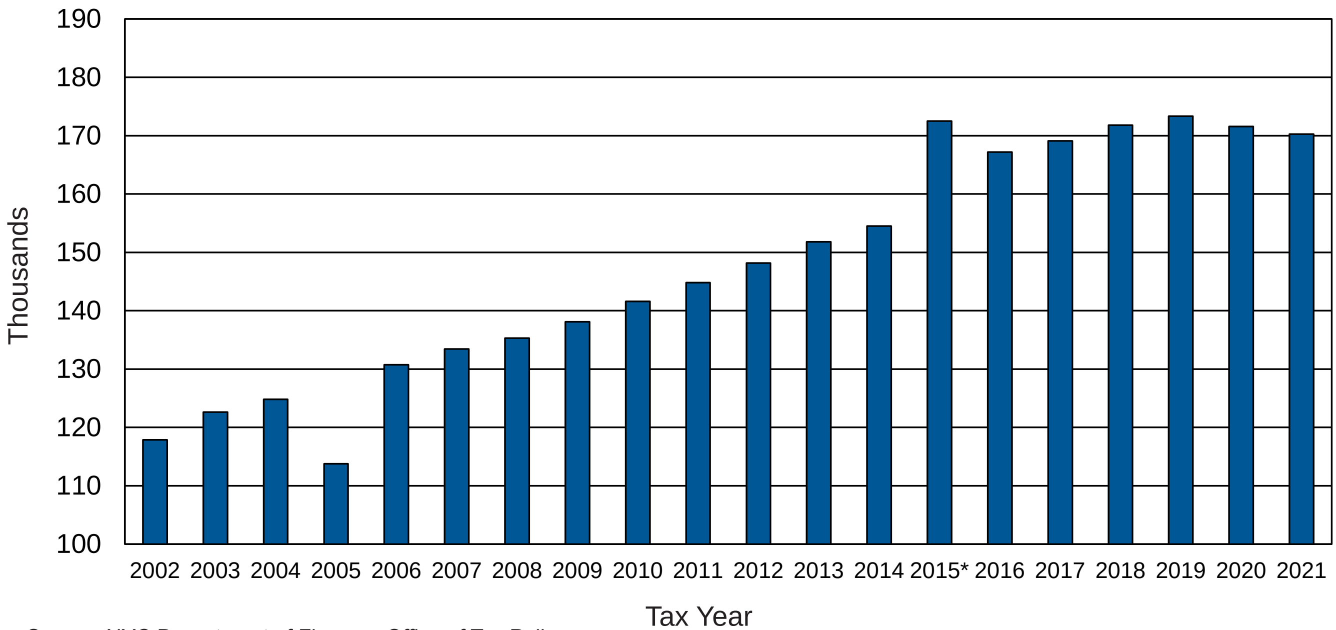


Industry	Liability of Taxpayers	% Total
Services	$640,534	42.6%
Real Estate	286,060	19.0%
Trade	221,700	14.7%
Other[1]	203,479	13.5%
Finance	110,539	7.4%
Manufacturing	41,290	2.7%
Total	**$1,503,602**	**100.0%[2]**

Source: NYC Department of Finance, Office of Tax Policy
[1] Includes construction, transportation, and utilities.
[2] Totals may not add due to rounding.

Chart 11

S Corp - Number of Taxpayers 2002 - 2021



Source: NYC Department of Finance, Office of Tax Policy
* GCT is reduced to S corps in TY15

Table 4

S Corp - Distribution by Tax Base (Tax Year 2021)
($ in Thousands)

Tax Base	Number	% of Total	Liability	% of Total
• Entire Net Income Allocated to the City	69,630	40.9%	$1,414,738	94.1%
• Allocated Net Income + Compensation Paid to All Stockholders Owning More Than 5% of Capital Stock	7,737	4.5	37,471	2.5
• Alternative Tax on Business and Investment Capital Allocated to the City	6,091	3.6	19,718	1.3
• Fixed Minimum Tax[1]	85,098	50.0	21,911	1.5
• Not Available	1,717	1.0	9,765	0.6
Total[2]	**170,273**	**100.0%**	**$1,503,602**	**100.0%**

Source: NYC Department of Finance, Office of Tax Policy
[1] Minimum tax now includes extensions if liability exactly equals one of the fixed minimum amounts.
[2] Totals may not add due to rounding

BUSINESS CORPORATION TAX

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BUSINESS CORPORATION TAX

NYC Corporate Tax Reform: On April 1, 2015, the New York State Legislature passed a bill that significantly reforms New York City's corporate income tax system. These changes were signed into law by the Governor on April 13, 2015 as Part D of Chapter 60 of the Laws of 2015 and will be effective for tax years beginning on or after January 1, 2015.

The legislation accomplishes the following:

- Closely conforms New York City tax law to New York State corporate franchise tax changes enacted in 2014.
- Modernizes and streamlines the New York City corporate income taxation of C corporations conducting business in the city.
- Provides tax relief to many small New York City corporations.

OVERVIEW

A new Subchapter 3-A is created in Chapter 6 of Title 11 of the Administrative Code of the City of New York to apply for tax years starting on or after January 1, 2015. This new subchapter, also known as the "Corporate Tax of 2015" applies to C corporations formerly subject to the General Corporation Tax ("GCT", Subchapter 2 of Chapter 6 of Title 11 of the NYC Admin. Code), and the Banking Corporation Tax ("BCT", Subchapter 3 of Chapter 6 of Title 11 of the NYC Admin. Code). The new NYC Corporate Tax does not apply to any corporation that is an S corporation, or a qualified subchapter S subsidiary. S corporations continue to be subject to tax under the GCT. (Please see the Appendix IV for a historical revenue breakdown of C corporations in NYC.)

Subchapter 3-A, also known as the Corporate Tax of 2015, is modeled on the existing GCT in Subchapter 2, incorporates (with necessary modifications) statutory amendments made to the state's corporate franchise tax under Article 9-A in the New York State 2014-2015 and 2015-16 enacted budgets.

The new corporate tax includes the following major changes:

- The Banking Corporation Tax and the General Corporation Tax are merged for C corporations;
- Combined reporting is adopted for unitary corporations that meet a more than 50 percent stock ownership test, with an election for non-unitary corporations to file a combined return if they meet the ownership test. Corporations that are treated as United States domestic entities or generate business income in the United States are generally eligible for combination;
- The entire net income tax base is replaced with a business income tax base;
- The phase-in of a single receipts apportionment factor from the General Corporation Tax (fully effective for tax years beginning on or after January 1, 2018) is adopted;
- Customer-based sourcing rules apply;
- A one-time election is provided to small and mid-sized taxpayers to continue using property and payroll, in accordance with the formula for 2017, to apportion income in tax years beginning January 1, 2018 and after;
- The separate treatment of subsidiary capital and income is eliminated;
- The former definition of investment capital and investment income is narrowed, exempting both from tax;
- Pre-2015 net operating losses (NOLs) are converted into a prior NOL conversion subtraction pool to stabilize their value for financial accounting purposes;
- The rules for NOLs incurred in tax years beginning on or after January 1, 2015 are simplified;
- A three year carry back for NOLs incurred in tax years beginning on or after January 1, 2015 is allowed;
- The alternative minimum tax base for income plus compensation is repealed;
- The tax on assets for banks is eliminated;
- The maximum tax for the tax on capital base is raised to $10,000,000 and low-end relief is provided by reducing the computed amount of tax by $10,000;
- The tax rate is reduced for corporations with less than $1,000,000 of NYC business income from 8.85 percent to 6.5 percent, and a smaller reduction is applied for corporations with NYC business income between $1,000,000 and $1,500,000 or overall business income between $2,000,000 and $3,000,000;

- The tax rate for manufacturing corporations with less than $10,000,000 of NYC business income is reduced from 8.85 percent to 4.425 percent, and a smaller reduction is applied for manufacturing corporations with NYC business income between $10,000,000 and $20,000,000 or overall business income between $20,000,000 and $40,000,000;
- A 9.0 percent tax rate is applied to major financial corporations (> $100 billion in assets); and
- The city and taxpayers are permitted to make income allocation adjustments based on New York State income allocation adjustments, under the extended statutes of limitations applicable to federal and New York State changes to income.

The new NYC Corporate Tax (subchapter 3-A) conforms closely to the revised Article 9-A of the tax law. Differences are generally attributable to:

- Tax rates,
- Treatment of S corps,
- Small business,
- Business income allocated to the city rather than the state,
- Taxation of publicly supervised utilities under the utility tax rather than the corporate tax, and
- Pre-existing tax credits.

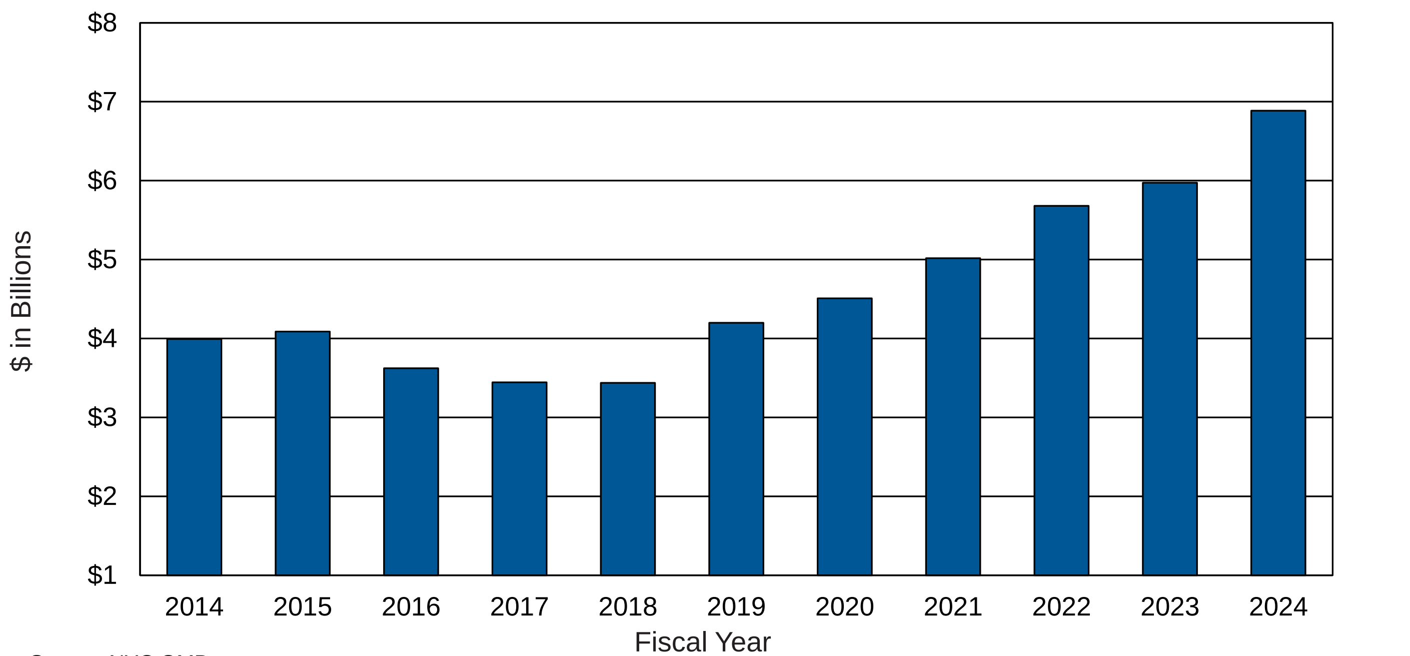
For more details on the recent BCT legislative history please see Appendix IV - 2. NYC BCT, Legislative History.

COMBINED CORPORATION TAX COLLECTIONS

The combined business corporation tax (BCT) and general corporation tax accounted for 9.3 percent of city tax revenue in fiscal year 2024, or $6,886 million.

Chart 1

Combined Corporation Tax Revenue 2014-2024



Source: NYC OMB

CORPORATIONS SUBJECT TO TAX

Corporations that do business, employ capital, or own or lease property, or maintain an office in the city in a corporate or organized capacity must pay this tax.

- The term corporations includes any entity that is taxable as a corporation for federal tax purposes, by election or otherwise, and so may include:
    - Limited Liability Companies
    - Joint stock companies or associations, and
    - Businesses conducted by trusts
- Publicly traded partnerships that did not elect out of city corporate taxation in 1996 are also characterized as corporations
- A corporation may be considered to do business in the city if it is a partner or member in a partnership that does business, employs capital, own or lease property in the city, or maintains an office in the city:
    - A corporation is also considered to do business in the city if it:
    - Issued credit cards to 1,000 or more customers who have a NYC mailing address;
    - Has merchant customer contracts with 1,000 or more merchants located in the city to whom the corporation remitted payments for credit card transactions; or
    - The sum of its NYC credit card customers and NYC credit card merchants equals 1,000 or more
- For tax years beginning on or after January 1, 2022, the Administrative Code now provides that corporations deriving receipts of $1 million or more from New York City sources will be subject to the business corporation tax. A corporation with less than $1 million, but at least $10,000 of receipts from New York City sources, will also be subject to the business corporation tax if the corporation is part of a unitary group that, in the aggregate, derives receipts from New York City sources of $1 million or more. These threshold amounts may be adjusted annually to reflect changes in the Consumer Price Index. For taxable years beginning on or after January 1, 2024, the threshold at which a corporation and a unitary group are deemed to be deriving receipts from activity in New York City is now $1,128,000. And when determining the threshold for a unitary group, only total the receipts from corporations conducting a unitary business that meet the ownership requirements with New York City receipts of at least $11,000.

The NYC Corporate Tax merges the taxation of general corporations and banking corporations, which means that C corporations formerly subject to the GCT and BCT will become subject to the new NYC Corporate Tax. The NYC Corporate Tax does not apply to S corporations, insurance corporations, and publicly supervised utilities.

CORPORATIONS EXEMPT FROM THE TAX

S corporations are exempt from the Business Corporate Tax, but they are still subject to the General Corporation Tax or Banking Corporation Tax.

- Publicly traded partnerships that were subject to the city Unincorporated Business Tax in 1995 and made a one-time election not to be treated as a corporation and, instead, to continue to be subject to the Unincorporated Business Tax for tax years beginning in 1996
- Insurance corporations
- Publicly supervised utilities
- Partnerships and limited liability companies that are characterized as partnerships for federal income tax purposes (see the Unincorporated Business Tax)
- Foreign corporations that do not qualify as doing business in the city under a de minimis activities standard in Administrative Code section 11-653(2)
- An alien corporation if :
    - Its activities are limited to investing or trading securities for its own account within the meaning of the

federal safe harbor contained in section 864(b)(2) of the Internal Revenue Code, or

- It has not elected to be taxable as a domestic corporation and has no effectively connected income for federal income tax purposes.

Nexus Standards

The NYC Corporate Tax retains existing nexus standards for the privilege of doing business, employing capital, owning or leasing property, or maintaining an office, as well as the BCT credit card nexus standard of one thousand customers, by mailing address and merchant locations.

Alien corporations not deemed domestic under the Internal Revenue Code with no effectively connected income (ECI) computed pursuant to IRC §882 are not subject to tax. In addition, such alien corporations are excluded from the combined group.[1]

FORECASTING METHODOLOGY

Forecast of Annual Tax Liability

The general corporation tax and the banking corporation tax forecasting methodologies utilized prior to the reform of the New York City's corporate income tax system are applied for the NYC Corporate Tax to forecast the finance and non-finance sector liabilities. DOF reports historical actual annual general corporation and business corporation finance and non-finance tax liabilities that are forecast using growth rates developed by linear regression models. The forecast liability levels are then fiscalized- adjusted from liability year to fiscal year. The fiscalization process yields fiscal-year growth rates, which are then applied to derive the forecast of tax collections. Forecast collections are subsequently adjusted for expected refunds and tax programs.

The linear regression models serve as only a starting point for forecasting tax liability growth rates and final liability levels. Forecasting the NYC corporate tax collections is not a purely mechanical process. It reflects both modeling and analysis of other factors affecting the tax. The following sources provide critical data which complements the econometric models: (1) Securities Industry and Financial Markets Association (SIFMA) reports on NYSE member-firm profits by significant market segments, expense items, and trends in compensation and employment; (2) major investment banks' quarterly and annual income statements and (3) major commercial banks' quarterly and annual income statements. Unofficial reports from DOF on the recent months' collections, growth levels, and overpayment levels, all broken down by sectors, also give some insight into the recent collection momentum and patterns.

Reported annual tax liability is disaggregated into finance and non-finance sector liabilities and modeled separately on a calendar year basis. This approach has two advantages. First, liability year tax information more accurately reflects economic activity than fiscal year collection data because the latter includes payments from more than one liability year. Second, the disaggregated approach captures the often-divergent responses to economic conditions by the finance and non-finance sectors. The finance sector, representing nearly half of total liability, is highly volatile because it responds quickly to factors affecting financial markets, such as non- cyclical financial shocks and interest rate changes. Such factors affect firms from the non-finance sector with a lag as the economy adjusts. The non-finance sector, accounting for the remaining half of corporate tax liability, is more closely linked to general profit conditions nationwide. DOF has reported the annual tax liability data by sector from 1981 through 2021. The finance and non-finance series were extended back to 1975 by back casting, using growth in liability from the State's Article 9-A and Article 32 taxpayers (which are available by sector and closely resembles the city's corporate tax base).

Finance Sector Tax Liability

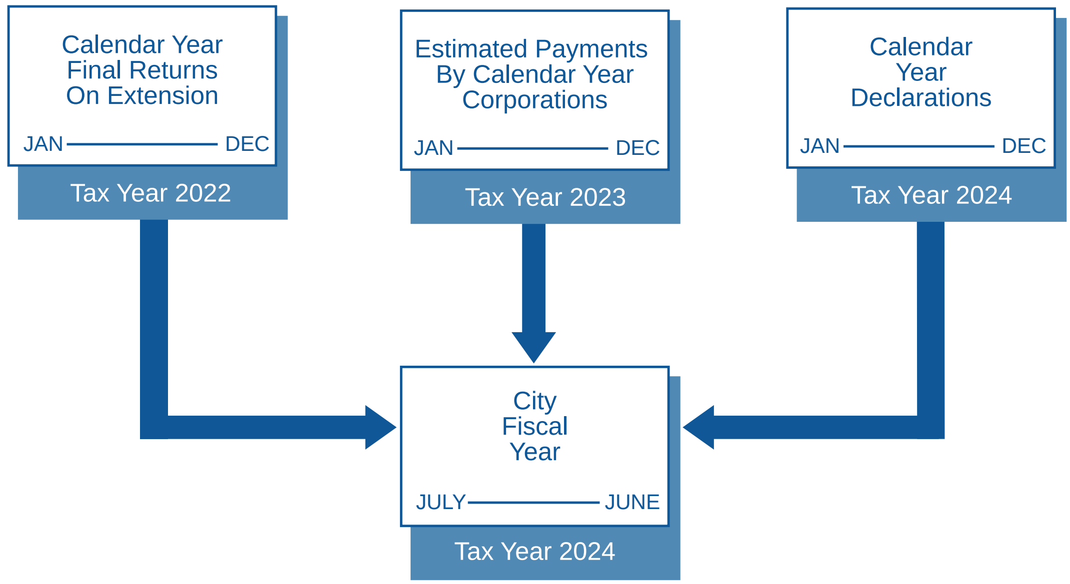
An annual linear regression model is used to forecast the finance sector liability growth rate. The explanatory variable for finance liability is the NYSE underwriting fee revenue. The equation also includes dummy variables for the years 2004 and 2018. The equation samples the period beginning in 1986. The finance sector equation is as follows:

Year-over-year (YOY) percent change (FINANCE SECTOR TAX LIABILITY GROWTH) =
$b_0 + b_1$ * YOY percent change(NYSE Member Underwriting Fee Revenue)
$+ b_2$ * 2004 dummy variable equal to 1
$+ b_3$ * 2018 dummy variable equal to 1

[1] Alien corporations are defined as corporations organized under the laws of a country, or any political subdivision thereof, other than the United States, or organized under the laws of a possession, territory, or commonwealth of the United States.

Chart 2

Conversion of Business Corporation Tax Collections from Liability Year to Fiscal Year



Non-Finance Sector Tax Liability

An annual linear regression model is also used to forecast the liability growth of the non-finance sector. The explanatory variables are gross city product (GCP), a ratio of before-tax national corporate profits to GDP, and a dummy variable to capture the 2018 TCJA impact on tax collections. GCP measures local economic output, and the national corporate profits-to-GDP ratio measures the change in the share of national corporate profits to GDP. The non-finance sector equation is as follows:

YOY percent change(NON-FINANCE SECTOR TAX LIABILITY) =

$b_0 + b_1$ * YOY percent change (Gross City Product)

$+ b_2$ * YOY percent change (Before-Tax Corporate Profits/GDP)

$+ b_3$ * YOY percent change (Midtown & Downtown Asking Rents)

$+ b_4$ * TJCA Impact

The separate liability forecasts are fiscalized and then combined, yielding forecasts of total corporation tax liability. They are finally adjusted for expected refunds and tax programs.

Chart 2 details the complexity of the fiscal year forecast for the corporation tax.

Conversion of NYC Corporate Tax Collections From Liability Year to Fiscal Year

In any given fiscal year, there are payments received on at least three different liability years. For example, in fiscal year 2024 payments are received on tax years 2022, 2023, and 2024. In March, June, September and December, firms make estimated payments on liability for tax year 2024. Taxpayers are mandated to file final returns or file for an extension for tax year 2024 in April of fiscal year 2025. Corporate filers can apply for an initial six-month extension as well as two subsequent three-month extensions. As a result, corporate filers can have up to two years to adjust their final return for a given tax year.

Since calendar year corporate tax filers represent approximately 80 percent of the total tax liability, most of the tax is collected in September, December, March and June. Fiscal year filers (firms whose fiscal year begins on a date other than January 1) account for approximately 20 percent of the total tax liability. These firms are required to make the same four types of payments at the same intervals, but their payment schedules are shifted according to the start of their fiscal year.

To convert liability year data to fiscal years the Department of Finance provides fiscalization formulas that account for the three different liability years represented in a given fiscal year. For fiscal year 2025, the following formula is issued to fiscalize finance sector liability:

FY2025 = 5%LY23 + 60%LY24 + 35%LY25

The fiscalization formula for non-financial firms is slightly different as follows:

FY2025 = 12%LY23 + 67%LY24 + 20%LY25

Finance and non-finance liabilities are fiscalized through the formulas above and summed to get to total fiscal year forecast.

The next step in the process is to determine net fiscal year revenue after taking refunds into consideration. Corporation tax refunds are forecast using trends in historical refund payouts, and by analyzing prior year liabilities versus collections to determine overpayments on account that might be refunded. A complicating factor in estimating refunds is the possibility that firms, rather than take a refund, leave the overpayments on account as a credit against future liability. Extraordinary items are recognized but are usually not incorporated into the projection of future refund levels.

Cash Flow Model

Once the annual revenue forecast is determined, a monthly cash plan, reflecting the seasonality of the collections and the complexity of the fiscal year cash flow, is derived. The monthly cash plan takes into consideration payment expectations for both calendar year and fiscal year filers. The following are closely monitored and analyzed in developing the monthly cash plan: growth rates over prior year collections, monthly and quarterly historical shares of the year's collections, taxpayer overpayment and refund request reports.

NYSE member-firm quarterly profits are analyzed as well. However, since profit numbers are released approximately 12 weeks after the end of each quarter, a number of large investment banks' income statements are also analyzed each quarter so that the cash plan can be adjusted for more timely data. The cash plan is also adjusted to reflect current or expected trends resulting from legislative or identifiable behavioral changes.

GASB

Beginning in 1994, city taxpayer assessed taxes are recognized on a modified accrual basis as required by GASB (Governmental Accounting Standards Board) Statement No. 22. For budgetary (General Fund) purposes, such revenues are considered available when collected within sixty days after the end of the fiscal year. Beginning in 2001, these revenues are also recognized on a full accrual basis in the Government-wide statement of activities, as required by GASB Statement No. 33.

TAX DETAIL

Tax Base

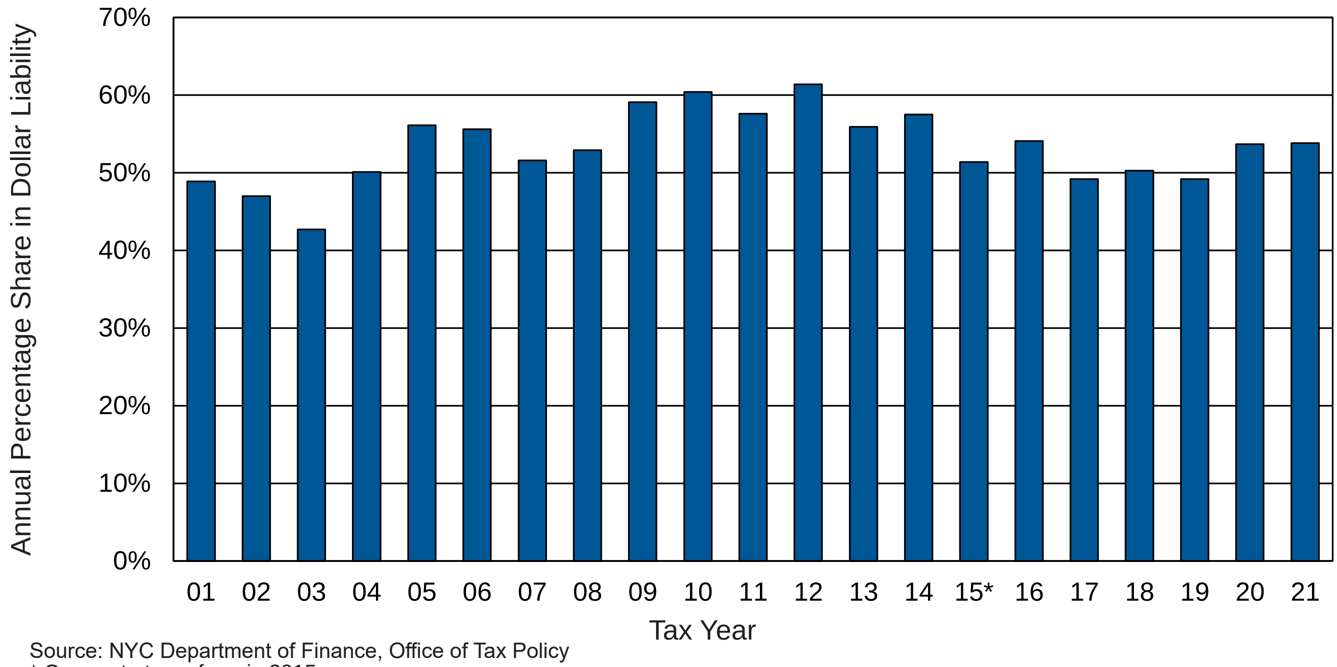
Details of the tax base are lagged by four years since 2021 is the latest tax year for which data is available by DOF. Chart 3 shows the share of finance sector liability from total C corp liability from 1998 to 2021. The finance sector has accounted for more than half the share of total C corp liability for most of the years beginning 1998. In 2012, C corp finance sector liability share reached its highest mark at 61.4 percent. In 2021, the finance share increased 0.2 percentage points to approximately 53.8 percent from the prior year. Chart 4 details the C corp liability distribution by industry. The largest in percentage share, the finance sector accounted for $2.2 billion of the total C corp liability. The services sector represented the second largest share in liability distribution at 23.6 percent.

Even though the finance sector represented about half of total C corp liability in 2021, its share of total number of taxpayers was the second smallest from all sectors at 6.9 percent (Chart 5). This disproportionate share of liability and filers also underscores the importance and relative volatility of the finance sector to the city. The services sector represented the largest share in the number of taxpayers for C corps at 38.6 percent.

The total number of C corps increased from 143,075 in 2001 to 185,429 in 2021 (Chart 6). This is an increase of 29.9 percent over two decades. After the NYC corporate tax reform in 2015, the number of C corps declined from 168,742 in 2014 to 153,206 in 2015. The total number of firms in NYC, S corps and C corps included, increased from 257,174 in 2001 to 355,702 in 2021, resulting in a percentage increase of 38.3 percent over two decades. Please see the GCT section of the book to get a breakdown of the S corps in NYC.

Chart 3

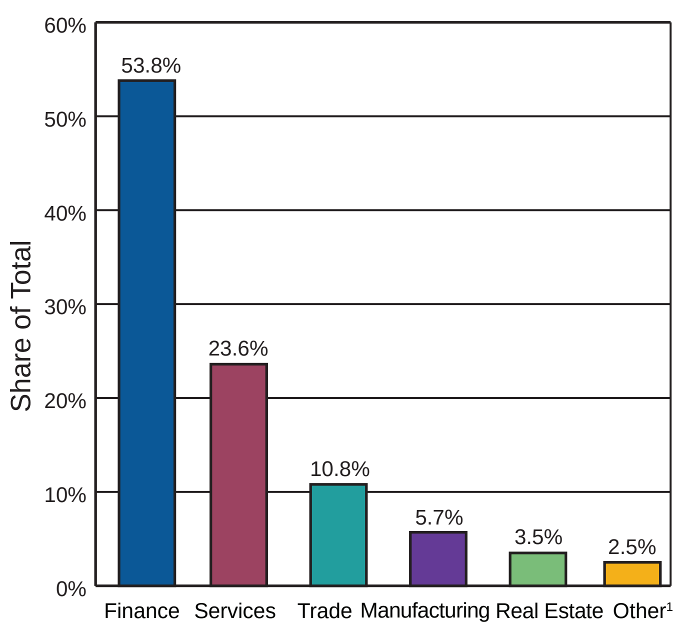
BCT Finance Liability as a Share of Total Liability



Source: NYC Department of Finance, Office of Tax Policy
* Corporate tax reform in 2015

Chart 4

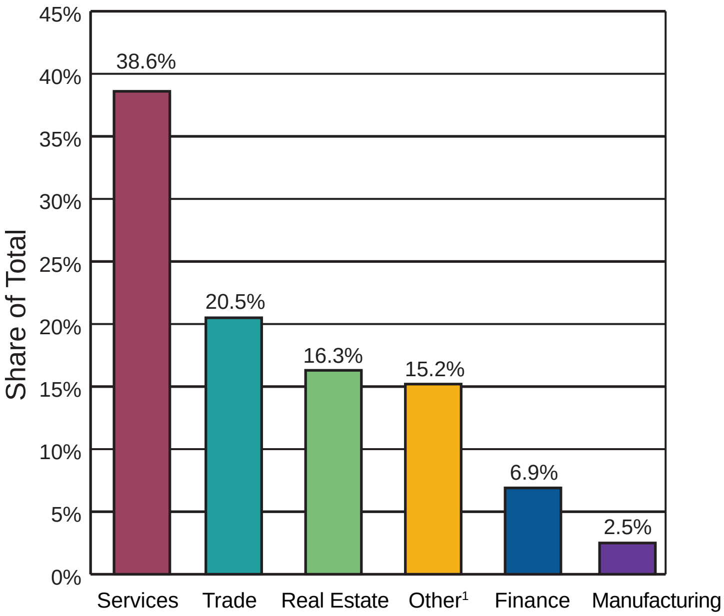
Liability Paid by Industry (Tax Year 2021)
($ in Thousands)



Industry	Liability of Taxpayers	% Total
Finance	$2,152,883,036	53.8%
Services	942,962,273	23.6%
Trade	432,897,016	10.8%
Manufacturing	229,292,634	5.7%
Real Estate	140,267,037	3.5%
Other[1]	100,937,247	2.5%
Total	**$3,999,239,243**	**100.0%[2]**

Source: NYC Department of Finance, Office of Tax Policy
[1] Includes construction, transportation, and utilities.
[2] Totals may not add due to rounding.

Chart 5
Distribution of Taxpayers by Industry (Tax Year 2021)



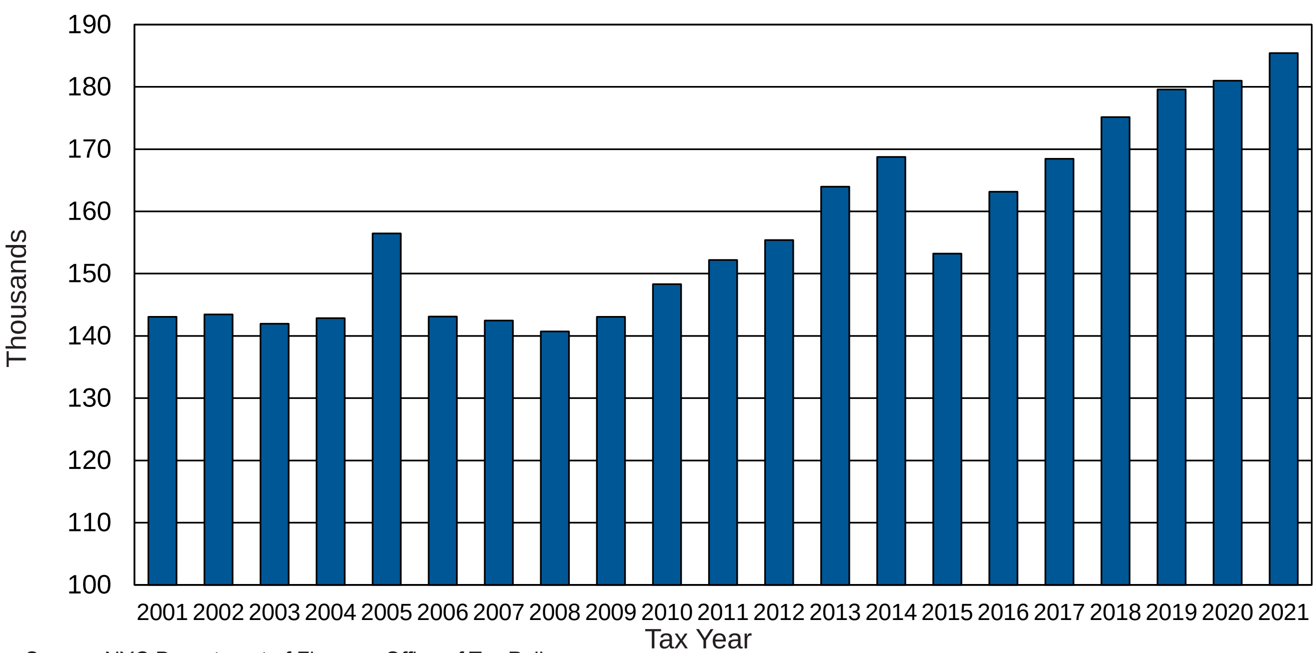
Industry	Number of Taxpayers	% Total
Services	71,592	38.6%
Trade	37,960	20.5%
Real Estate	30,137	16.3%
Other[1]	28,223	15.2%
Finance	12,800	6.9%
Manufacturing	4,717	2.5%
Total	**185,429**	**100.0%[2]**

Source: NYC Department of Finance, Office of Tax Policy

[1] Includes construction, transportation, and utilities.

[2] Totals may not add due to rounding.

Chart 6
C Corp Taxpayers 2001 -2021



Source: NYC Department of Finance, Office of Tax Policy

Table 1

Distribution by Tax Base (Tax Year 2021)
($ in Thousands)

Tax Base	Number	% of Total	Liability	% of Total
• Entire Net Income Allocated to the City	49,467	26.7%	$3,798,665	95.0%
• Alternative Tax on Business and Investment Capital Allocated to the City	2,163	1.2	151,239	3.8
• Fixed Minimum Tax[1]	131,556	70.9	40,776	1.0
• Not Available	2,243	1.2	8,560	0.2
Total[2]	**185,429**	**100.0%**	**$3,999,239**	**100.0%**

Source: NYC Department of Finance, Office of Tax Policy
[1] Minimum tax now includes extensions if liability exactly equals one of the fixed minimum amounts.
[2] Totals may not add due to rounding

Calculation of Tax Liability

Classification of income and expenses

The entire net income base of the GCT is replaced with a business income tax base. The new NYC Corporate Tax only taxes business income; investment income and other exempt income are not taxable.

Business income[2] equals entire net income (ENI), less investment income and other exempt income.

Business Income = Entire Net Income – (Investment Income + Other Exempt Income)

Business Income

The starting point for the business income base is federal taxable income (FTI) for U.S corporations and effectively connected income, or ECI, for alien corporations not deemed domestic under the IRC. Taxpayers are required to add back treaty benefits to ECI, consistent with the treatment of alien banks under the BCT. The requirement that taxpayers add back the amount of foreign taxes paid is eliminated. Most of the other existing GCT modifications are continued. The exemptions for income from subsidiary capital and 50 percent of dividends from non-subsidiaries are eliminated. The income is re-classified as investment income, other exempt income, or business income. It is also important to note that for TY 2017 and forward, income repatriated under Section 965 of the Tax Cuts and Jobs Act of 2017 is excluded entirely from business income.

Entire Net Income

Entire Net Income is defined as total net income from all sources, and is the same as the taxable income which the taxpayer is required to report to the United States Treasury Department for purposes of the Federal income tax imposed by chapter 1 of the Internal Revenue Code (IRC) or which the taxpayer would have been required to report if it had not made an election under subchapter S of chapter 1 of the Internal Revenue Code. For the business corporation tax, entire net income comprised 95 percent of the C corps tax base in 2021.

Investment Income

The GCT definition of investment income is narrowed to include only income from stocks of non-unitary corporations held for investment for more than one year and that satisfy the definition of capital asset under section 1221 of the Internal Revenue Code (IRC) at all times during the year, would generate capital gain or loss upon disposition, are clearly identified as held for investment in the same manner required under IRC section 1236(a)(1) (whether or not the taxpayer is a dealer), and, for all stock acquired after January 1, 2015, have never been held for sale to customers. Income that cannot be included in allocable business income under the U.S. Constitution is also investment income.

[2] Business income includes the following: interest income and gains and losses from debt instruments or other obligations, unless the income cannot be included in allocable business income under the U.S. Constitution; gains and losses from stock of a corporation conducting a unitary business with the taxpayer; dividends and gains and losses from stock held in a non-unitary corporation for one year or less or otherwise not qualifying as investment capital, dividends and gains from stocks that do not qualify as investment income because gross investment income exceeds 8 percent of ENI; and income from cash.

Stock is defined as an interest in a corporation that is treated as equity for federal income tax purposes. Solely for purposes of the definition of investment capital and investment income, if the taxpayer owns or controls, directly or indirectly, less than 20 percent of the voting power of the stock of a corporation, the corporation is presumed to not be conducting a unitary business with the taxpayer. Gross investment income cannot exceed eight percent of the taxpayer's ENI. In addition, for TY 2017 and forward, income repatriated under Section 965 of the Tax Cuts and Jobs Act of 2017 is excluded entirely from investment income. For more detail see Appendix IV: NYC Corporate Tax, Investment Income.

Other Exempt Income

The new "other exempt income" category of income is defined as the sum of exempt controlled foreign corporation (CFC) income and exempt unitary dividends. Exempt CFC income is income received from a controlled foreign corporation that is conducting a unitary business with the taxpayer but is not included in the combined group. Exempt unitary dividends are dividends from unitary corporations not in the combined group because they are: (1) taxable under another tax chapter, (2) alien corporations not deemed domestic with no effectively connected income (ECI), (3) insurance corporations that are not taxable under Subchapter 3-A, or (4) less than 50 percent directly or indirectly owned by the taxpayer.

Attribution of Expenses

Investment income and other exempt income are not taxable, therefore the deductions for interest expenses attributable to such income are disallowed. If actual interest expense attribution exceeds income, the excess expenses are required to be added back to income. As an alternative to computing actual interest expenses disallowed, taxpayers may make a revocable election to reduce investment income and other exempt income by 40 percent. If the election is made, it applies to both investment income and other exempt income. If the election is revoked, the revocation applies to both investment income and other exempt income. For more detail see Appendix.

Allocation of Business Income

A single receipts factor apportionment methodology is being phased in on the same schedule as the GCT and will be fully effective for tax years beginning on or after January 1, 2018[3]. Market-based sourcing rules[4] (customer-based sourcing) determine whether receipts are derived from activity within the city for purposes of the receipts factor. Receipts from sales of electricity are sourced to the delivery location. Net gains (not less than zero) from sales of real property are sourced to the location of the property. Royalties from the use of patents, copyrights, trademarks and similar intangibles are sourced to the city if such intangibles are used within the city. Receipts from digital products are generally sourced to the customer's primary use location of the product. For more detail see Appendix IV: NYC Corporate Tax, Allocation of Business Income.

Business Income Base

Business Income Base Tax Rates

Type of Business	Rate In Tax Year 2015 and Thereafter
Qualified Manufacturing Corporations	4.425% - 8.85%
Small Businesses	6.5% - 8.85%
Financial Corporations	9%
Remaining Taxpayers	8.85%

Note: The tax rate for qualified manufacturing corporations phases out between $10 and $20 million of allocated business income and $20 and $40 million of business income before allocation.
The tax rate for small businesses phases out between $1 and $1.5 million of allocated business income and $2 and $3 million of business income before allocation.

For more detail on types of businesses see Appendix.

[3] See GCT Table 2 for Single Sales Factor Phase-in Schedule.

[4] Market-based sourcing allocates the service revenue to the state in which the benefit of the service is received and will subsequently be used. New York's former sourcing rule allocated service revenue to the state where the taxpayer performed its services. Under market-based sourcing, revenue is allocated to the state where the benefit of the service is received or used. Thus, market-based sourcing allows states to tax out-of-state service providers with customers within the respective state.

Capital Base

Capital Base Tax Rates	
Type of Business	**Rate In Tax Year 2015 and Thereafter**
Cooperative Housing Corporations	0.040%
All Other Corporations	0.150%
Modification: The portion of total business capital directly attributable to stock in a subsidiary that is taxable as a utility within the meaning of the New York City Utility Tax or would have been taxable as an insurance corporation under the former New York City Insurance Corporation Tax.	0.075%

Note: The maximum tax is $10,000,000
A $10,000 reduction applies to all capital tax calculations (Provided that the capitaltax cannot be less than $0).

Fixed Dollar Minimum Tax Base

Fixed Dollar Minimum	
If New York City Receipts Are:	**Fixed Dollar Minimum Tax Is:**
Not more than $100,000	$25
More than $100,000 but not over $250,000	$75
More than $250,000 but not over $500,000	$175
More than $500,000 but not over $1,000,000	$500
More than $1,00,000 but not over $5,000,000	$1,500
More than $5,000,000 but not over $25,000,000	$3,500
More than $25,000,000 but not over $50,000,000	$5,000
More than $50,000,000 but not over $100,000,000	$10,000
More than $100,000,000 but not over $250,000,000	$20,000
More than $250,000,000 but not over $500,000,000	$50,000
More than $500,000,000 but not over $1,000,000,000	$100,000
More than $1,000,000,000	$200,000

Note: A corporation's "New York City receipts" are the same as its New York City receipts for purposes of computing its business allocation percentage. If a return is filed for a period of less than one year, the minimum tax may be reduced.

Sourcing Rules

Former Sourcing Rules

Former sourcing rules continue generally for: sales of tangible personal property; rentals of real and tangible personal property; broker/dealer activities, interest, fees, penalties, service charges, merchant discounts, and credit card fees; services provided to a Regulated Investment Company (RIC); and advertising. For more detail see Appendix IV: NYC Corporate Tax, Sourcing Rules.

New Sourcing Rules for Allocating Income From Financial Instruments

Qualified financial instruments (QFIs) are loans (except loans secured by real estate), federal, state and municipal debt, asset backed securities and other government agency debt, corporate bonds, stock (except stock that is investment capital), partnership interests, physical commodities and other financial instruments not otherwise enumerated in the statute that are marked to market under IRC §475 or §1256. Taxpayers can use one of two sourcing methods for QFIs: use customer-based sourcing for each income stream that does not constitute tax exempt income; or elect to treat all income from QFIs as taxable business income and allocate 8.0 percent of the net income (dividend income, interest income, and net gains), not less than zero, from QFIs to the city. The irrevocable 8.0 percent QFI election must be made on an annual basis on the taxpayer's original, timely filed return (determined with regard to extensions) and applies to all the QFI income of all members of a combined group. Non-qualified financial instruments (non-QFIs) are all financial instruments that do not meet the definition of QFI and the related income is subject to customer-based sourcing. For more detail see Appendix IV: NYC Corporate Tax, Sourcing Rules.

Combined Reporting

The NYC Corporate Tax adopts a unitary method for combined reporting. In order to be combined, corporations must: Conduct a unitary business; and meet a more than 50 percent stock ownership test that is based on voting power. This is satisfied when one corporation directly or indirectly owns more than 50 percent of another, or corporations are controlled by a common interest or by related parties through more than 50 percent stock ownership. The substantial intercorporate transactions test is eliminated. The combined group must include all domestic corporations, alien corporations deemed domestic corporations under the IRC (contiguous, stapled, and inverted corporations), alien corporations with ECI, captive REITs and RICs, and combinable captive insurance companies. Taxpayers can also make an irrevocable commonly owned group election that requires combined reporting for a 7-year period. The group must include all unitary and non-unitary corporations that could be taxed under the NYC Corporate Tax and that meet the more than 50 percent stock ownership test. The election must be made when the original return is timely filed (determined with regard to extensions) and may not be revoked during the 7-year period. Upon expiration, the election is automatically renewed for another 7 years unless the group affirmatively declines to renew. If the election is affirmatively declined, a new election cannot be made for 3 years. Each corporation in the group is deemed to have agreed to treat the income from the non-unitary businesses as if it were from the group's unitary business and any corporation conducting a nonunitary business that is acquired during that period that could be taxed under the NYC Corporate Tax is included in the combined group for the remainder of the election period. For more detail see Appendix IV: NYC Corporate Tax, Combined Reporting.

The combined group is generally treated as if it were a single entity. Each taxpayer member of the combined group is liable for the group's whole tax, not just its pro rata share of the combined group's tax. The combined group must designate one taxpayer member to be the agent for administrative purposes (e.g., filings, assessments, payments, and waivers). The combined group's tax is the sum of (1) the greater of the tax on combined business income, the tax on combined business capital, or the fixed dollar minimum tax of the agent and (2) the fixed dollar minimum tax for every other taxpayer member of the group. Generally, combined income is computed using the federal intercorporate deferral rules. Credits, prior net operating loss conversion subtractions, and net operating loss deductions can be used by the group, not just the corporation that generated the item, and are applied in computing the combined tax.

Net Operating Loss (NOLS)

Prior Net Operating Loss Conversion (PNOLC) Subtraction

Net operating losses (NOLs) that were incurred before the 2015 tax year are converted into a PNOLC subtraction to stabilize their value for financial accounting purposes. For more detail see Appendix IV.

Taxpayers have a choice to use 1/10 of the PNOLC subtraction pool in each year for the next 20 years or until it's exhausted, whichever is first, or use 1/2 of the PNOLC subtraction pool in each tax year before the pool is exhausted, within the period beginning January 1, 2015 and ending December 31, 2016. If taxpayers cannot use the entire 1/10 allotment of subtraction in one year, the unused portion is carried forward into future years and added to the amount allowed in subsequent years. Years where the subtraction cannot be used still count in determining the 20 year period, including any tax year after January 1, 2015 that the taxpayer is subject to Subchapter 2 or 3. If taxpayers choose to deduct 1/2 of the subtraction in the 2015-2016 period, any unused amount is lost after 2016. For more detail see Appendix IV: NYC Corporate Tax, Net Operating Loss (NOL).

The PNOLC subtraction is deducted from allocated business income before the net operating loss deduction. Taxpayers only have to use the amount of PNOLC subtraction necessary to bring the tax on business income down to the higher of the tax measured by capital or the fixed dollar minimum tax.

NOL Deduction

The following rules apply to NOLs incurred in tax years beginning on or after January 1, 2015: A taxpayer's NOL deduction (NOLD) in any specific tax year would be the sum of allocated business losses that were incurred in tax years beginning on or after January 1, 2015, less any portion of such losses that were deducted as a NOLD in a prior tax year. The NOLD is no longer limited by the federal NOLD source year or amount. The NOLD is a deduction against allocated business income and is applied after the PNOLC subtraction. Taxpayers only have to use a NOLD in an amount necessary to bring the tax on business income down to the higher of the tax measured by capital or the fixed dollar minimum tax, with excess NOL carried forward. NOLD is not allowed for a NOL sustained during any year in which the corporation generating the loss was not subject to tax under the NYC Corporate Tax. NOLs can be carried back 3 years, provided no NOL earned in 2015 or later can be carried back to a tax year before 2015, and must be carried back to the earliest year first. Taxpayers may make an irrevocable election on the original, timely filed return (determined with regard to extensions) for the year of the loss to relinquish the entire carryback period. NOLs can be carried forward for as many as 20 years and must be carried forward to the earliest year first.

Tax Credits

GCT credits are transitioned into the NYC Corporate Tax, except for obsolete credits. The NYC Corporate Tax provides for the carry forward of credits that were allowed under the GCT in tax years prior to January 1, 2015.

Bank-Specific Provisions

The NYC Corporate Tax eliminates special bank specific provisions. This includes the international banking facilities provisions and the deduction for interest income from government obligations. In an effort to encourage local lending in the city, four new ENI modifications were created. For more detail see Appendix IV: NYC Corporate Tax, Bank-Specific Provisions.

Legacy GCT Provisions That Are Unique to New York City

An entity that would otherwise meet the definition of a corporation but that was subject to the Unincorporated Business Tax (“UBT”) for its taxable year beginning in 1995 and that made an election not to be characterized as a corporation under the GCT, will also not be a corporation the NYC Corporate Tax unless and until it revokes its election. An entity characterized as a partnership for federal income tax purposes is not a corporation. The application of the Corporate Tax is not modified for Domestic International Sales Corporations. For more detail see Appendix IV: NYC Corporate Tax, Legacy GCT Provisions That Are Unique to New York City.

Other Unique New York City Provisions

The NYC Corporate Tax specifically defines IRC and partnership with reference to the current IRC. Certain taxpayers that have less than $50 million of receipts allocated to the city may make a onetime revocable election to continue using a 3-factor formula for income allocation (see Allocation of Business Income page 69). The NYC Corporate Tax does not include an exception to the PNOLC limitations for taxpayers subject to the small business tax rate. The NYC Corporate Tax does not provide for the carryover of net operating losses incurred under the GCT or BCT after January 1, 2015. The statutes of limitations applicable to assessments and refunds in connection with New York State changes of income are revised to permit the city and taxpayers to make income allocation adjustments based on New York State income allocation adjustments. No penalty will apply to a late declaration or underpayment of estimated tax due prior to or on June 15, 2015 under Section 1 of the Act, if the declaration and payment are made in full by the first due date after June 15, 2015 on which an installment of estimated tax is required to be paid, together with all other such declarations and payments then due.

Filing Provisions

Filing Dates, Estimated Tax Payments, and Extensions Of Time To File

The filing dates estimated tax calculations, and rules regarding requests for additional time to file for the NYC Corporate taxpayers are the same as amended as the filing dates, estimated tax calculations, and rules regarding requests for additional time that apply under the GCT. However, when determining the amounts of the second, third, and fourth estimated tax payments for tax year 2015, the effects of corporate tax reform and changes to the computation should be taken into consideration.

No additions to tax will apply to declarations or payments of estimated tax required to be filed or paid, on or prior to June 15, 2015, if the taxpayer files such declarations and makes such payments no later than the first date after June 15, 2015 on which an installment of estimated tax is required to be paid, together with all other such declarations and payments.

Mandatory First Installment of Estimated Tax For 2015

The mandatory first installment for a tax year beginning on or after January 1, 2015, is paid with the applicable 2014 tax return at the time it is filed or with the applicable extension form if the taxpayer requests an extension of time to file its return. The mandatory first installment must be based on the tax or properly estimated tax shown on its 2014 filing. Law changes that take effect for tax years beginning on or after January 1, 2015, are not required to be taken into consideration for this payment. Any amount a taxpayer paid as a mandatory first installment for the 2015 tax year prior to the enactment of the NYC Corporate Tax will be treated as a mandatory first installment under the NYC Corporate Tax if the taxpayer is a C corporation.

Tax Filing Deadlines

The 2016-2017 New York State budget, Part Q of Chapter 60 of the Laws of 2016, changed the New York State tax filing deadlines to conform to changes made to federal filing deadlines enacted in Section 2006 of H.R. 3236, Public Law 114-41, the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015. New York City made similar changes to the filing deadlines for C corporations and sole proprietorships reporting on a federal schedule C.

For tax years beginning before January 1, 2016:

Annual returns and tax payments must be postmarked by March 15 of the following year, if the corporation chooses an accounting period that is based on the calendar year.

A corporation that uses an accounting period other than the calendar year (e.g., a fiscal year) must file a return on the 15th day of the third month after the close of its fiscal year.

For tax years beginning on or after January 1, 2016:

Annual returns and tax payments must be postmarked by April 15 of the following year, if the corporation chooses an accounting period that is based on the calendar year.

A corporation that uses an accounting period other than the calendar year (e.g., a fiscal year) must file a return on the 15th day of the fourth month after the close of its fiscal year.

Although the return deadline has been moved back to April 15 for C corporations, these entities are still required to remit the mandatory first installment (MFI) of estimated tax on or before the 15th day of the third month following the close of each taxable year, which is March 15 for calendar year filers. However, the amount of the MFI will now be a percentage of the tax from two tax years prior, instead of the preceding year's tax.

Automatic Extension

Businesses may get an automatic six-month extension by filing Form NYC-EXT. This extension is given only if the extension form is filed on or before the original due date for the return and the tax was estimated correctly and paid. The application will be denied if the estimated amount of tax is not correct or if it is not paid on or before the original due date.

Additional Extensions

A business with a valid six-month extension may request up to two additional three-month extensions by filing Form NYC-EXT.1. A separate form must be filed for each three-month extension requested.

Paying Estimated Tax

For tax years beginning before January 1, 2016, if the preceding year's tax was more than $1,000, the taxpayer or combined group, as applicable, must pay an amount equal to 25% of this tax at the time the preceding year's tax return is filed or at the time a request for an extension is filed, as the first installment of estimated tax for the current year.

For tax years beginning on or after January 1, 2016, if the second preceding year's tax was more than $1,000, the taxpayer, or combined group, as applicable must pay an amount equal to 25% of this tax on or before March 15, as the first installment of estimated tax for the current year. Filers that use an accounting period other than the calendar year must pay this amount at the time the preceding year's tax return is filed or at the time a request for an extension is filed.

Declaration of Estimated Tax Filing Due Dates

For filers that use an accounting period other than the calendar year, the corresponding months of the accounting period should be substituted for the months specified above. If a due date falls on a weekend or a legal holiday, the filing must be made by the next business day.

Declaration of Estimated Tax Filing Due Dates

If the requirement for filing a Declaration of Estimated Tax is first met…	The Due Date for Filing is…
Before June 1	June 15
June 1, up to August 31	September 15
September 1, up to November 30	December 15
	Instead of the December 15 declaration, acompleted tax report, with payment of balance due, if any, may be filed by February 15 of the following year

SALES AND USE TAX

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SALES AND USE TAX

OVERVIEW

The sales tax accounted for 13.4 percent of city tax revenue in fiscal year 2024, or $9,914 million.

The tax was first enacted in 1934 and is imposed on sales of tangible personal property and certain services. This tax is administered for the city by New York State as authorized by Article 29 Section 1210 of the state tax law. Effective August 1, 2009 the NYC sales tax rate was raised to 4.5 percent from 4.0 percent. The New York State sales tax rate is 4.0 percent and the Metropolitan Commuter Transportation District (MCTD) sales tax rate is 0.375 percent, making the aggregate sales tax rate in the city 8.875 percent. Exemptions include clothing and footwear costing under $110, food, rent, prescription and non-prescription drugs, textbooks for college students, and public transportation. These exemptions are designed to reduce the regressiveness of the tax. Sales tax is also applied to charges for parking, garaging, or storing motor vehicles at a rate of 6.0 percent, including an additional 8.0 percent surcharge for the borough of Manhattan, bringing the aggregate parking tax rate in Manhattan to 18.375.

FORECASTING METHODOLOGY

In order to forecast city sales tax revenue, sales tax revenue from general (local) consumption and tourist consumption are split and forecasted separately. This provides a more accurate forecast as local consumption patterns do not always follow tourist consumption patterns.

General Consumption

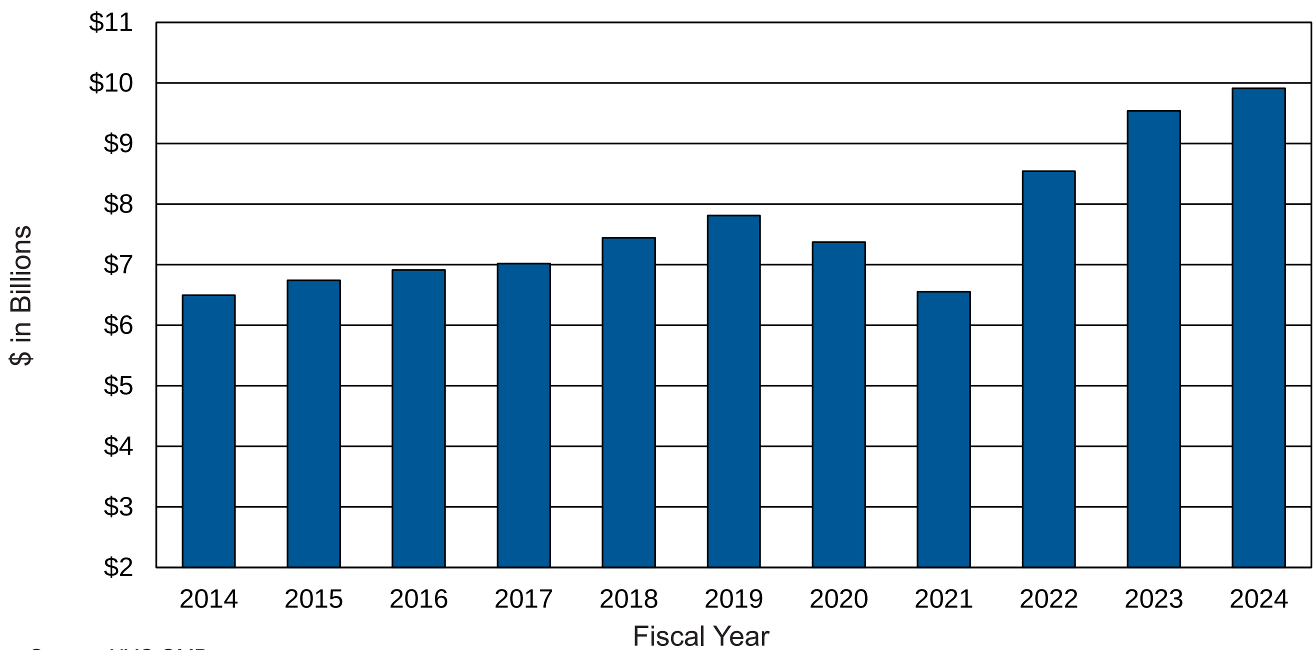
A linear regression model is used to forecast annual sales tax revenue from general consumption. The dependent variable is historical annual sales tax gross collections, adjusted for changes in the tax law. The explanatory variable is the average of city wage earnings coupled with city wage earnings less finance wage earnings. Wage earnings less finance sector wage earnings is included in order to reduce the weight of financial sector wages, a substantial portion of which is spent outside the city. The sales tax revenue equation takes the following form:

D(Sales Tax Revenue) = a+b_1*d ((NYC Wage Earnings+NYC Wage Earnings Less Finance Wage Earnings)/2) + @year (2010) + @year(2022)

The forecast has been adjusted using the difference method for colenearity and fixed for the years above for Covid-19 and the market crash impact of 2008.

Chart 1

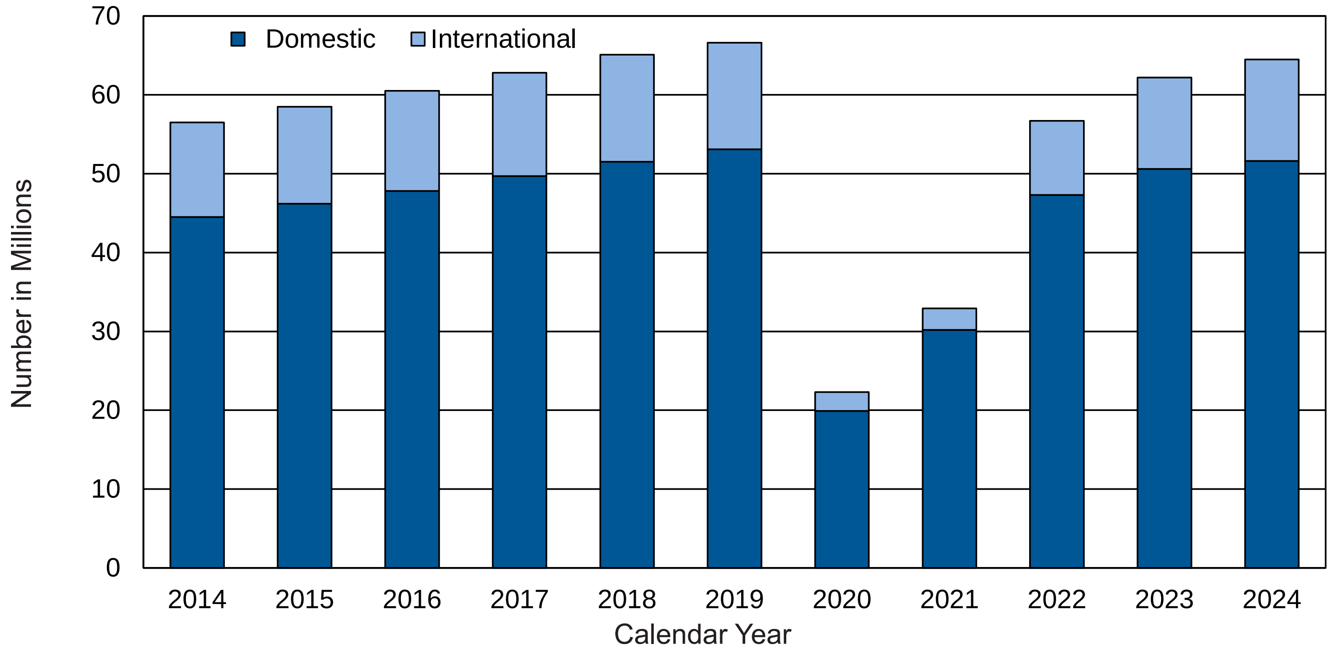
Sales and Use Tax 2014 - 2024



Source: NYC OMB

Chart 2

Total Number of Visitors



Source: NYC Tourism + Conventions Annual Report 2024

Tourist Consumption

The tourist consumption component is based on visitors' spending, which parallels growth in revenue collected from the city's hotel room occupancy tax. This analysis considers international, domestic, business, leisure, and day-trip visitor data from NYC Tourism + Conventions publications. Visitor spending is composed of taxable hotel and taxable non-hotel expenditures and reflects travelers who stay overnight as well as day-trippers. Taxable hotel spending includes meals, transportation, shopping, and entertainment. (For history of taxes on hotel room occupancy, see Appendix V: Table 4).

These models are intended to provide a structured framework to aid in developing forecasts. Predicting sales tax collections is not a mechanical process, but a process reflecting both modeling and analysis of other factors that affect the tax. The local real estate market, general business conditions, total taxable sales of durable and nondurable goods, consumer confidence, and consumer installment debt are significant factors considered in the forecast process.

Cash Flow Model

Annual sales tax revenue estimates are broken down into a quarterly and a monthly cash flow based on seasonal consumption patterns and historical collection shares. Analysis of collections over an entire quarter has proven more meaningful than a monthly analysis. Monthly data does not always reflect current consumption activity because the majority of vendors who file tax returns file estimated returns during the first two months of the quarter. Furthermore, for the first two months of the quarter, New York State (which administers the sales tax for all localities) distributes the total statewide pool of sales tax revenue to localities based on the share of the statewide sales tax pool the locality received for that same quarter in the prior year. Vendors, when making the final payment in the third month of a sales tax quarter, reconcile their estimated payments with actual liability and pay accordingly. This often results in large swings in payments received in the third month of the quarter.

GASB

The city's cash flow forecast for the sales tax presents sales tax revenue on a modified accrual recognition basis as required by GASB (Government Accounting Standards Board) Statement No. 22. For example, sales tax collections released to the city on September 4th and September 12th are counted as August revenue (see Appendix V: Table 1). For budgetary (General Fund) purposes, such revenues are considered available when collected within sixty days after the fiscal year end. Beginning in 2001, these revenues are also recognized on a full accrual basis in the government-wide statement of activities, as required by GASB Statement No. 33.

SALES TAX COMPONENTS

NYC Gross

The NYC gross collections component comprises about 95 percent of sales tax collections and reflects both general consumption and tourist consumption.

Prior Period Adjustments (PPAs)

The state, which administers the NYC sales tax, is not always in possession of full information from all reporting vendors at the end of the filing and payment deadlines. As this information becomes available, it is necessary to adjust the original distribution of revenue among localities, which was previously done through quarterly prior period adjustments. In September 2012, the state moved to a new web-based filing system, allowing adjustments to localities to be posted to localities in the month they occur rather than quarterly. PPAs may be positive or negative, depending on whether the previous distribution of tax revenue to the locality is determined to be too large or too small. PPAs can also result from late payments.

Assessments

Assessments include collections from audit activity. They are disaggregated into city audits and state assessments less city audits. The forecast for state assessments is based on the expected rate of growth for the NYC gross component.

Late Filed Payments

The state, which administers the NYC sales tax, is not always in possession of timely filed returns at the end of each quarter from reporting vendors. When the state receives these returns after the quarterly due date, the cash is accounted for in the month in which it is received and is considered a late filed payment. Previously, late filed payments were reported during the non-peak months (the first two months of the quarter), but the state's switch to a new web-based filing system allowed them to post adjustments to localities in the month they occur rather than quarterly.

Administrative Charges

The state charges localities for administering and collecting the sales tax. The charge to each locality is based on the proportion of the locality's collections to the total pool. The formula is:

Locality Administrative Fee =
(Locality Sales Tax Receipt/Statewide Sales Tax Receipts) x Total Administrative Charges

The NYS Department of Taxation and Finance's Bureau of Fiscal Services tallies the administrative charges, which include direct and indirect costs such as salaries, fringe benefits, materials, printing, and mailing. Direct costs refer to locality-specific charges, which are charges to localities for special mailings to vendors in the specific locality, and usually relate to legislative changes and/or rate changes. Administrative charges are billed to the localities in the last month of the quarter.

In 2024, the city paid $25.8 million in administrative charges.

TAX DETAIL

Tax Base

General Sales Tax Base

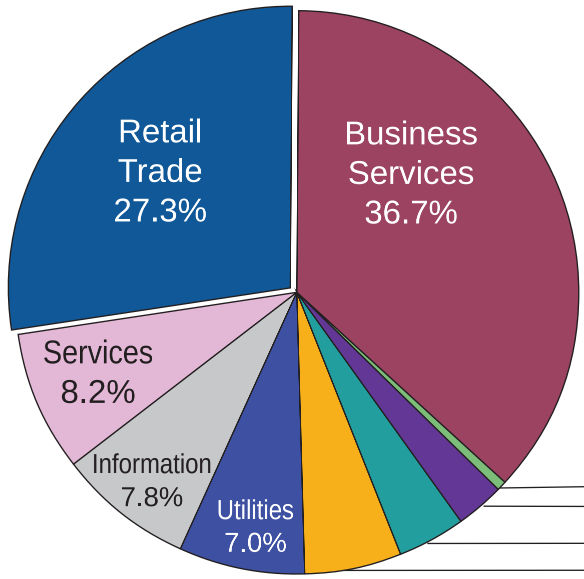
The sales tax is applied to sales and rentals of tangible personal property, consumers' utility charges (gas, electricity, refrigeration, steam, and intrastate telephone and telegraph), sales of food and drink by restaurants, taverns, or other eating establishments, admission and amusement charges, dues paid to social and athletic clubs, and hotel room rentals. The general sales tax base mirrors the state's base.

City sales tax collections can be sorted by the type of firm remitting the tax. These components are detailed in Chart 3. Prior to March 2000, the firms remitting sales tax were classified according to SIC (Standard Industrial Classification) codes; now they are classified according to NAICS (North American Industrial Classification System) codes. Retail trade, which includes sales of building materials, general merchandise, restaurant meals and drinks, cars, apparel, furniture, health and personal care, gasoline stations, and motor vehicles and parts, represents the

Chart 3

Components of Sales Tax Base

March 2024 - February 2025



	Tax Base Share*
Business Services	36.7%
Retail	27.3%
Services	8.2%
Information	7.8%
Utilities	7.0%
All Other	0.7%
Construction	2.7%
Manufacturing	3.8%
Wholesale Trade	5.8%
	100%

Source: NYS Dept. of Taxation and Finance, Office of Tax Policy Analysis
* Totals may not add due to rounding.

largest portion of the sales tax base. Business services is the next largest sector and consists of professional, administrative, healthcare, art, entertainment and recreational, accommodation and food services. The growth of the wholesale trade, construction, communication, and energy sectors continue to increase due to the cyclical nature of the city's economy.

Additional Taxable Items Unique to NYC

In addition to the general sales tax base, the state has given the city the authority to include additional items in its sales tax base apart from the state tax base. These items are taxed at a rate of 4.5 percent. The state reports the revenue from each of these unique taxable items quarterly. The current unique city tax base includes; (1) personal services on beauty, barbering, hair restoring, manicuring, pedicuring, electrolysis, massage and similar services, every sale of services by weight control salons, health salons, gymnasiums, Turkish and sauna baths, and similar establishments (City Admin Code Title 11, § 11-2002(a)); (2) credit services for rating, reporting, adjustments (City Admin Code Title 11, § 11-20, Subchapter 3), and collection services; and (3) parking, garaging, and storing of vehicles at a rate of 6.0 percent with an additional 8.0 percent surcharge for the borough of Manhattan (see Table 2). The NYS Legislature must extend the city's authority to impose a sales tax on credit rating and reporting services every two years. The 6.0 percent parking and garaging city sales tax rate and the additional 8.0 percent surcharge for Manhattan are permanent. The city's authority to impose sales tax on personal services is permanent; however, the rate at which personal services are taxed, which is set by the City Administrative Code, is not permanent and must be extended every two years.

Calculation of Tax

Tax Rates

Effective August 1, 2009, the NYC sales tax rate was raised to 4.5 percent from 4.0 percent (City Admin Code Title 11, § 11-20, Subchapter 1). This brought the aggregate city/state sales tax rate to the current 8.875 percent. This is comprised of the city sales tax rate of 4.5 percent, the state sales tax rate of 4.0 percent, and the Metropolitan Commuter Transportation District (MCTD) sales tax rate of 0.375 percent (N.Y. Tax Law, Article 23). (See Table 1).

Effective August 1, 2008, after the expiration of the 4.0 percent Municipal Assistance Corporation (MAC) sales tax, the city was authorized to reimpose the permanent 4.0 percent sales tax. (See Appendix V: Municipal Assistance Corporation).

Table 1

Taxing Authority				
	Through 5/31/03	After 5/31/03[1]	After 5/31/05	After 5/31/09
New York City	4.000%	4.125%	4.000%	4.500%
New York State	4.000	4.250	4.000	4.000
MCTD[2]	0.250	0.250	0.375	0.375
Total	**8.250%**	**8.625%**	**8.375%**	**8.875%**

[1] The City's additional 0.125 percent tax did not take effect until June 4, 2003.
[2] Metropolitan Commuter Transportation District

Table 2

Manhattan Parking Tax	
NYS	4.000%
NYC	6.000
Manhattan Surcharge	8.000
MCTD	0.375
Total Parking	**18.375%**

Parking Tax Rates

Sales tax applies to the charges for parking, garaging, and storing of motor vehicles. NYC imposes a 6.0 percent tax while the state and the MCTD impose taxes at the rates of 4.0 percent and 0.375 percent, respectively. In addition, an 8.0 percent surcharge applies for the borough of Manhattan. Residents of Manhattan who own and have registered their motor vehicle to a Manhattan address and park in a long-term rented space are exempt from the 8.0 percent surcharge percent (City Admin Code Title 11, § 11-20, Subchapter 4).

Exemptions

A variety of exemptions to the sales tax has been enacted over the years to generally make the tax less regressive. Exemptions include clothing and footwear purchases under $110, food (except certain drinks, candies, and alcoholic beverages), rent, prescription drugs, newspapers and periodicals, textbooks for college students, and public transportation (N.Y. Tax Law Article 28, § 1115, Part 3, Section 30). Exemptions are also allowed for purchases of tangible goods and services intended for resale. The tax does not apply at the time of purchase for resale, but rather at the time the items are sold at retail. Other exemptions include fuel sold to airlines, energy used for research and development, certain promotional materials, Internet access services, and interstate and international telecommunication services.

The city has had a variety of sales tax exemptions for the purchase of clothing and footwear over the years (see Table 3). Currently, the city exempts clothing and footwear costing under $110. Effective October 1, 2010, the state and MCTD exemption for clothing and footwear costing under $110 was repealed through March 31, 2011. During that time, the city did not have to reimburse half of the 0.375 percent MCTD tax that was forgone. Beginning April 1, 2011, the state and MCTD exempted clothing and footwear costing under $55 until March 31, 2012. During that time, the city only reimbursed half of the 0.375 percent MCTD that was forgone for items costing $55 and over. After March 31, 2012, the state and MCTD reinstated the exemption for clothing and footwear costing under $110. The city reimbursed half of the 0.375 percent MCTD tax that was forgone on clothing and footwear purchases under $110 and the state reimbursed the remaining half. (See Appendix V: Legislative History).

Administration

Filing Procedures

New York State and local tax laws provide that the NYS Department of Taxation and Finance administer the sales taxes imposed by both the state and the localities. The state and/or local sales tax is collected from approximately 559,000 registered vendors in New York State; registered vendors in the city are responsible for collecting the sales tax from purchasers at the time of sale. These vendors must file tax returns periodically. The frequency and timing of

Table 3

History of Sales Tax Exemptions on Clothing and Footwear

	City	State	MCTD
Pre - March 1, 2000	Not Exempt	Not Exempt	Not Exempt
March 1, 2000 - May 31, 2003	Exempt under $110	Exempt under $110	Exempt under $110
June 1, 2003 - August 31, 2005	Not Exempt	Not Exempt	Not Exempt
September 1, 2005 - March 31, 2006	Exempt under $110	Not Exempt	Not Exempt
April 1, 2006 - August 31, 2006	Exempt under $110	Exempt under $110	Exempt under $110
September 1, 2007 - July 31, 2009	All Exempt	Exempt under $110	Exempt under $110
August 1, 2009 - September 30, 2010	Exempt under $110	Exempt under $110	Exempt under $110
October 1, 2010 - March 31, 2011	Exempt under $110	Not Exempt	Not Exempt
April 1, 2011 - March 31, 2012	Exempt under $110	Exempt under $55	Exempt under $55
April 1, 2012 - Present	Exempt under $110	Exempt under $110	Exempt under $110

Note: Does not include various sales tax free weeks since 1996. Refer to sales tax legislative history for specific dates and applicable rates.

filing is determined mainly by their level of receipts. Starting with returns filed after January 1, 2012, sales tax vendors are mandated to web file any tax returns or tax documents if they (1) prepare tax documents themselves, without the assistance of a tax professional; (2) use a computer to prepare, document or calculate the required filings, or are subject to the corporation tax e-file mandate; and (3) have broadband Internet access.

Monthly (Part-Quarterly) EFT Filers

The PrompTax program requires certain filers to use electronic funds transfer (EFT) payments. The “part-quarterly” EFT payments are due on the 20th of the month in which the sales occurred. A PrompTax filer is defined as a vendor whose annual sales tax liability is more than $500,000 or has combined prepayments of sales tax on motor fuel and diesel motor fuel of more than $5 million per year for the June 1 through May 31 liability period immediately preceding the previous June 1 through May 31 period. Vendors whose combined total of taxable receipts, rents, and amusement charges are $300,000 or more in a quarter or distributors of motor fuel and gasoline defined under Article 12-A of the State tax law who have sold a total of 100,000 gallons or more of motor fuel or diesel motor fuel may elect to participate in the PrompTax Program. Vendors required to make monthly EFT payments must continue to file Form ST-810, which is modified to allow the vendor to claim the first two EFT transactions as prepayments in addition to the quarterly “recap”. The Form ST-810 due date is always three business days following the end date of the reporting period. The period end date is always the 22nd of the current month and must include the prior month’s day-23 through the end of that month’s

Monthly (Part-Quarterly) Non-EFT Filers

Monthly non-EFT filers are defined as vendors whose combined total of taxable receipts, rents, and amusement charges are $300,000 or more in a quarter or are distributors of motor fuel and gasoline defined under Article 12-A of the state tax law who have sold a total of 100,000 gallons or more of motor fuel or diesel motor fuel. Monthly filers must file two “part-quarterly” returns and one “recap” return each quarter. The “part-quarterly” return, the New York State and Local Sales and Use Tax Return for Part-Quarterly Filers (Form ST-809), can be based on actual sales data, or may be a “short-form” return in which the tax remitted is one-third of the total state and local taxes paid in the comparable quarter of the preceding year, provided that the vendor has been in business for at least one year. The “recap” return, the New York State and Local Sales and Use Tax Return Quarterly for Part-Quarterly Filers (Form ST-810), is filed after the last month of each quarter. Form ST-810 reports actual sales and services by each locality for the entire quarter. The amount of sales tax receipts remitted to the state at this time is calculated by subtracting the amounts paid in the “part-quarterly” months from the amount indicated as due for the quarter in the “recap” report. These vendors file by the 20th of each “part-quarterly” month for collections from the previous month and by the 22nd of the “recap” month.

Quarterly Filers

Quarterly sales tax filers are vendors who have not been notified that they are an annual filer and their taxable receipts were less than $300,000 during the previous quarter. Most vendors file quarterly when they first register to collect sales tax. Quarterly filers must file the New York State and Local Quarterly Sales and Use Tax Return (Form ST-100). The period end date is always the 22nd day of the current quarter and must include the prior quarter's day-23 through the end of that quarter's liability in addition to the current quarter's day-1 through day-22 liability.

Annual Filers

Annual sales tax filers are vendors who collect $3,000 or less in sales tax for the twelve-month period beginning March 1 and ending the last day in February. They must file the New York State and Local Annual Sales and Use Tax Return (Form ST-101) by March 20th.

(See Appendix V: Sales Tax, for sales tax return filing dates for the respective activity periods, and the dates on which collections are distributed to the city by the state.)

Sales Tax Distribution

Because a large percentage of monthly sales tax collections for the "part-quarterly" months are comprised of estimated payments paid on "short-form" returns where sales are not broken down by locality, the state estimates the local share for monthly distribution purposes. Revenue is distributed based on the percentage that each locality had of the total sales tax pool in the comparable quarter of the preceding year (the comparable quarter, rather than the comparable month, is used because the quarter has "recap" information about sales by locality). The distribution for the "recap" month in each quarter is based on actual sales and service information by locality, from both monthly and quarterly filers. This distribution is determined by subtracting the previous estimated distributions of the first two months of the quarter from the quarter totals reported in the "recap" reports.

In order to expedite the monthly distribution of revenue, the State Comptroller makes two distributions to localities. The first distribution or "early draw" is generally made on the 4th (or next business day) of each month and the second distribution or "final draw" is made on the 12th (or next business day) of each month. The "early draw" is comprised of approximately 80 percent of estimated or actual liability filed by vendors due on the 20th of each month. Also distributed on the 4th (or next business day) is 100 percent of EFT liability due from large vendors on the 25th (or the third business day following the 22nd day) of each month.

The "final draw" is made up of the remaining 20 percent of actual or estimated liability. (See Appendix V: Sales Tax Table 1 for an example of a typical monthly distribution).

The months of June and December are, however, exceptions to this pattern. The state makes three distributions of collections due to localities in these months, as some localities are on a cash accounting basis and have fiscal years ending on June 30th or December 31st. The state sales tax law requires that the state make estimated distributions of the first 25 days of sales tax collections, prior to the first day of January and July, for sales tax revenue collected by the state during these months (December and June). This ensures that the bulk of current year cash collections are received by each locality in their current fiscal year. As a result, in December and June, the first two distributions which are on the last two business days of the month replace the distributions which otherwise would have been made on the 4th of the following month.

NON-CHARTER MANDATED TAXES

Real Property Transfer Tax
Mortgage Recording Tax
Commercial Rent Tax
Pass-through Entity Tax
Unincorporated Business Tax
Banking Corporation Tax
Hotel Room Occupancy Tax
Utility Tax
Adult Use Cannabis Tax
Cigarette Tax
Other Taxes

REAL PROPERTY TRANSFER TAX

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REAL PROPERTY TRANSFER TAX

OVERVIEW

The real property transfer tax accounted for 1.5 percent of city tax revenue in 2024, or $1,130 million.

The real property transfer tax (RPTT) is authorized by the NY Tax Law Section 1201(b) and enacted by Title 11, Chapter 21 of the NYC Administrative Code. The tax is imposed upon the conveyance of real property (at closing). The tax is payable on the sale or transfer of at least 50% of ownership (controlling economic interests) in a corporation, partnership, trust or other entity that owns the property, on the conveyance of real property, assignments of leasehold interests and on transfers of cooperative housing stock shares. Transfers or acquisitions of interests in the same corporation, partnership, or other entity occurring within three years are added together to determine if a transfer or acquisition of a controlling interest has occurred. RPTT applies whenever the sale or transfer is more than $25,000. The tax is payable when the deed is registered with the City Register for transfers in the boroughs of Manhattan, the Bronx, Brooklyn or Queens, and in Staten Island, when the deed is registered with the Richmond County Clerk. For non-deeded transactions, payments are made directly to the NYC Department of Finance (DOF), which administers the tax. The tax is payable by the grantor (the seller). If the grantor is exempt from the tax, it is payable by the grantee (the buyer). The two major components of RPTT are residential and commercial transactions which are taxed differently. Residential transactions are comprised of Class 1 and Class 2 properties sold as individual units. Commercial transactions are comprised of Class 3 and Class 4 properties as well as any Class 2 properties sold in their entirety (i.e. the sale of whole buildings).

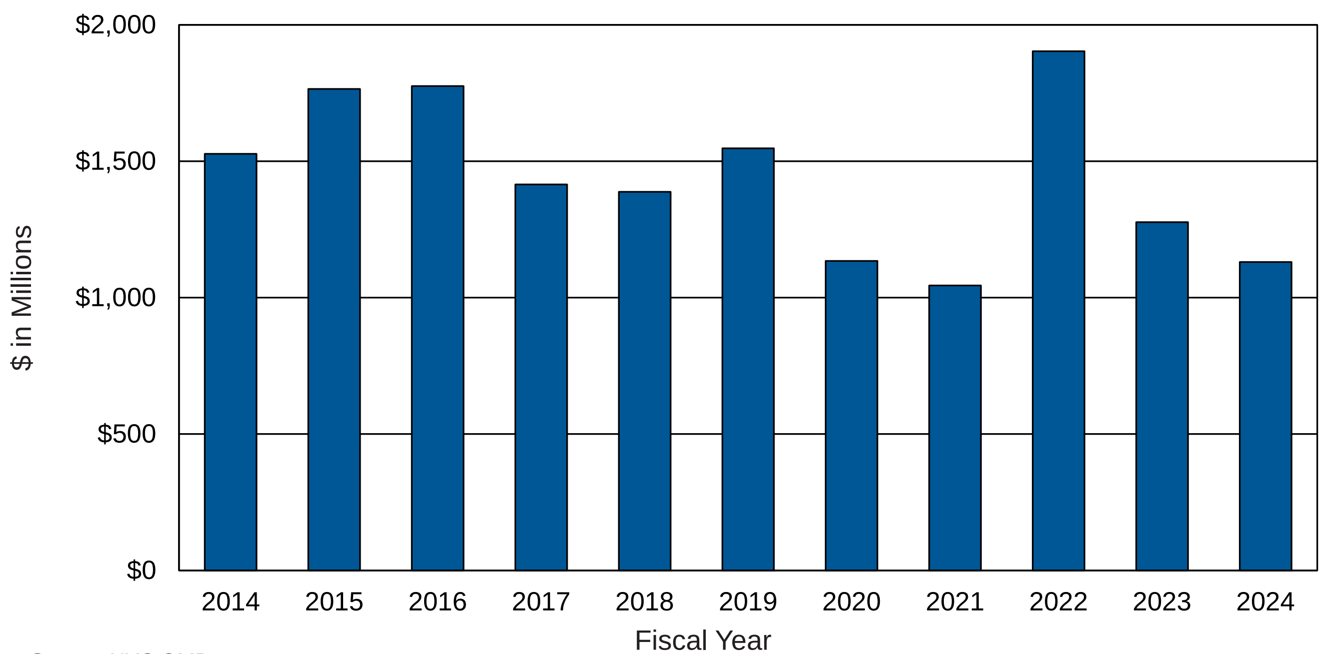
FORECASTING METHODOLOGY

The real property transfer tax revenue forecast is derived from the number of conveyances (transfers) and the consideration (price) per conveyance. Residential transaction volume and average sale prices are correlated to employment in the city and mortgage interest rates, while the commercial transaction volume and average sale prices are correlated to the long-term interest rate, office vacancy rates and asking rents. The real property transfer tax is forecast for the residential and commercial markets separately.

One-to-three-family homes, cooperative apartments, and condominium forecasts are combined to derive the citywide residential sales forecast.

Chart 1

Real Property Transfer Tax 2014 - 2024



Source: NYC OMB

Table 1

Real Property Transfer Tax Rates - Residential Real Property

Distribution of Revenue	Residential Sales of $500,000 or Less	$500,000 to $1M	$1M to $2M	$2M to $3M	$3M to $5M	$5M to $10M	$10M to $15M	$15M to $20M	$20M to $25M	$25M or More
State Levied Taxes										
NYS General Fund	0.400%	0.400%	0.400%	0.400%	0.400%	0.400%	0.400%	0.400%	0.400%	0.400%
NYS Mansion Tax[1]	—	—	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
NYS Supplemental Mansion Tax[2]	—	—	—	0.250%	0.500%	1.250%	2.250%	2.500%	2.750%	2.900%
NYS Additional Tax[2]	—	—	—	—	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%
City Levied Taxes										
NYC General Fund	1.000%	1.425%	1.425%	1.425%	1.425%	1.425%	1.425%	1.425%	1.425%	1.425%
Total	**1.400%**	**1.825%**	**2.825%**	**3.075%**	**3.575%**	**4.325%**	**5.325%**	**5.575%**	**5.825%**	**5.975%**

[1] Tax imposed on one-, two- or three-family homes or an individual cooperative or condominium unit with a sale price over $1 million.
[2] Effective on residential transactions, in NYC, after July 1, 2019. Dedicated to MTA.

The one-to-three family home price forecast is based on the S&P/Case-Shiller single-family repeat sale price forecast for the New York region, condo prices, sales of single-family homes, interest rates and wage earnings. The cooperative sales price forecast is based on the price of single-family homes. The condominium sale price is based on the S&P/Case-Shiller condo values index for the New York region, sales of single-family homes, price of single-family homes, construction wage earnings and interest rates.

The one-to-three family home volume forecast is derived by regressing quarterly average sales on sales of condos and co-ops, finance & insurance sector wages, and data provided by S&P Global for existing single-family homes in the U.S. The condominium volume is derived from the sales of single-family homes, price of single-family homes and the StreetEasy Rent Index. The cooperative volume forecast is derived from a function of the volume of both condominiums and single-family homes, NYC area inflation, private sector wage earnings and bond yields.

The commercial forecast similarly begins with the analysis of sales activity (number of transaction) and average sale prices. Commercial forecasts for transactions with a sale price of $100 million and less and transactions with a sale price over $100 million (large-value) are combined to derive the citywide commercial sales forecast. For large-value transactions, the analysis takes into account the number of transactions, quarterly trends, and announced transactions.

TAX DETAIL

Tax Base

The tax is payable when the consideration for the sale or transfer (sale price) is more than $25,000. The city transfer tax rate is 1.0 percent of the sale price for residential properties of $500,000 or less. For residential properties with a sale price of more than $500,000 and for commercial properties of $500,000 or less, the city transfer tax rate levied is 1.425 percent. For commercial transactions greater than $500,000, the city transfer tax rate is 2.625 percent of the sale price. Of the tax collected from commercial transactions greater than $500,000, 1.0 percent goes to a special fund for the New York City Transit Authority (NYCTA), the city paratransit system and MTA Bus Company. The state also imposes a real estate transfer tax (RETT) of 0.4 percent on all transfers, along with a Mansion tax on residential transfers $1 million and over ranging from 1.0 percent to 3.9 percent, and an Additional tax of 0.25 percent for commercial transfers $2 million and over and residential transfers $3 million and over. If there is a transfer to a Real Estate Investment Trust (REIT), and certain conditions are met, the city rate is reduced by half.

Taxpayers must pay the tax within 30 days after the transfer and file a return at the time of payment.

LEGISLATIVE HISTORY

2019

In 2019, the state increased the base RETT ("NYS General Fund" in Tables) by 0.25 percentage points ("NYS Additional Tax") for residential transactions with sale prices $3 million and over and for commercial transactions $2 million and over (NY Tax Laws, Article 31, § 1402(a)(2)). The state also enacted a supplemental Mansion tax for all residential sales within New York City with sale prices $2 million and over. The progressive tax rate starts at 0.25 percent for sales between $2 million to $3 million and increases to a maximum of 2.9 percent for sales over $25 million. The buyer pays this tax. (NY Tax Laws, Article 31, § 1402-B)

2016

In 2016, a NYS law was passed to provide an exemption for transfers to and from any qualifying Housing Development Fund Company (HDFC). In order to qualify, a regulatory agreement must restrict at least 50 percent of the property to residential use, of which at least two-thirds must be restricted for use by low-income persons or families. The exemption amount will be reduced by the percentage that is unrestricted for use by low-income persons or families. The exemption will only be provided at the time of the transfer if a qualifying regulatory agreement is already in place and a refund will subsequently be provided by the Commissioner of Finance if a qualifying regulatory agreement is obtained within two years of the transfer and if the application for the refund is submitted within 12 months of the regulatory agreement's effective date. This law is retroactive to all transfers occurring on or after January 1, 2010. (City Admin Code Title 11, §11-2106(b)(9))

2003

In 2003, the law was amended to close a loophole on the transfer of controlling economic interest in an entity that owns or has an economic interest in real property. This amendment provided that the consideration subject to tax will be equal to the value of the real property or economic interest in real property, and is apportioned based on the percentage of the ownership in the entity transferred for the purpose of determining the tax liability. (City Admin Code Title 11, §11-2126(d))

Table 2

Real Property Transfer Tax Rates - Commercial Real Property

	Commercial Sales of $500,000 or Less	$500,000 to $2M	$2M or More
State Levied Taxs			
NYS General Fund	0.400%	0.400%	0.400%
NYS Additional Tax[1]	—	—	0.250
City Levied Taxes			
NYC General Fund	1.425	1.625	1.625
NYC Urban Tax(Dedicated to NYCTA, Paratransit and MTA Bus Company)[2]	—	1.000	1.000
Total	**1.825%**	**3.025%**	**3.275%**

[1] Effective on transactions, in NYC, after July 1, 2019. Dedicated to MTA.

[2] 90% of the receipts are earmarked for NYCTA General Operations, 6% for the partial reimbursement of city paratransit costs and the remaining 4% is earmarked as a subsidy for MTA Bus Company

1997

Starting July 1, 1997, a reduction on the real property transfer tax payable on the transfer of a one-to-three-family home, or an individual residential cooperative or condominium unit, was allowed for the amount of any mortgage assumed by the transferee. (City Admin Code Title 11, §11-2102(f))

1994

In June 1994, a NYS law was passed to provide a temporary 50.0 percent reduction in the rate of the real property transfer tax for certain transfers to newly organized Real Estate Investment Trusts (REITs). This provision is now permanent. In addition, the 50.0 percent reduction is applicable to transfers to pre-existing REITs occurring between July 13, 1996 and August 31, 2014, provided the transferor receives and retains ownership interest in the REIT for at least two years. In 2014, the expiration date was extended to August 31, 2015. The sunset date was extended again to September 1, 2023. In 2023, the program was extended again to September 1st, 2026. (City Admin Code Title 11, §11-2102(e)(1))

1989

In August 1989, the tax rate was raised from 1.0 percent to 1.425 percent for commercial transactions of $500,000 or less and residential transactions of more than $500,000. For commercial sales with consideration greater than $500,000, the tax rate was increased from 1.0 percent to 1.625 percent (City Admin Code Title 11, §11-2102(a)(9)(ii)). The same legislation expanded the tax base to include resale of residential cooperative apartments, the remaining category of untaxed cooperative transactions. (City Admin Code Title 11, §11-2102(b)(1)(B)(i))

In July 1989, the state imposed an additional tax rate of 1.0 percent on residential transfers with a sale price of $1,000,000 or more. (NY Tax Laws, Article 31, § 1402-A)

1987

Legislation expanded the base beginning in 1987 by including transfers of a majority interest in an entity which owns real property in New York City (the “Pan Am” tax). Only the value of the property is taxable, not the value of the entire interest. This change was enacted to prevent avoidance of the tax when a transfer takes place but formal ownership of the property remains unchanged. Initial transfers of cooperative apartment units were also made subject to the “Pan Am” tax. (City Admin Code Title 11, §11-2101(7&8))

1982

In 1982, the tax rate was raised from 1.0 percent to 2.0 percent for commercial transfers with a sale price of $500,000 or more (City Admin Code Title 11, §11-2102(8)). Revenue from the rate increase of 1.0 percent is dedicated to the NYCTA, Paratransit and certain private bus operators franchised by the city. At the same time, the base of the tax was expanded to include leasehold transfers and to disallow the deduction for continuing liens. (City Admin Code Title 11, §11-2102(7)(iii))

1971

In 1971, the real property tax rate was raised from 0.5 percent to 1.0 percent of the amount of the net consideration. (City Admin Code Title 11, §11-2102(2))

1968

Effective 1968, the state imposed a real estate transfer tax on residential and commercial properties at a rate of 0.4 percent of the sale price. (NY Tax Laws, Article 31, § 1402)

1959

The real property transfer tax came into effect for the first time in 1959 at a rate of 0.5 percent of the sale price. (City Admin Code Title 11, §11-2102(a))

MORTGAGE RECORDING TAX

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MORTGAGE RECORDING TAX

OVERVIEW

The mortgage recording tax accounted for 0.8 percent of city tax revenue in 2024, or $597 million.

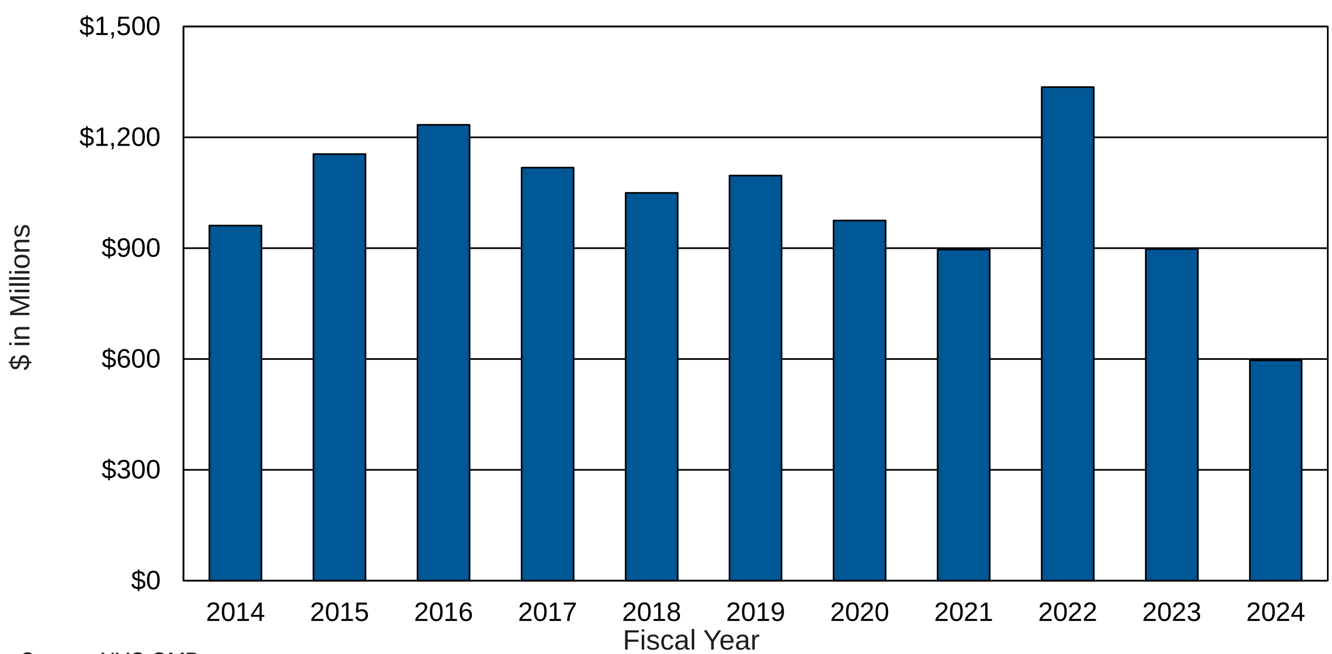
The mortgage recording tax (MRT) is authorized by the NY Tax Law Section 253-a and enacted by Title 11, Chapter 26 of the NYC Administrative Code. The tax is imposed on all mortgages of real property recorded with the NYC Register's Office (or in the case of Staten Island, with the Richmond County Clerk). The tax is payable upon registration of the mortgage. The NYC Department of Finance (DOF) administers this tax. The two major components of MRT are residential and commercial mortgage transactions, which are taxed differently. Mortgages on residential transactions include Class 1 and Class 2 properties sold as individual units. However, there is no mortgage recording tax on the purchase of a cooperative apartment. Mortgages on commercial properties include Class 4 properties as well as any Class 2 property sold in its entirety (i.e. the sale of a building as a whole). In addition, the refinancing of an existing mortgage, in most cases, also triggers the mortgage recording tax liability.

FORECASTING METHODOLOGY

Mortgage recording tax revenue is based on the number of deeds registered and the value of the mortgage (price) per deed. The number of residential deeds and average mortgage values are closely correlated to employment in the city and mortgage interest rates, while the number of commercial deeds and prices are correlated to long-term interest rates, office vacancy rates and asking rents. The MRT forecast also takes into consideration mortgage refinancing which, although not related to property transfers, have a significant impact on collections for both the residential and commercial markets. Both the residential and commercial markets are analyzed using historical annual and quarterly trends. The forecast for MRT is tied to the real property transfer tax by looking at the share of the purchase price financed through a mortgage for both residential and commercial transactions. Modifications are made to take into account the credit market conditions that could change the share of the purchase price financed through mortgage along with current collection trends.

Chart 1

Mortgage Recording Tax 2014 - 2024



Source: NYC OMB

Table 1

Mortgage Recording Tax Rates

Distribution of Revenue	All Mortgages Under $500,000*	Mortgages of $500,000 or More on 1-3 Family Homes & Condos	Commercial Mortgages of $500,000 or More
State Levied Taxes			
NYC General Fund (Tax reverts to NYC)	0.500%	0.500%	0.500%
Dedicated to MTA/SONYMA*	0.550	0.550	0.550
City Levied Taxes			
NYC General Fund	1.000	1.125	1.125
Dedicated to MTA*	—	—	0.625
Total	**2.050%**	**2.175%**	**2.800%**
Combined City Rate	1.500	1.625	1.625

* See Table 2 for further details

TAX DETAIL

Tax Base

The city's mortgage recording tax revenue is composed of two separate taxes, one levied by the state and dedicated to the city, and the other a city tax established by local law under state authority. The tax was imposed statewide, with the law calling for the proceeds to be paid to county treasurers in counties outside NYC, and in the case of NYC, to the general fund.

The tax rate is 1.0 percent for all mortgages securing a debt of under $500,000. For residential mortgages securing a debt of $500,000 or more, the tax rate is 1.125 percent. The rate is 1.75 percent for commercial mortgages securing a debt of $500,000 or more. Of the tax collected from commercial transactions greater than $500,000, 0.625 percent goes to a special fund for the New York City Transit Authority (NYCTA), the city paratransit system and MTA Bus Company. In addition, the state imposes a 1.05 percent tax, of which 0.55 percent is dedicated to the Metropolitan Transportation Authority (MTA) and the State of New York Mortgage Agency (SONYMA). The rest of the tax, 0.50 percent, reverts back to the City General Fund. There is no tax liability when financing the purchase of a cooperative apartment, since this financing is technically not a mortgage.

Table 2

MRT Dedicated Taxes

	Mortgages on real estate structures containing one to six dwelling units	Commercial Mortgages less than $500,000	Commercial Mortgages of $500,000 or More
MRT Additional Tax (MRT-1)[2]	0.300%	0.300%	0.300%
MRT Special Additional Tax (MRT-2)[3]	0.250%	—	—
MRT Special Additional Tax (SONYMA)[4]	—	0.250%	0.250%
Dedicated to MTA/SONYMA	0.550%	0.550%	0.550%
MRT Urban Taxes[1] (Dedicated to NYCTA, Paratransit and MTA Bus Company)	—	—	0.625%

[1] 90% of the receipts are earmarked for NYCT General Operations, 6% for the partial reimbursement of NYCT Paratransit costs and the remaining 4% is earmarked as a subsidy for MTA Bus Company

[2] Imposed on borrower in MCTD which includes New York City and seven other counties within the MTA service area

[3] Imposed on lender in MCTD which includes New York City and seven other counties within the MTA service area

[4] Imposed on borrower

LEGISLATIVE HISTORY

2005

Effective June 1, 2005, the state mortgage recording tax rate for counties located in the Metropolitan Commuter Transportation District (MCTD) was increased from 0.25 percent to 0.30 percent (NY Tax Laws, Article 11, § 253(2)(a)). The combined city and state mortgage recording tax rates for mortgages recorded in NYC are currently 2.05 percent for mortgages under $500,000, 2.175 percent for residential mortgages of $500,000 or more, and 2.80 percent for commercial mortgages of $500,000 or more.

Effective January 17, 2005, the mortgage recording tax was extended to certain transactions involving wrap-around mortgages and spreading agreements. This amendment extended the mortgage recording tax to the recording of a spreading agreement or additional mortgage that secures a new indebtedness by spreading the lien of an existing mortgage. However, this amendment does not apply to properties owned by the primary mortgagor when the property was acquired at least twelve months earlier and the additional mortgage was undertaken solely for a genuine business or financial purpose. (NY Tax Laws, Article 11, § 250(2)) and (NY Tax Laws, Article 11, § 255(1)(a))

1996

Beginning in 1996, credit line mortgages (i.e. mortgages which allow a series of advances, repayments, and re-advances) under $3 million are no longer subject to mortgage recording taxes. Previously, this advantage was available only to credit line mortgages on owner-occupied one-to-six-family homes. Re-advances under other mortgages remain taxable. (NY Tax Laws, Article 11, § 253-B(1-a))

1990

Effective August 1, 1990, the NYC mortgage recording tax was raised across the board by 0.5 percent. Total revenue dedicated to the general fund from both state and city mortgage taxes is based on a tax rate of 1.5 percent for mortgages under $500,000 and 1.625 percent for all mortgages of $500,000 or more. (City Admin Code Title 11, §11-2601(d))

1989

Effective July 1, 1989, several "loophole-closing" provisions were enacted with regard to the city and state mortgage recording taxes. These provisions (1) permit the aggregation of related mortgages for the purpose of determining whether the higher rates apply (NY Tax Laws, Article 11, § 250(2)(b)); (2) require payment of the city's tax if the lien of a mortgage recorded outside the city is "spread" to realty located in the city (NY Tax Laws, Article 11, § 250(2)(a)); (3) treat an assignment of rents given for the purpose of security for an indebtedness as a mortgage for purposes of the tax (NY Tax Laws, Article 11, § 250(2)(a)); (4) eliminate the practice of securing new debt under a previously recorded, but since repaid, mortgage by requiring that a certificate of discharge be issued when a mortgage has been repaid (NY Real Property Laws, Article 8, § 275); (5) limit the "condominium credit" to initial sales of condominium units only if the first unit in the project is sold within two years from the recording date of the construction or blanket mortgage, or if the proceeds of a blanket mortgage were used to purchase the condominium property, or if the purchase occurred no more than two years before the declaration of the condominium (NY Real Property Laws, Article 8, § 339(ee)); and (6) increase the rate of interest payable on underpayments and overpayments and increase nonpayment penalties (NY Tax Laws, Article 11, § 258(2)(e)).

1982

In 1982, the city tax was increased for mortgages securing a debt of $500,000 or more. For these large mortgages, the rate on one-to-three-family homes was increased to 0.625 percent; on other large mortgages, the rate was increased to 1.25 percent. Half of the collections from large non-residential mortgages was paid to the city's general fund, and the other half was dedicated to the NYCTA, the city paratransit system and certain private bus operators franchised by the city. (City Admin Code Title 11, §11-2601(c)(2))

1979

In 1979, an additional 0.25 percent surcharge was imposed on the state mortgage recording tax, which is dedicated to SONYMA. Taxpayers, however, were allowed to credit payments of this surcharge against their liability for the state corporation franchise tax, personal income tax or banking corporation tax. In 1987, the state legislature amended this second surcharge so that the MTA receives tax revenue from mortgages made on one-to-six-family homes within the MCTD. In addition, the credit provision was altered to allow taxpayers to take payments as a deduction against taxable income rather than as a credit against liability. (NY Tax Laws, Article 11, § 253(1-a))

1969

In 1969, a surcharge of 0.25 percent of the amount of the mortgage was added to the statewide tax. Inside the MCTD, the proceeds from the tax were required to be paid to the MTA. Counties outside the MCTD were given the option to suspend the surcharge by local law. (NY Tax Laws, Article 11, § 253(2)(a))

1906

The state mortgage recording tax was established in 1906 at a rate of 0.5 percent on the amount of the mortgage. (NY Tax Laws, Article 11, § 253(1))

COMMERCIAL RENT TAX

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COMMERCIAL RENT TAX

OVERVIEW

The commercial rent tax accounted for 1.2 percent of city tax revenue in 2024, or $918.0 million.

The commercial rent tax was authorized by Chapter 257 of the Laws of 1963 and enacted by Title 11, Chapter 7 of the NYC Administrative Code. This tax is imposed on tenants of premises that are used to operate businesses, professions, or commercial activities in Manhattan south of 96th Street at an effective rate of 3.9 percent. Tenants whose annual or annualized gross rents are less than $250,000 are not subject to this tax, while those with annual rents between $250,000 and $300,000 are eligible for a sliding scale commercial rent tax credit that partially offsets tax liability.

Effective June 1, 2018, tenants otherwise subject to paying the commercial rent tax may receive a small business tax credit if their annual income is less than $10 million. For tenants whose annual income is equal to or less than $5 million, there is a full credit applied to rents between $250,000 and $500,000, as well as a sliding scale credit based on a “rent factor” applied to rents from $500,000 to $550,000. Meanwhile, tenants with an income greater than $5 million but less than $10 million receive a sliding scale credit based on an “income factor” for all rents between $250,000 and $550,000, in addition to a “rent factor” for rents between $500,000 and $550,000. Tenants with income over $10 million are ineligible for the small business tax credit. The commercial rent tax and associated small business tax credit are administered by the NYC Department of Finance (DOF).

FORECASTING METHODOLOGY

The commercial rent tax revenue is forecast using data on NYC office-using services employment and midtown and downtown Manhattan asking rents. Once the annual revenue is forecast, the monthly cash plan is derived by taking into account the seasonality of collections and legislative changes.

TAX DETAIL

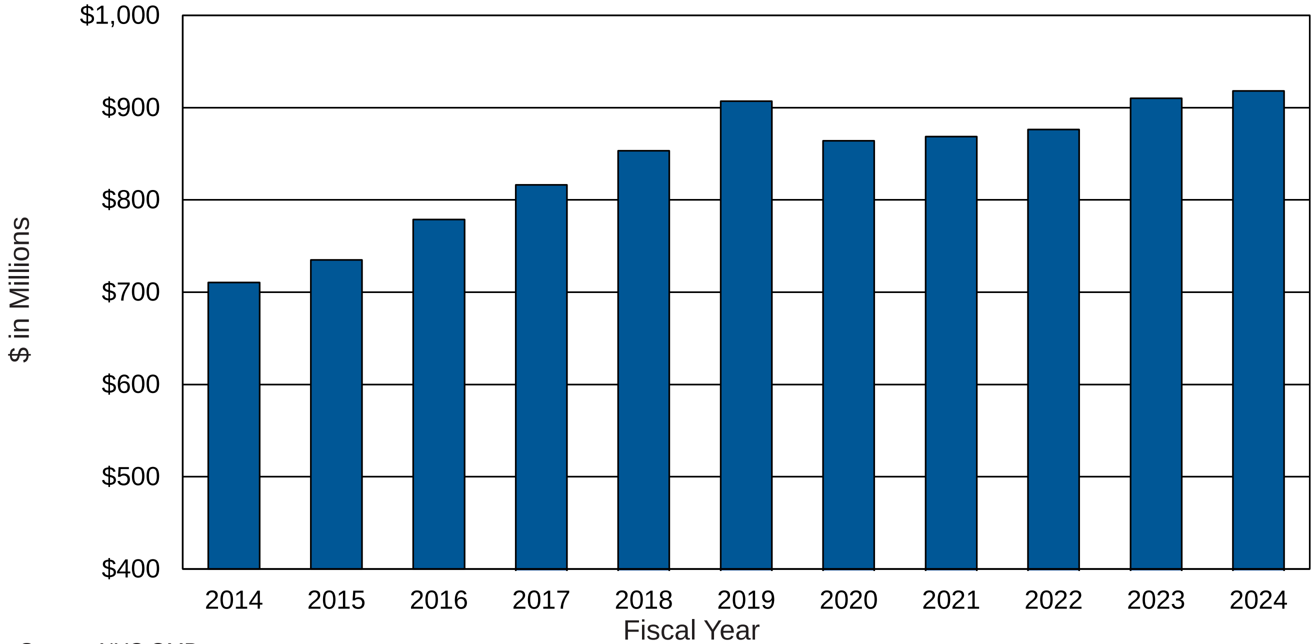
Tax Base

The commercial rent, or occupancy tax, is imposed on rental space in NYC used for commercial or professional purposes. The tax is currently levied only on tenants who rent space in Manhattan south of 96th Street and do not meet any of the following exception criteria.

- Tenants whose annual or annualized gross rent is less than $250,000;
- Tenants whose annual income is $5 million or less with an annual or annualized gross rent less than $500,000, effective June 1, 2018;
- Residential tenants other than hotel operators, where 75 percent of the floor space is dedicated to residential purposes;
- Short rental periods of 14 days or less during one tax year;
- Rental premises used for theatrical productions, non-profit organizations, or those with a written exemption issued by DOF;
- Tenants located in the “World Trade Center Area” effective August 30, 2005;
- Tenants in non-residential or mixed-use premises located in the Commercial Revitalization Program abatement zone who receive special reductions up to 100 percent of the taxable rent effective December 1, 2005.

Chart 1

Commerical Rent Tax 2014-2024



Source: NYC OMB

Tax Rate

The effective tax rates for businesses below 96th street in Manhattan range from 0 percent to 3.9 percent. (See Appendix VI, Table 1: An Example of Effective Tax Rate Calculations.)

The statutory tax rate is 6.0 percent of the gross rent paid by tenants of the premises that are used to conduct any business, professional, or commercial activity. Effective September 1, 1998, taxable base rent was lowered by 35 percent, which reduced the effective tax rate to 3.9 percent. A sliding scale commercial rent tax credit applies to taxpayers whose annualized base rents are between $250,000 and $300,000.

Effective June 1, 2018, an additional small business tax credit applies for taxpayers earning less than $10 million in annual income. For those with less than or equal to $5 million in income, rent is exempt up to $500,000 and a sliding scale tax credit based on a “rent factor” applies between $500,000 and $550,000. Additionally, for those with annual incomes between $5 million and $10 million, a sliding scale credit is applied between $250,000 and $550,000 in rent based on an “income factor” and “rent factor.”

PASS-THROUGH ENTITY TAX

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PASS-THROUGH ENTITY TAX

OVERVIEW

The pass-through entity tax accounted for 2.2 percent of city tax revenue in fiscal year 2024, or $1,657 million in fiscal year 2024.

The pass-through entity tax (PTET) is an optional tax that partnerships and S corporations in NYC may elect to pay beginning in tax year 2022. If an eligible partnership or S corporation elects to pay the PTET, its partners or shareholders who are subject to personal income tax will be eligible for a PTET credit on their NYC income tax returns. The purpose of this tax is to help taxpayers save money on federal taxes in light of the $10,000 cap on state and local tax (SALT) deductions passed as part of the Tax Cuts and Jobs Act (TCJA) of 2017. With the passage of federal Public Law No. 119–21, also known as the "One Big Beautiful Bill" Act of 2025, the SALT cap will continue to exist but with a cap of greater than $40,000 for most filers.

The tax savings is achieved by having the business deduct the full value of PTET paid (because businesses are not subject to a cap on SALT deductibility) and then having shareholders or partners pay federal income taxes on their share of the business income, less the value of the PTET. Shareholders or partners are paid back for the cost of the PTET via a credit on their NYC PIT. The PTET effectively substitutes a personal income tax for a business tax to circumvent a cap on deductibility.

The IRS officially approved this tax scheme in their Notice 2020-75 which also announced forthcoming proposed regulations. Many earlier attempts to circumvent the SALT cap were overridden or defanged by the IRS. Most US states have their own version of this law including NYS. It is expected that taxpayers will continue to opt into PTET for as long as the SALT cap exists under current law.

PTET is expected to be revenue neutral for NYC, as PTET collections will be offset equally by reduced NYC PIT collections. Taxpayers will reduce quarterly estimated payments by the amount of PTET paid by their partnership or S corporation.

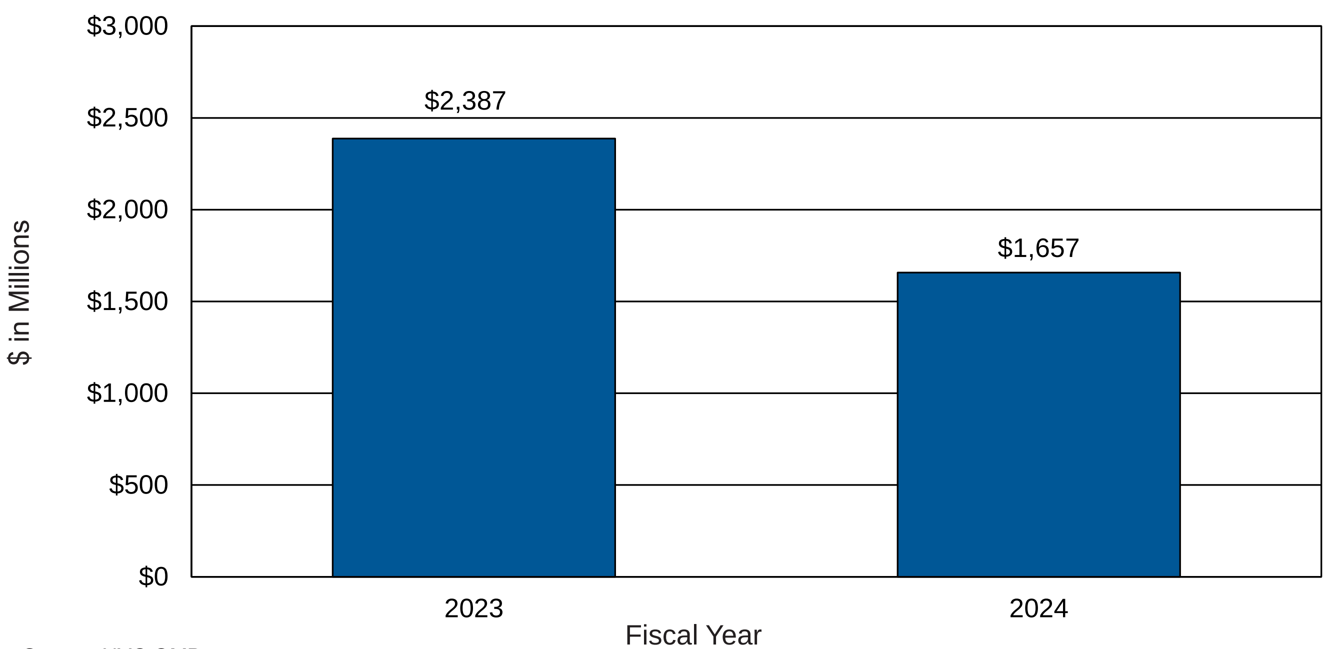
FORECASTING METHODOLOGY

Initial estimates of the PTET were created by analyzing NYS PTET collections for tax year 2021.

In tax years 2023 and beyond, PTET was calculated as a share of the overall PIT forecast, specifically of the non-withholding forecast. Because all PTET revenue is simply diverted PIT revenue it makes sense to treat PTET

Chart 1

Pass-Through Entity Tax 2023 - 2024



Source: NYC OMB

simply as a component of PIT revenue. More information about the non-withholding and non-wage forecasts can be found in the PIT methodology section.

TAX DETAIL

Tax Base

The NYC PTET base is the net distributive income of all participating NYC individual resident partners or shareholders. The tax base is calculated the same way as is calculated for the NYS PTET, except that only the distributive incomes of NYC residents are subject to the tax.

Tax Rate

The NYC PTET is imposed at a flat rate of 3.876%.

Election

For tax years 2023 and later, eligible entities may opt in on or after January 1 but no later than March 15. The election is irrevocable after March 15. Entities must opt into the PTET annually and must also enroll in the NYS PTET at the same time.

Prepayment Rules, Penalties, Final Returns, and Extensions

PTET estimates payments are due on March 15, June 15, September 15 and December 15.

To avoid penalties, each quarterly payment should be at least 25% of the total liability for the taxable year. The required annual payment is the lesser of:

- 90% of the NYC PTET liability for the tax year; or
- 100% of the NYC PTET liability for the previous taxable year.

If the entity did not opt into the NYC PTET for the preceding year, the required annual payment is 90% of the NYC PTET reported on the annual PTET return for the taxable year.

The Final tax return is due March 15 of the year after the tax year closes. Taxpayers may file for one six-month extension.

State/City Offsets

The state attempts to accurately distribute quarterly installment payments but it can still be inaccurate. Offset payments are the result of mis-attributed installment payments made earlier in the year. Offset payments are made after the taxpayer files a final return either in March or after a six-month extension in September and their final liability for both NYS and NYC is known.

Administration

NYS administers the NYC PTET alongside its own PTET. Entities must be enrolled in the NYS PTET in order to enroll in the NYC PTET. The NYS Department of Taxation and Finance is responsible for tax collections. Within that department, the Office of Tax Policy Analysis generates and provides the city with the daily collections and other reports. At the end of each month, the city receives a letter from the Department of Taxation and Finance verifying the final amount of personal income tax revenue by its components due to the city for that month.

LEGISLATIVE HISTORY

2025

The federal SALT cap, initially set to expire at the end of tax year 2025, was permanently extended as part of federal Public Law No. 119–21, also known as the “One Big Beautiful Bill” Act of 2025. The bill expands the cap from $10,000 to $40,000 until tax year 2030 when it reverts to $10,000. The extension of the cap means that NYC PTET will continue to be used for the foreseeable future.

2022

The NYC PTET was first authorized as part of the SFY2023 NYS Adopted Budget (REV Part MM Subpart B) and first went into effect for tax year 2023. The implementation date was then moved up to begin in tax year 2022 in separate legislation signed into law in August of 2022 (Chapter 555 of 2022).

UNINCORPORATED BUSINESS TAX

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UNINCORPORATED BUSINESS TAX

OVERVIEW

The unincorporated business tax (UBT) accounted for 3.8 percent of city tax revenue in 2024, or $2,789 million.

The unincorporated business tax is imposed on the business income of every unincorporated business that is carried on wholly or partly in New York City. The city has imposed the unincorporated business tax since July 1, 1966, authorized under Title 11, Chapter 5 of the City Administrative Code, enabled by Chapter 772 of the State Laws of 1966. The tax is paid in addition to the city's personal income tax. Entities engaged in real estate transactions for their own account, or trading and investing for their own account, are exempt from the tax. The tax rate has been 4.0 percent since its imposition in 1966. The New York City Department of Finance (DOF) administers the unincorporated business tax. Most changes to the city's unincorporated business tax law must be authorized by the New York State legislature, including tax rate and tax base changes.

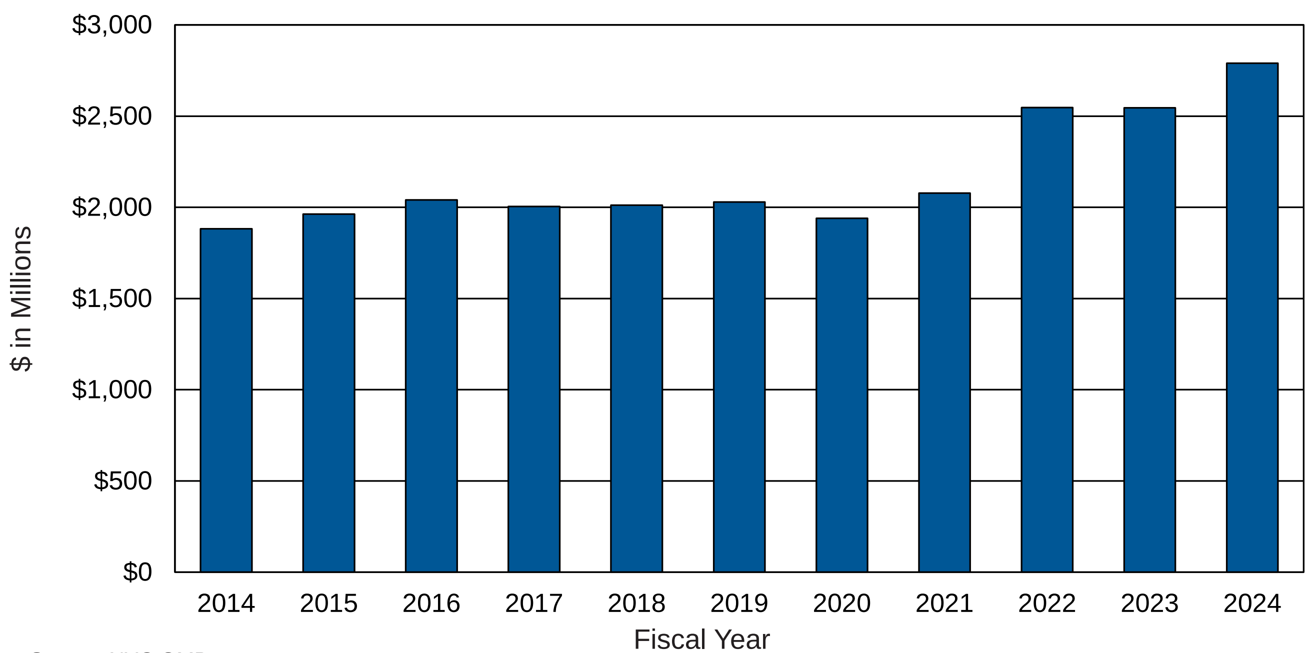
FORECASTING METHODOLOGY

Forecast of Annual Tax Liability

DOF reports annual unincorporated business tax liability on a calendar year basis with a three-year lag, and from these actuals, annual UBT liability is forecast using time series regression, specifically autoregressive moving average (ARMA) models. The regression models forecast separately the liability of the finance and non-finance sectors. The separate sector forecasts are fiscalized and then used to compute the total UBT collections after expected refunds and tax programs. Predicting unincorporated business tax collections is not a purely mechanical process. It involves consideration of the regression output, trend analysis and other factors affecting the tax. Employment in the finance and non-finance sectors, wages in the finance and non-finance sectors and the activity of the real estate market are significant factors considered in the process. Unofficial reports from DOF on the recent months' collections, growth levels, and overpayment levels, all broken down by sectors, also give some insight into the recent collection momentum and patterns.

Chart 1

Unincorporated Business Tax 2014-2024



Source: NYC OMB

The approach of disaggregating finance and non-finance taxpayer liabilities and forecasting such liabilities separately has two advantages. First, liability year tax information more accurately reflects economic activity than fiscal year collection data, which includes payments from more than one liability year. Second, the disaggregated approach captures often divergent responses to economic conditions by the finance and the non-finance sectors.

Finance sector liability, representing about 38 percent of total UBT liability in tax year 2021 is highly volatile and often responds immediately to factors affecting the financial markets. For example, the recent years' upswing in financial market activities have demonstrated how unforeseen changes can quickly affect financial firm revenues, profits and total tax liabilities. Interest rate movement is another factor affecting change of finance sector performance. In general, the finance sector is imbedded with market risk, uncertainty, and volatility which have tremendous impact on finance firms' profit, consequently affecting firm's tax liability.

On the other hand, the non-finance sector is relatively stable. The non-finance sector generated over 62 percent of UBT liability in tax year 2021 and is more closely connected to overall regional economic conditions. DOF has provided annual finalized UBT tax liability data by sector from 1981 through 2021. The data are used in the econometric equations to forecast future UBT liability growth.

Finance Liability

An ARMA Maximum Likelihood model is used in the forecast: the dependent variable is UBT sector tax liability; the explanatory variables are the securities wage rate and NYSE Member Firm income from assets under management. These variables serve to capture finance sector business income allocated to the city.

The finance liability equation is as follows:

FINANCE LIABILITY =
$a + b_1$ * (Securities Wage Rate)
$+ b_2$ * (NYSE Member Firm Income from Assets Under Management)

The year-over-year differences in log values approximate percentage growth rates, which are incorporated into the finance forecast model.

Non-Finance Liability

An ARMA Conditional Least Squares model is used to forecast liability of the non-finance sector. The two explanatory variables are private non-finance sector wage rate and private non-finance sector employment. The private non-finance wage and employment variables are used to measure the less volatile non-finance sector tax liability long term trend. These two independent variables have statistically served well to predict the long-term trend of UBT non-finance sector liability.

The non-finance sector liability equation is as follows:

NON FINANCE LIABILITY =
$a + b_1$ * (Private Non-Finance Wage Rate)
$+ b_2$ * (Private Non-Finance Sector Employment)

The finance and non-finance liability forecasts are fiscalized to generate fiscal year growth rates. These growth rates are applied to finance and non-finance collections separately and the outputs are combined, yielding a forecast of total unincorporated business tax collections, with expected refunds and the impacts of tax programs incorporated.

Unincorporated business taxpayers are required to make prepayments and settlement payments on their tax liability.

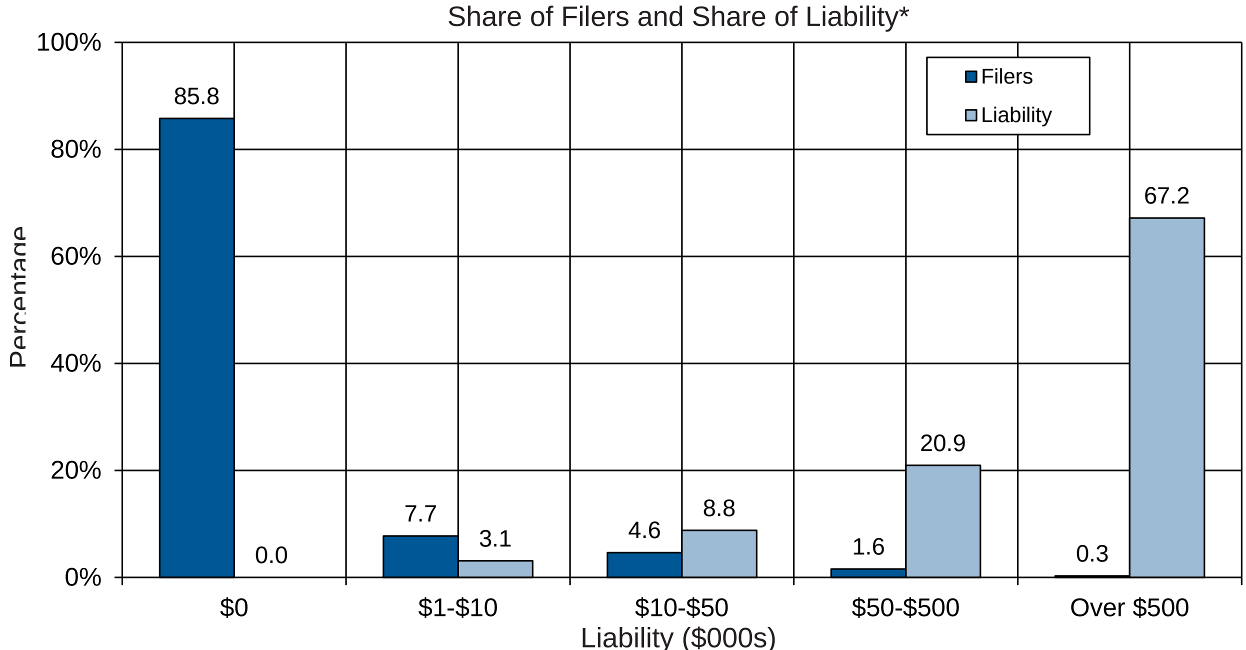
Prepayments: a calendar year filer is required to file a declaration or estimated tax for the current taxable year on or before April 15th. Estimated payments are payable in equal installments, with the first installment accompanying the declaration on April 15th, and the remaining estimated payments payable on or before the 15th day of June, September and January.

Settlement payments: a calendar year filer is required to file an annual (final) return on or before April 15th, after the close of the taxable year. Also, instead of filing a final return in April following the close of the taxable year, an unincorporated business can file a six-month extension.

A fiscal year consists of payments from three different tax years, the result of the required prepayments and settlement payments previously discussed. For example, fiscal year 2025 collections, based on the historical average payments across three liability years, are composed of 30 percent of tax year 2025 which for the most part are declarations on tax year 2025 liability. Fiscal year 2025 collections also consist of 64 percent of tax year 2024 liability,

Chart 2

Unincorporated Business Tax (Tax Year 2021)



Source: NYC Department of Finance, Office of Tax Policy
* Totals may not add due to rounding

which mainly includes estimated payments from tax year 2024 liability. Finally, fiscal year 2025 collections consist of 6 percent of tax year 2023 liability payments, which is mainly the final returns on extension from tax year 2023.

Cash Flow Model and Cash Plan Analysis

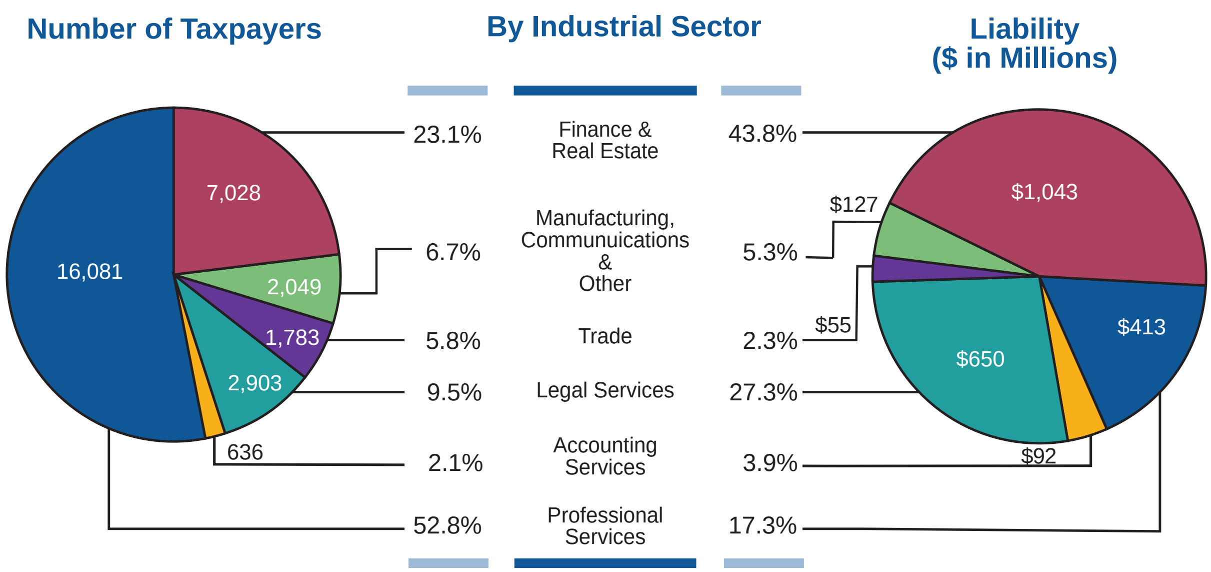
Once the fiscal year revenue is forecast, a monthly cash plan which captures the seasonal changes of collections, and the complexity of the fiscal year cash flow is derived. The monthly cash plan takes into consideration future payment expectations for both calendar year and fiscal year filers. In order to forecast the pattern of cash collections, focus is given to year-over-year collection growth, historical average growth trends, excluding extraordinary events, and monthly and quarterly historical shares of annual collections. Additional key information such as Wall Street profits, earnings of private equity funds and hedge funds, taxpayers' overpayments on account and the refund request pipeline report are also taken into consideration.

GASB

Beginning in 1994, city taxpayer assessed taxes are recognized on a modified accrual basis as required by GASB (Governmental Accounting Standards Board) Statement No. 22. For budgetary (General Fund) purposes, such revenues are considered available when collected within sixty days after fiscal year end. Beginning in 2001, these revenues are also recognized on a full accrual basis in the Government-wide statement of activities, as required by GASB Statement No. 33.

Chart 3

Unincorporated Business Tax (Tax Year 2021)



Source: NYC Department of Finance, Office of Tax Policy

TAX DETAIL

Tax Base

Industrial Mix of Taxpayers and Liability

In 2021 (latest officially published data), there were 30,480 partnership and sole proprietorship taxpayers, of which 15,037 are partnerships and 15,443 are sole proprietorships. Partnerships account for 49.3 percent of all taxpayers but contribute 92.2 percent of total liability. Whereas the sole proprietorships comprised 50.7 percent of all taxpayers but accounted for only 7.8 percent of the tax payments. Because of tax credits and exemptions, most UBT filers paid no tax. According to 2021 data, over 73 percent of the sole proprietorship filers paid no unincorporated business tax. The additional exemption for each partner creates higher thresholds for partnerships. Consequently, 90.7 percent partnerships have zero UBT liabilities. On the other hand, 2021 data indicated that a few top taxpayers have played crucial roles for the UBT tax: about top 0.3 percent of the UBT filers paid over 67 percent of the taxes; about top 2 percent of UBT filers paid over 88 percent of the taxes. In terms of contributions to the tax by sector, several sectors/sub-sectors are the drivers: the finance and real estate sectors contribute 43.8 percent of the tax liability; legal services delivered 27.3 percent of the tax liability; professional services accounted for 17.3 percent of the tax liability. Together, the above-mentioned sectors/subsectors make up 88.5 percent of the UBT tax revenues. Also, legal services, finance and real estate are three sectors illustrating the imbalance of liability distribution among the taxpayers: these sectors accounted for 32.6 percent of the total number of taxpayers but incurred 71.2 percent of total liability.

Until 1998, liability was reported in five main categories with 27 subcategories, classified according to Standard Industrial Classification (SIC) codes. Starting in 1998, reported liability was broken into eight categories with 40 subcategories and grouped according to North American Industrial Classification (NAICs) codes. Definitions for certain categories were also changed in 1998 (see Chart 3).

Calculation of Tax Liability

The unincorporated business tax base starts with the Federal definition of net profits from business operations plus other business income and is then modified to reflect differences between city and federal rules. In instances when a firm's business is conducted both inside and outside the city, income allocation was usually determined by a three-factor formula based on payroll, property, and receipts. Additionally, a manufacturer had the option of double weighting their receipts factor. Beginning in 2009, a single sales factor formula was phased-in over a ten-year period, eventually replacing the three-factor formula. Certain taxpayers that allocated income before 2005 based on their books and records were allowed to continue to use that method through tax year 2011. After income is determined and allocated, a taxpayer is allowed to exempt the first $5,000 of income from taxation and is allowed a deduction equal to a reasonable compensation for the taxpayer's personal services. This deduction equals the lesser of 20 percent of allocated income or $10,000 per individual or active partner. The tax rate of 4.0 percent is applied to the remaining base. Beginning with tax year 1997, taxpayers with liabilities of $1,800 or less were entitled to a credit which eliminated their liability. The credit was reduced for taxpayers with liabilities between $1,800 and $3,200, and for liabilities of $3,200 and above no credit is allowed. The laws of 2009 enacted an increase in credits allowed. The full credit is now available for UBT liabilities up to $3,400, while for liabilities between $3,400 and $5,400, the credit is phased out. The effect of the credit is that unincorporated businesses with incomes under $100,000 pay no tax, and unincorporated businesses with incomes under $150,000 pay a reduced tax. Individual NYC residents may claim a credit against their NYC personal income tax for a portion of the unincorporated business tax payments. The credit amount depends on the city resident's taxable income for personal income tax purposes. Part-year residents receive a partial credit.

ADMINISTRATION

The unincorporated business tax is administered by the New York City Department of Finance (DOF). The businesses subject to the tax must file according to a payment schedule that conforms to federal and state filing dates. Effective for tax year 2009 and thereafter, any individual, partnership or unincorporated entity with unincorporated business gross income of more than $95,000 (prior to any deduction for cost of goods sold or services performed) must file an Unincorporated Business Tax Return (NYS Bill No. A8615, Section 4a(4)).

Effective for tax year 2008 and thereafter, every unincorporated business which operates in New York City must file quarterly declarations of estimated tax when its estimated tax can reasonably be expected to exceed $3,400.

Unincorporated businesses with income that reaches the above mentioned levels are required to submit installment payments with the following filing date deadlines: if the filing requirement occurs after January 1 but before April 1, the UBT filer is required to pay 25 percent of estimated tax for the tax year before April 15; if the requirement for filing occurs after April 1 but before June 2, the UBT filer is required to pay one third of estimated tax for the tax year before June 15; if the filing requirement occurs after June 1 but before Sept. 2, the UBT filer is required to pay one half of estimated tax for the tax year before September 15; finally, if the filing requirement occurs after September 1 but before January 1, the UBT filer is required to pay 100 percent of estimated tax for the tax year before January 15. A final return for the tax year is due on April 15 (if April 15 falls on a weekend, the due date will be the following Monday).

In April 2016 the NYS budget bill was signed into law that amends certain New York State and New York City filing deadlines to conform to changes made to federal filing deadlines enacted in Section 2006 of H.R. 3236, Public Law 114-41, the Surface Transportation and Veterans Healthcare Choice Improvement Act of 2015. The filing/payment date of the New York City UBT is changed from the fifteenth day of the fourth month following the close of the tax year (April 15 for calendar year taxpayers) to the fifteenth day of the third month following the close of the tax year (March 15 for calendar year taxpayers) for tax years beginning on or after January 1, 2016. Also, the amount of the mandatory first installment (MFI) will now be a percentage of the tax from two tax years prior, instead of the preceding year's tax. The changes to the MFI computation apply to payments due on or after March 15, 2017. However, the first quarterly estimated payment due date was not changed, the deadline remains April 15th.

Annual returns are granted an automatic six-month extension. If eligible, the business can file for an additional six-month extension.

TAX TREATMENT OF LLC, PRIVATE EQUITY FUNDS AND HEDGE FUND COMPANIES

Limited Liability Companies (LLCs)

In July 1994, New York State passed legislation allowing the formation of limited liability companies (LLCs). These business entities have the limited liability of corporations, but the organizational flexibility and tax treatment of partnerships. At the Federal level, LLCs are not taxed as separate entities, but partners are taxed on their share of the income. In New York City, Limited Liability Partnerships (LLPs) and LLCs pay the unincorporated business tax. As a result, businesses have increasingly opted to form LLPs or LLCs rather than corporations.

Private Equity Funds and Hedge Funds

Most private equity funds and hedge funds located in New York City are organized as limited liability partnerships (LLPs) or limited liabilities companies (LLCs) and generate profits from charging a management fee and a performance-based fee called “carried interest.” Management fees, typically two percent of a fund’s invested capital, are subject to the unincorporated business tax. Carried interest income, typically 20 percent of a fund’s annual return from invested capital, is treated for City tax purposes as income derived from trading on one’s own account and therefore is exempt from the UBT. If a managing partner has invested significant capital into the fund, then the managing partner would receive a partial self-trading exemption on the management fees earned. However, partners (including managing partners) must recognize pass through income from management fees and carried interest income on their city personal income tax return.

In 2008, legislative actions were taken by Congress regarding deferred management fees for hedge funds. Congress eliminated a common mechanism used by hedge fund managers that enabled them to defer the receipt of incentive or management fees earned. Under IRC section 457A, which was effective for fees earned for services rendered on or after Jan. 1, 2009, hedge fund managers would be limited in their ability to defer those fees. Before IRC section 457A, the management company was able to defer the receipt of the incentive or management fees (per the deferral agreements) that were charged to the offshore fund. Those fees were able to grow, tax deferred, for up to 10 years. Because the management company would elect to be a cash-basis taxpayer, the management company, and therefore its owners, did not have to recognize that taxable income until the cash was received by the management company. But under the new rules, the ability to defer fees earned after Jan. 1, 2009, was limited. Therefore, any fees earned and deferred before Jan. 1, 2009, would have to be recognized for tax purposes by 2017. Any deferred management fees would be taxed under the UBT.

LEGISLATIVE HISTORY

Since the imposition of the Unincorporated Business Tax in 1966, the tax rate has remained at 4.0 percent. Major legislative changes related to the tax are highlighted below, starting with the most recent.

2025

Effective July 1, 2025, the city enacted a new refundable credit known as the Relocation Assistance Credit per Employee (RACE) for taxpayers under the Business Corporation Tax, General Corporation Tax, and Unincorporated Business Tax (Administrative Code § 11-503(r)). The credit provides $5,000 per eligible aggregate employment share maintained by an employer at a qualified premise to which the taxpayer has relocated, as certified under Chapter 6-E of Title 22 of the Administrative Code. Credits may be claimed for the taxable year of relocation and for up to ten succeeding taxable years, subject to proration in the final year based on days of qualifying activity. Some exceptions apply, including retail activity and hotel services, and eligibility is generally determined by section 22-627 of the Code.

2016

For tax years beginning on or after January 1, 2016, calendar year taxpayers which are partnerships for federal tax purposes are required to file tax reports for such year on or before March 15 of the following year, instead of April 15 of the following year (Section 18 of part Q of Chapter 60 of the Laws of 2016 amended section 11-514 of the Administrative Code of the City of New York).

2013

Effective tax year 2013, royalty payments has been amended to change the treatment of royalty payments to related members for the Unincorporated Business Tax. Under prior law, taxpayers who made royalty payments to related entities were required to add back the amount of the payments to taxable income if those payments were deducted when calculating federal taxable income and if the royalty recipients, under certain conditions, could exclude the royalty income (NYC Administrative Code Section 11-506(e)). Code section 11-506(e), as amended, eliminates the income exclusion previously allowed to certain royalty recipients and increases to four the number of exceptions to the add-back requirement.

2012

For tax years beginning on or after January 1, 2012, all taxpayers must allocate unincorporated business taxable income using formula allocation (NYS Senate Bill S4610A/A6721A and City Admin Code Title 11, Ch. 5, section 11-508(b) and (c)). Tax year 2011 was the last taxable year in which eligible taxpayers who made the one-time election to continue using books and records allocation for tax year 2005 were permitted to use that method of allocation.

2011

Effective taxable years beginning in 2011, the election to double-weight the gross income percentage for manufacturers is no longer available because the phase-in of single sales factor allocation is now more advantageous than double-weighting.

2010

Effective tax year 2010, certain biotechnology firms in the city were allowed a credit against the unincorporated business tax (or the general corporation tax) based on qualifying research and development costs. The credit can be claimed for a maximum of three years, and the total of all credits allowed during any calendar year cannot exceed $3 million (NYC Chapter 453 of the Law of 2009, section1201-a and Title 19, chapter 48). The credit was scheduled to expire at the end of tax year 2012, but legislation has been enacted that continues the credit through tax year 2015. On November 30, 2015, the new law was enacted which allowed the credit to be extended through tax year 2018 (NYC Local Law 111 (Int. No. 956-A) of 2015, section 11-503(o)).

2009

In an effort to conform to New York State's tax law in June 2009, New York City enacted a series of amendments to the city's unincorporated business tax. These amendments include: the replacement of the three-factor allocation formula with a single sales factor apportionment formula over a ten-year phase-in period (Chapter 201 of the NYS Laws of 2009), the customer sourcing of broker/dealer receipts, higher graduated sliding-scale business tax credits against tax liability and an increased filing threshold. For tax year 2014, the business allocation percentage is composed of 13.5% of the NYC property percentage, 13.5% of the NYC wages percentage and 73% of the NYC gross income percentage. For tax year 2015, these ratios were changed to 10%, 10% and 80% respectively.

Effective for tax years beginning on January 1, 2009 and thereafter, the UBT credit against liability is raised to $3,400 and phased out between $3,401 and $5,399. The higher credit will eliminate tax liabilities up to $3,400 (taxable incomes up to $100,000 for unincorporated businesses) and will provide tax reduction for liabilities up to $5,400 (taxable incomes up to $150,000 for unincorporated businesses). No credit will be allowed for taxpayers whose liabilities are greater or equal to $5,400, or taxable incomes greater than $150,000 (NYS Bill No. A8615, Section3-a(A)(B), or Chapter 183, NYS Laws of 2009).

2008

For purposes of the New York City Unincorporated Business Tax, the city has "decoupled" from the Federal bonus depreciation allowed under the Economic Stimulus Act of 2008 and other Federal legislation, except with respect to the depreciation deductions allowed with respect to "qualified New York liberty zone property" and "qualified property" placed in service in the Resurgence Zone (generally the area in the borough of Manhattan south of Houston Street and north of Canal Street.) For city tax purposes, depreciation deductions for all other "qualified property" must be calculated as if the property was placed in service prior to September 11, 2001 (NYC Local Law 17 of 2002 and Finance Memorandum 11-1).

2007

Effective for tax years beginning on January 1, 2007 and thereafter, the unincorporated business per partner (and proprietor) deduction in lieu of the deduction of partnership salaries from firm's net income was raised from $5,000 to $10,000, provided that the total amount deductible does not exceed 20 percent of the firm's taxable income (Chapter 491, NYS Laws of 2007). Prior to this $10,000 deduction per partner and proprietor, the deduction had been unchanged at $5,000 since the unincorporated business tax was enacted in 1966. New York City residents are allowed to claim a credit against the city personal income tax for a percentage of the unincorporated business taxes paid by businesses they carry on as sole proprietors or by partnerships in which they are partners. For tax years beginning on or after January 1, 2007, the percentage is increased from 65 percent to 100 percent for resident taxpayers whose taxable income is not more than $42,000; for taxpayers whose taxable income is $142,000 or more, the percentage is increased from 15 percent to 23 percent; and for taxpayers with income above $42,000 but less than $142,000, a statutory formula produces a percentage that declines from 100 percent to 23 percent as income rises from $42,000 to $142,000.

2005

For tax years beginning on or after January 1, 2005, film and television companies may claim a credit against the unincorporated business (or general corporation) tax equal to 5.0 percent of specified production costs incurred in producing a qualified film or television program in the city (New York Tax Law Sec. 24-A and NYC Administrative Code, Section 11-604(20) of 2005). A total amount of credits to be allocated per calendar year was originally $12.5 million. If the total amount of allocated credits exceeds the maximum amount of credits, the excess is treated as having been applied for the first day of the subsequent year. The total amount of credits allocated in the first four years was $50 million. The credit was set to expire on August 20, 2008. Effective July 11, 2006, the film credit was enhanced with an annual credit allocation increased to $30 million per calendar year. The former allocation policy was kept in place: allocated credits that exceed the $30 million annual target can be carried over to the following year. The tax credit was also extended through December 31, 2011. The total amount of credits allowed through calendar year 2011 is $205 million, an increase of $155 million over the original amount. State legislation also enacted a state credit for qualifying costs of producing certain TV, radio and movie theatre commercials. The city has the authorization to adopt a local law for a similar credit but has taken no action to date on that authorization.

2004

In an effort to bring the UBT into closer conformity with the general corporation tax, the following UBT amendments were adopted. First, for tax years beginning after 2004, the books and records method of allocating business income will no longer be the preferred allocation method under the UBT. Taxpayers will be required to use the three-factor allocation formula, unless it fails to properly reflect New York City income. A taxpayer that validly used the books and records method for the two tax years before the 2005 tax year may make a revocable election to continue to use that method through the 2011 tax year (Admin Code, Chapter 633, section 11- 508(b) and (c) of the Laws of 2005). For partnerships or other entities making the election, a continuity-of-ownership test must be satisfied for the election to continue during the entire period. Second, for tax years beginning after 2004, personal property rented to the taxpayer will be included in the property factor of the business allocation formula and will be valued at eight times the annual rent payable. Third, in calculating the receipts factor of the business allocation formula, receipts from the performance of services will be allocated to the city to the extent that the services are performed in the city. For taxpayers with total gross receipts of less than $100,000, the new rule applies for tax years that begin on or after July 1, 2005 (Admin Code, section 11-508(c)(3) as amended by Chapter 633 of the Laws of 2005) ; for those whose gross receipts are under $300,000, the rule is effective for years beginning on or after July 1, 2006; and for all other taxpayers, it takes effect for years beginning on or after July 1, 2007. Fourth, UBT provisions that reduced certain tax benefits related to highly leveraged merger and acquisition transactions have been repealed, retroactive to years beginning on or after January 1, 2000, the effective date of the repeal of comparable general corporation tax provisions.

2003

The Federal Jobs and Growth Tax Relief Reconciliation Act of 2003 amended federal tax law which passed through to UBT. The first-year depreciation deduction was increased from 30 percent to 50 percent for property acquired after May 5, 2003 and before January 1, 2005. All of the original eligibility rules that applied to the 2002 deduction apply to the 2003 deduction.

2002

The Federal Job Creation and Worker Assistance Act of 2002 amended existing federal tax law that allowed businesses to recover through an annual depreciation deduction the cost of certain property used in doing business. This amendment allowed business taxpayers to take an additional 30 percent depreciation deduction in the first year “qualified property” is placed in service. A similar depreciation deduction for “qualified property” in the New York Liberty Zone (NYLZ) and the Resurgence Zone is allowed. The NYLZ generally encompasses the area in the borough of Manhattan below Canal Street and the Resurgence Zone encompasses the area between Canal Street and Houston Street. Additionally, the 2002 Act also allows NYLZ leasehold improvements to be depreciated over a five-year period using a straight-line method as well as an additional first-year expense deduction of up to $35,000 for “qualified NYLZ property”. To avoid a significant loss of revenue, New York City unincorporated business tax law was amended to limit the depreciation deductions to “qualified property” within the NYLZ and the Resurgence Zone and to limit the additional first-year expense deduction to “qualified NYLZ property” (Finance Memorandum 02-3 (revised) and City Admin. Code 11-507(22), 11-602.8(m) and 11-641(p), authority granted under Part G of Chapter 93 of the Laws of 2002).

2001

As a result of the September 11, 2001 terrorist attack, the filing deadline for the quarterly estimated tax payment due September 17, 2001 was extended to December 17, 2001.

2000

Effective for tax years beginning on January 1, 2000 and thereafter, the allocation formula for regulated investment companies (mutual funds) was relaxed. The receipts factor of the three-factor income allocation formula (payroll, property, and receipts) was amended to permit receipts from management, administration, or distribution services for regulated investment companies (mutual funds) to be allocated based on the domicile of the mutual funds’ shareholders (Admin. Code §11-508(e-2) added by Ch. 63, Laws of 2000, Part AA, §4).

1998

The city’s tax program for 1998 revised the unincorporated business tax credit increase granted in the 1996 tax program. For tax years 1997 and thereafter, the maximum credit was lifted to $1,800 with the level of liability at which the credit phases out at $3,200 (City Admin. Code §11-503). An unincorporated business that is not a partnership is required to file an unincorporated business tax return only if the business’s gross income exceeds $75,000 or its taxable income exceeds $35,000.

1996

Beginning in 1996, certain unincorporated businesses (including LLCs) treated as corporations for federal and state tax purposes became subject to the city’s general corporation tax. This law lists several exceptions for businesses subject to the unincorporated business tax in 1995, which may elect to irrevocably continue in that status.

The city’s tax program for 1996 made several important changes to the unincorporated business tax law. The unincorporated business tax credit was raised from a maximum of $600 to $1,000 over a period of two years. The maximum credit was $800 for tax year 1996 (Admin. Code §11-503(b)), growing to $1,000 for tax years 1997 and thereafter. The level of tax liability at which the credit is phased out was also raised to $1,000 in 1996 and to $2,000 in 1997. To correspond to the new higher credit, the thresholds for making estimated payments and for filing annual returns were also raised.

Changes were also made to the rules governing the allocation of business income. The “regular place of business” requirement was repealed (City Admin. Code §11-508(a)), allowing businesses to allocate income to sales outside the city, even when they have no regular place of business outside the city. Manufacturers are now allowed to “double weight” the receipts factor when allocating income. All businesses with receipts from the sale of tangible goods, as opposed to services, no longer have to allocate income to the city for goods shipped to points outside the city (City Admin. Code §11-508(g)). Finally, for years beginning after 6/30/96, broadcasters and publishers are now allowed to allocate income based upon audience location (City Admin. Code §11-508, subdivisions (c) and (e-1)).

Also in 1996, a number of the tax reform measures passed in July of 1994 were enhanced. The exemptions for other sources of income for “self-trading” entities and for real estate management companies were extended. Provisions were enacted that exempted income from self-trading activities for unincorporated entities that were primarily engaged in trading for their own account or in the ownership, as an investor, of interests in unincorporated entities engaged in unincorporated business activities in the city. This provision is in addition to the self-trading exemption. An unincorporated entity qualifying for the partial exemption is allowed to exclude from its unincorporated business gross income any income and gains from activity qualifying for the self-trading exemption (City Admin. Code §11-502(c)). Prior to the change, any amount of income could “taint” the trading income, causing all of it to be taxed. Further, rules for apportioning investment income subject to tax were conformed to the general corporation tax (issuer’s allocation percentage). Additions also were made to the number of financial instruments used by self-traders and a “primarily engaged” test was established, which defines taxpayers as self-trading according to the nature of their assets.

1994

In July of 1994, several reforms were enacted. First, the self-trading exemption was broadened to allow firms, which are generally exempt from the unincorporated business tax under this provision, to retain the exemption on their self-trading income if they have gross receipts of $25,000 or less from business activities (normally subject to the tax). Second, owners and operators of real property with income from business activities were able to retain the exemption on income from their real estate activity if the business income was incidental and carried on solely for the benefit of the tenants as in the case of a garage or health club. Finally, partnerships which are corporations or unincorporated businesses subject to city tax were granted a credit for the share of taxes paid by the partnership in lieu of the exemption for the distribution which existed prior to the change (City Admin. Code §11-502(c)).

The Unincorporated Business Tax Paid Credit enacted in 1994 has been amended to permit unused credits for years beginning after 1995 to be carried forward for 7 years subject to certain restrictions. (City Admin. Code §11-503(j)).

1987

Two significant amendments were enacted in 1987. The unincorporated business tax credit was raised from $100 to a maximum of $600 and the taxable income threshold for making estimated payments was raised from $2,500 to $15,000 (City Admin. Code § 11-503(b), under 19 RCNY §28-03(a)). The higher credit removed approximately 30,000 taxpayers from the tax rolls.

BANKING CORPORATION TAX

Starting tax year 2015, the Banking Corporation Tax and General Corporation Tax are merged. Please see the Business Corporation Tax (NYCBCT) and the General Corporation Tax sections for more information on C corporations and S corporations, respectively.

As this tax is no longer forecasted, the overview and forecasting methodology have been removed. For historical information, refer to versions of this publication issued before 2025.

HOTEL ROOM OCCUPANCY TAX

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HOTEL ROOM OCCUPANCY TAX

OVERVIEW

The hotel room occupancy tax accounted for 1.0 percent of city tax revenue in 2024, $706.2 million.

The current city hotel room occupancy tax is a 5.875 percent tax on the room occupancy rent with an additional per room fee ranging from $0.50 to $2.00 per day (see Table 1). The city has imposed a hotel room occupancy tax and room fee since 1970, authorized under Title 11, Chapter 25 of the City Administrative Code, enabled by Chapter 161 of the State Laws of 1970, and further amended by Local Law 65 of 2008. The hotel room occupancy tax is levied in addition to the combined city, state and Metropolitan Commuter Transportation District (MCTD) sales taxes (at 4.5 percent, 4.0 percent, and 0.375 percent, respectively), bringing the aggregate hotel room occupancy and sales taxes on a hotel room rental in the city to 14.75 percent. For the period beginning December 1, 2013 and ending December 19, 2013, the hotel room occupancy tax reverted to 5.0 percent rather than 5.875 percent, reducing the aggregate rate to 13.875. On December 19, 2013, the hotel room occupancy tax again became 5.875 percent, bringing the aggregate tax to 14.75 percent. The 0.875 percent rate increase is set to expire on December 1, 2027, unless extended through local law. In addition, New York State administers the Convention Center Development Corporation (CCDC) hotel room unit fee of $1.50 per unit per day on hotel room occupancy as part of the sales tax (NY Tax Law Article 28, Part 2, §1104).

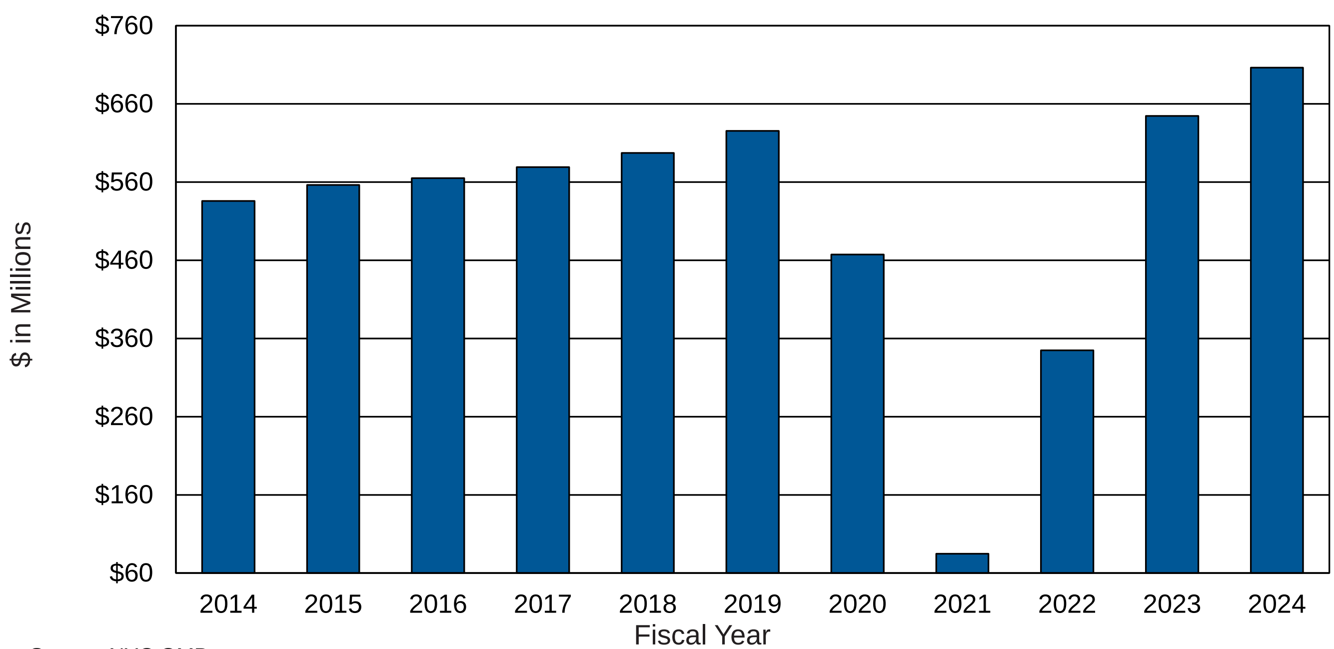
FORECASTING METHODOLOGY

The hotel room occupancy tax forecast is a function of growth in occupancy rates, room rates, and hotel room inventory.

The growth rates used to forecast the occupancy rates and room rates for the rooms filled are based on the NYC economic forecast. The hotel room inventory forecast is based on current information from published reports about new hotels under construction and their completion dates as well as established hotels and hotel rooms in the reconstruction pipeline.

Chart 1

Hotel Room Occpany Tax 2014 - 2024



Source: NYC OMB

Table 1

Hotel Room Occupancy Tax Rates

If the rent per day for the room is[1]:	The tax is:
$10 or more, but less than $20	$0.50 per day
$20 or more, but less than $30	$1.00 per day
$30 or more, but less than $40	$1.50 per day
$40 or more	$2.00 per day

Additional Tax	After 7/7/86	After 5/31/90[2]	After 8/31/90	After 8/31/94	After 11/30/94	After 3/31/05	After 2/28/09	After 11/30/13	After 12/19/13	After 6/1/21[4]	After 8/31/21	After 11/30/27
New York City	5.000%	5.000%	6.000%	6.000%	5.000%	5.000%	5.875%	5.000%	5.875%	0.000%	5.875%	5.000%
New York State	—	5.000%	5.000%	—	—	—	—	—	—	—	—	—
New York CCDC Unit Fee[3]	—	—	—	—	—	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50
Total	**5.000%**	**10.000%**	**11.000%**	**6.000%**	**5.000%**	**5.000%**	**5.875%**	**5.000%**	**5.875%**	**0.000%**	**5.875%**	**5.000%**

[1] For suites consisting of more than one room, the rent per room is the average of the suite's value. The flat fee is applied to the average value of each room in the suite.
[2] New York State only imposed the occupancy tax on rooms costing over $100.
[3] The New York Convention Center Development Corporation fee is administered by NYS as part of the sales tax. A unit for the purposes of charging the CCDC unit fee is a singular room or a set of rooms in a suite.
[4] An Executive Order in New York City eliminated the 5.875% hotel room occupancy tax rate from June 1 to August 31, 2021. The $2 per room fee and the MCTD sales taxes which the city also collects remained in effect.

After revenue is forecast, a monthly cash plan reflecting the seasonality of the collections and the fiscal year cash flow is estimated. The monthly cash plan takes into consideration the most recent information about occupancy and room rates.

Predicting hotel room occupancy tax collections is not a mechanical process but reflects both trend analysis and other factors affecting the tax. Tourism data describing the number of tourists and number of domestic and international airport arrivals are also considered.

TAX DETAIL

Tax Base

The city imposes a hotel room occupancy tax on all hotel rooms that are occupied at the rate of 5.875 percent plus a per room fee for rooms ranging from $0.50 to $2.00 per day based on the dollar value of the hotel room (City Admin Code Title 11, § 11-2502(a)(1) & (a)(2), City Admin Code Title 11, § 11-2502(a)(3)(E)). To determine the rate of the per room fee for a suite with multiple rooms, the dollar value of each room is determined by averaging the total cost of the suite. In addition, the city and the state impose a 4.5 percent and 4.0 percent sales tax, respectively, along with the 0.375 sales tax imposed by the MCTD, making the aggregate tax on hotel room occupancy 14.75 percent. Further, New York State administers the CCDC hotel unit fee for $1.50 per unit per day on hotel room occupancy as part of the sales tax. A suite with multiple rooms is considered one unit for charging the CCDC hotel unit fee.

Exemptions

Exemptions from the hotel room occupancy tax include; (1) permanent residents of a hotel or other eligible facility; (2) organizations and associations which are exempt from the state and city sales tax on hotel room rents, including the federal government, the State and City of New York, The United Nations, or any agency thereof; and (3) not-for-profit organizations formed and operated exclusively for religious, charitable, or educational purposes, or for the prevention of cruelty to children and animals. (City Admin Code Title 11, § 11-2502)

LEGISLATIVE HISTORY

2021

Effective June 1, 2021, the hotel room occupancy tax of 5.875 percent was temporarily eliminated for the three-month period from June 1 to August 31, 2021. The $2 per room fee and the MCTD sales taxes which the city also collects remained in effect. (Emergency Executive Order No. 202)

2019

Effective December 1, 2019, the city extended the temporary hotel room occupancy tax rate of 5.875 percent, keeping the aggregate tax at 14.75 percent. The additional 0.875 percent tax rate is set to expire on December 1, 2027, unless the rate increase is extended.

2016

Effective June 1, 2016, the wholesale sale of hotel rooms by hotels to room remarketers is considered a "sale for resale" and exempt from tax. The remarketer is, however, obliged to collect and remit hotel tax on the subsequent resale of the hotel room; the hotel does not remit any tax. (City Admin Code Title 11, § 11-2502(a)(5))

2015

Effective December 1, 2015, the city extended the temporary hotel room occupancy tax rate of 5.875 percent, keeping the aggregate tax at 14.75 percent. The additional 0.875 percent tax rate was set to expire on November 30, 2019.

2013

Effective December 19, 2013, the hotel room occupancy tax is again increased to 5.875 percent from 5.0 percent and the aggregate tax is again 14.75 percent. The additional 0.875 percent tax rate was set to expire on November 30, 2015.

Effective December 1, 2013, the hotel room occupancy tax temporary 0.875 percent rate increase expired, thereby reducing the rate back to 5.0 percent, and dropping the aggregate hotel room occupancy tax and sales tax on a hotel rental to 13.875 from 14.75 percent.

2011

Effective December 1, 2011, the city extended the temporary hotel room occupancy tax rate of 5.875 percent through November 30, 2013, bringing the aggregate hotel room occupancy tax and sales tax on a hotel rental in the city to 14.75 percent.

2009

Effective September 1, 2009, Internet and other hotel room occupancy resellers must collect and remit hotel room occupancy tax on the value of any hotel room rate markup. This closes a hotel room occupancy tax loophole, where the city only collected hotel room occupancy tax on the discounted room rate a hotel sold to occupancy resellers, not the ultimate value of the room sold to the occupant. (City Admin Code Title 11, § 11-2502(a)(5))

Effective August 1, 2009, the NYC sales tax rate increased from 4.0 percent to 4.5 percent, bringing the aggregate tax on hotel room rentals to 14.75 percent. (For history of taxes on hotel room occupancy, see Sales Tax Appendix III: Table 3)

Effective March 1, 2009, the city, through local law, temporarily increased the hotel room occupancy tax rate from 5.0 percent to 5.875 percent, bringing the aggregate hotel room occupancy tax and sales tax on a hotel rental in the city to 14.25 percent for the period of March 1, 2009 through July 31, 2009. The temporary hotel room occupancy tax rate increase was set to expire on November 30, 2011.

2005

Effective June 1, 2005, the NYC sales tax rate decreased from 4.125 percent to 4.0 percent and the NYS sales tax rate decreased from 4.25 percent to 4.0 percent, while the MCTD sales tax rate increased from 0.25 percent to 0.375 percent, bringing the aggregate tax on hotel room rental to 13.375 percent, for the period of June 1, 2005 through February 28, 2009.

Effective April 1, 2005, the state imposed a hotel unit fee of $1.50 per unit per day on all hotel room occupancy within New York City as part of the sales tax. This fee is dedicated to the securitization of bonds issued by the New York Convention Center Development Corporation (CCDC) for the expansion and improvement of the Jacob K. Javits Convention Center. The fee will terminate after all bonds secured have been paid. A unit for the purposes of the $1.50 unit fee may be a single room or a set of rooms in a suite.

2003

Effective June 1, 2003, the NYC sales tax increased from 4.0 percent to 4.125 percent, and the NYS sales tax increased from 4.0 percent to 4.25 percent bringing the aggregate tax on hotel room rental to 13.625 percent, for the period of June 1, 2003 through May 31, 2005.

1994

In 1994, both the state and city acted to reduce the hotel room occupancy tax burden. Effective September 1, 1994, the state eliminated its 5.0 percent tax. Effective December 1, 1994, the city repealed the 1.0 percent tax increase that was effective September 1, 1990, including the dedication of the one-quarter percent to tourism development, returning the rate to 5.0 percent from 6.0 percent. This lowered the aggregate tax rate on hotel rooms priced over $100 to 13.25 percent, in addition to the flat fee for the period of December 1, 1994 through May 31, 2003.

1990

Effective September 1, 1990, the city hotel room occupancy tax rate was increased from 5.0 percent to 6.0 percent. The aggregate tax rate payable on rooms priced over $100 in the city was 19.25 percent, in addition to the flat fee, for the period of September 1, 1990 through August 31, 1994. One-quarter of the revenue collected from the additional city hotel room occupancy 1.0 percentage point tax rate increase was earmarked for the development of tourism. Of this dedicated revenue, seven-eighths of the one-quarter percent funded the New York Convention and Visitors Bureau. The remaining one-eighth percent was not dedicated to a specific organization but had to be expended on tourism-related activities.

Effective June 1, 1990, the state introduced an additional special NYS hotel room occupancy tax of 5.0 percent on rooms costing $100 or more per day.

1986

Effective July 8, 1986, a city 5.0 percent hotel room occupancy tax was imposed in addition to the hotel room occupancy tax flat fee. Subsequently, tax collections increased from $26 million in city Fiscal Year 1986 to $79 million in city Fiscal Year 1987.

1980

Effective September 1, 1980, the hotel room occupancy tax flat fee increased from a range of $0.25 to $1.00 per day to a range of $0.50 to $2.00 per day.

1970

Effective July 1, 1970, the hotel room occupancy tax was imposed as a flat fee based on the daily rental value of the hotel room occupied. The fee ranged from a minimum of $0.25 up to $1.00 per day depending on the value of the room.

PROPERTY SHARING SHORTTERM RENTAL UNITS (AIRBNB AND SIMILAR COMPANIES)

Airbnb

Founded in 2008, Airbnb became the first major online marketplace to connect owners and lessees of certain real estate properties and living spaces (dwellings) to individuals looking for short term (less than 30 days) accommodations in those areas. These rentals are subject to the New York City Hotel Room Occupancy Tax, the New York CCDC Unit Fee, as well as city, state, and MCTD sales taxes. Airbnb and similar sites are not responsible for collecting these taxes, as the host must set aside funds to remit these taxes independently.

Hosts are required to register short-term rentals of all dwelling types (except Class B multiple dwellings) with the Office of Special Enforcement. Along with registering with the city, to qualify as a legal short-term rental, a legal listing must offer a short-term rental shared space for no more than two guests in the same unit as the host, while it is clear that the host will be present during the rental. Hosts (owners or tenants) cannot rent out an entire apartment or home to visitors for fewer than 30 days. This applies to all permanent residential buildings regardless of the number of units, including single-family and two-family homes.

Information on Hosting Rental Units

Market-rate renters and co-op owners with lease agreements are generally prohibited from subletting of any type without the permission of the landlord or co-op board. Residents of rent controlled or rent stabilized properties planning to rent their unit while hosting may have prohibitions or restrictions on subleasing, where violations can lead to eviction.

Short term rental units are required to follow the New York City building code. If circumstances require, potential hosts may need to seek a change in the occupancy certificate or zoning of their unit. It may even be necessary to convert the property from long-term housing to a hotel. The unit may require upgrades before it is suitable to rent out. In addition, short-term rentals must also comply with all zoning regulations, leases, condo board or co-op rules, and other rules regarding the use of real estate.

New York State Multiple Dwellings Law

Through Airbnb, NYC became the largest short term rental market in the nation. While demand for short term rentals of dwellings was high, many of the rental units were considered illegal transient hotels. To counteract the rising trend of NYC property lessees and owners turning buildings into unlicensed hotels, the Illegal Hotel Law legislation was signed into law. Enacted July 16, 2010, the New York State Multiple Dwellings Law (NY Con Laws, Chapter 61-A, S.6837B and A.10008B) restricts renting out an entire apartment in a building with 3 or more permanent resident units (Class A multiple dwelling) for a rental period under 30 days when the host is not present. These rental types are permitted, however, if the host or permanent resident is present (a “shared space” rental).

Other permissible dwellings under this law include private dwellings (exclusive residence by one or two families; e.g. houses), bungalows (single-family unit with kitchen, bathroom, and furnished sleeping rooms; e.g. cottages, condos), and Class B multiple dwellings (multiple dwellings occupied transiently; e.g. hotels, lodging houses) for less than 30 days. The host or permanent resident does not have to be present to rent out these units. These dwelling types, while permissible for short term rental under the New York State Multiple Dwellings Law are no longer legal per the short-term rental registration requirements passed in 2022.

Other Legislation on Rental Units

2022

Effective January 9, 2022, hosts are required to register short-term rentals of all dwelling types (except Class B multiple dwellings) with the Office of Special Enforcement. Booking services must electronically verify the status of Class B multiple dwellings. (City Admin Code, Title 26 § 26-3101). Enforcement would not begin until July 9, 2023, due to late processing in the filing system. The city agreed to delay issuing violations of the law or seek the impositions of fines until September 5, 2023, following Airbnb Inc. and three local host suing on June 1st to block the regulation.

Following the implementation of registration requirement, short-term Airbnb listings dropped from around 22 thousand to under five thousand and has remained at this level nearly a year later.

2021

Effective January 3, 2021, online short-term rental (less than 30 days) platforms that provide booking services for a fee are required to provide information about those transactions to the Mayor’s Office of Special Enforcement including the address of the short-term rental, the name and address of the rental host, the URL of the short term rental listing, whether the short term rental was for part or the entire unit, the number of days the unit is rented, the fees collected by the online platform for booking services, and information about rent collected by the booking service, where applicable. Any personal information obtained by the city must be protected to the fullest extent of all relevant state, federal, and local laws and maintained, stored, and handled in a manner consistent with such laws. Failure to provide this information would result in a fine amounting to the greater of either $1,500 per listing for each reporting period in which the required information is not provided completely or accurately, or the total amount of fees collected during the preceding year for transactions related to such listing. (City Admin Code, Title 26 § 26-2102)

If hosts do not consent to sharing their data with the city, they will not be allowed to host short-term rentals on platforms such as Airbnb. Exemptions include certain class B multiple dwellings such as those rented for four or fewer nights per quarter, as well as private and shared rooms that have the capacity for two or fewer guests. Hosts offering rentals for 30 or more nights are also exempt.

Along with registering with the city, to qualify as a legal short-term rental, a legal listing must offer a short-term rental shared space for no more than two guests in the same unit as the host while it is clear that the host will be present during the rental. Hosts (owners or tenants) cannot rent out an entire apartment or home to visitors for fewer than 30 days. This applies to all permanent residential buildings regardless of the number of units, including single-family and two-family homes.

This law was initially intended to go into effect 180 days after the enactment date of August 6, 2018, but was blocked on January 2, 2019 by a federal judge for violating Fourth Amendment protections against illegal search and seizure. In June 2020, Airbnb settled with NYC and agreed to release the information on short-term rentals. The disclosure agreement took effect on January 3, 2021, hence the revised enacted date.

2016

Effective October 21, 2016, advertising for the use or occupancy (i.e. rental) of any Class A dwelling for purposes other than permanent residence or in violation of the New York State Multiple Dwellings Law's restrictions on short-term rentals is prohibited. (City Admin Code, Title 27 § 27-287.1)

2010

Effective July 16, 2010, the rental of a unit in a Class A multiple dwelling (a building with three or more units occupied for the purposes of permanent residency) for a period of fewer than 30 days is prohibited, unless the host or property owner is present for the duration of the rental.

UTILITY TAX

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UTILITY TAX

OVERVIEW

The utility tax accounted for 0.6 percent of city tax revenue in fiscal year 2024, or $408.9 million.

The current utility tax rate of 2.35 percent on the gross receipts of vendors has been in place since January 1, 1966. The city has imposed a utility tax since August 1, 1965, authorized under Title 11, Chapter 11 of the City Administrative Code, enabled by Chapter 93 of the State Laws of 1965. Utilities are defined as companies that are subject to the supervision of the New York State Public Service Commission (PSC). They include vendors of gas, electricity, steam, water, refrigeration, telephone companies, and certain transportation companies (omnibus operators). These activities need not represent the vendors' primary business. Additionally, companies that derive 80 percent or more of their gross receipts from mobile telecommunication services are also considered utilities. Companies do not have to be supervised by the PSC to be considered utilities.

FORECASTING METHODOLOGY

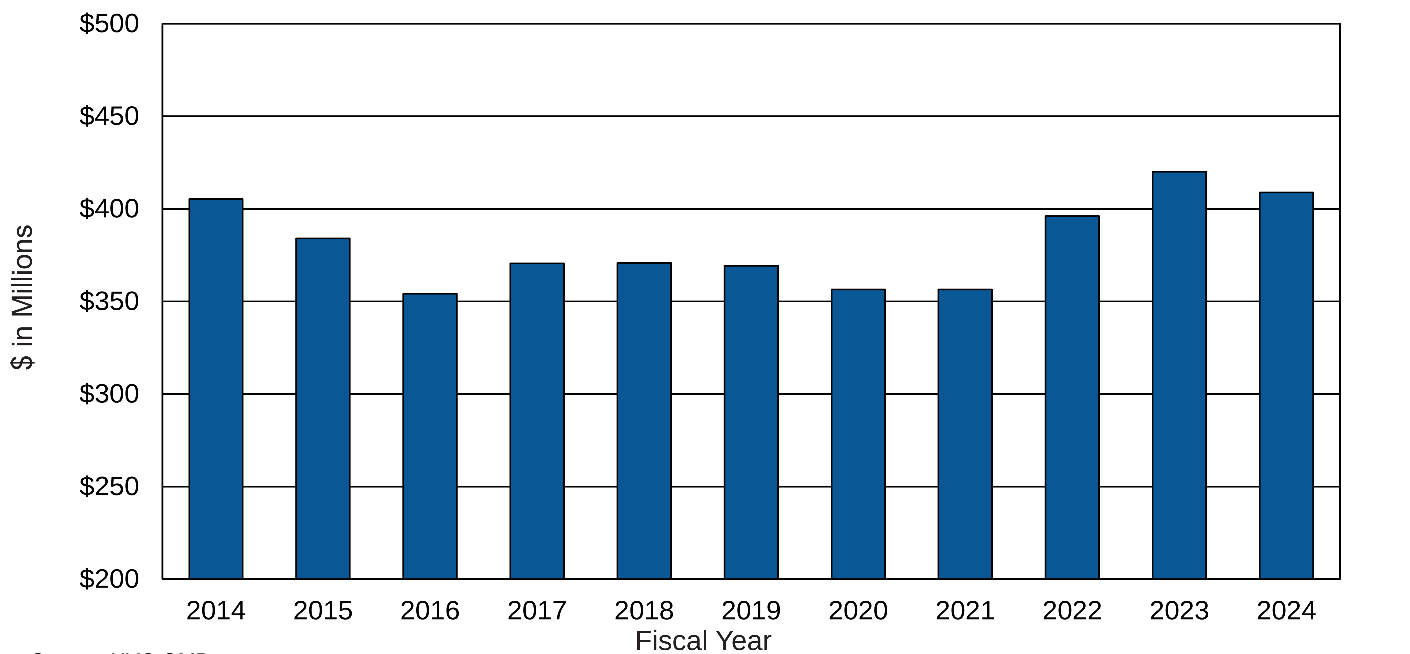
Data provided by the NYC Department of Finance (DOF) allow utility tax collections to be broken down into sectors, allowing the utility tax revenue from each sector to be forecast individually. The three major utility sectors that pay utility tax are providers of electricity, gas, and telecommunications services.

Electricity and natural gas utility tax revenues are forecast using the most recent forecast of energy prices. To forecast telecommunications revenue, the most recent industry trends and the overall inflation rates are considered. Finally, tax programs such as the Energy Cost Savings Program (ECSP) and any other tax law changes are taken into account.

Once revenue is forecast, a monthly cash plan is derived which reflects seasonal changes in collections. The monthly cash plan is driven by current and expected trends resulting from tax law and regulatory changes, weather patterns, and energy pricing patterns.

Chart 1

Utility Tax 2014 - 2024



Source: NYC OMB

TAX DETAIL

Tax Base

The city imposes a tax on all utilities and vendors of utility services, including operators of omnibuses. The current rate of 2.35 percent was imposed on January 1, 1966 and is levied on the gross income of taxpayers. Currently this tax applies to electric and natural gas utilities as well as telecommunication firms whose services include wireless fiber optic and other types of transmissions. The major companies that pay the utility tax include: Consolidated Edison Company of N.Y., Inc. (Con Ed); National Grid USA; and Verizon New York, Inc.

Tax Programs

Two tax programs reduce the utility bills of eligible businesses by offering credits against the utility providers' tax liability. The Energy Cost Savings Program (ECSP) and the Lower Manhattan Energy Program (LMEP) are designed to promote economic development in certain areas of the city by encouraging businesses to relocate or to renovate their buildings (City Admin Code Title 66, Ch. 5; City Admin Code Title 66, Ch. 5A; NY Con Laws, General City, Article 2F, Section 25-T).

The ECSP was enacted in 1985 and currently grants a rebate of up to 45 percent on electricity charges and up to 35 percent on non-heating natural gas charges to eligible commercial and industrial businesses (excluding retail and hotels) operating in Brooklyn, The Bronx, Queens, Staten Island and Manhattan north of 96th Street. The rebate is also granted to commercial and industrial businesses in those areas which improve commercial structures by more than 30 percent of taxable assessed value. A full benefit is allowed for eight years, followed by a four-year phase-out. The utility company that provides the rebate is compensated for the forgone revenue through a credit against its city utility tax liability. The ECSP must be renewed by the city, ranging from every one to three years. The ECSP was extended from July 1, 2010 to July 1, 2013, and was renewed retroactively through June 30, 2015, and subsequently extended through June 30, 2017. July 1, 2017, the rebate was then extended through June 30, 2020, and then again though June 30, 2023. Most recently, it was extended through June 30, 2027.

The LMEP was included as part of the Commercial Revitalization Program, enacted in 1995. The LMEP currently grants the same rebates (45 percent o n electricity charges) to eligible commercial (non-retail) tenants south of Murray Street in Manhattan who have improved their buildings by at least 30 percent of taxable assessed value. A full benefit is allowed for eight years, followed by a four-year phase-out. The LMEP must be renewed by the city, ranging from every one to three years. The LMEP was extended from July 1, 2010 to July 1, 2013 and was renewed retroactively through June 30, 2015, and subsequently extended through June 30, 2017. On July 1, 2017, the rebate was then extended through June 30, 2020, and then again though June 30, 2023 Most recently, it was extended through June 30, 2027.

The New York City Department of Finance reports the monthly credit distribution of the combined ECSP and LMEP for the four major utility taxpayers. This information is factored into the forecast of utility tax collections.

LEGISLATIVE HISTORY

2023

Effective July 1, 2023, The Energy Cost Savings Program and Lower Manhattan Energy Program were extended until June 30, 2027.

2021

Effective April 1, 2021, the NYS legislature passed and extended the statewide moratorium on utility shut-offs during the period of the COVID-19 pandemic. The moratorium expired December 21, 2021.

2020

Effective July 1, 2020, The Energy Cost Savings Program and Lower Manhattan Energy Program were extended until June 30, 2023.

In June 2020, the NYS legislature passed a utility moratorium bill that prevents utility corporations or municipalities from disconnecting utilities to residential households who are enduring financial hardship due to COVID-19, starting on or after March 7,2020 [Bill §8113A]. The bill also bans late fees and penalties, and guarantees access to extended or deferred payment plans with the opportunity to renegotiate payment agreement on any past-due balance, until

March 31, 2021. After the state of emergency is lifted or expires, a utility corporation or municipality cannot shut off service for nonpayment if a resident is in a payment agreement.

2017

Effective July 1, 2017, The Energy Cost Savings Program and Lower Manhattan Energy Program were extended until June 30, 2020.

2015

Effective July 1, 2015, The Energy Cost Savings Program and Lower Manhattan Energy Program were extended until June 30, 2017.

2013

Effective July 1, 2013, The Energy Cost Savings Program and Lower Manhattan Energy Program were extended until June 30, 2015.

2010

Effective July 1, 2010, the Energy Cost Savings Program and Lower Manhattan Energy Program were extended until July 1, 2013.

2009

Effective tax year 2009 and thereafter, refunds for utility tax may be requested within three years from the time a utility tax return is filed and two years from the time the tax is paid.

2006

Effective January 1, 2006, metered sales of energy to tenants of certain cooperative housing corporations are exempted from the city utility tax. The exemption applies to cooperative corporations with at least 1,500 apartments that own or operate a cogeneration facility that was in place before January 1, 2004 (City Admin Code Title 11, § 11-1102g).

2003

Effective October 20, 2003 through January 23, 2004, certain taxpayers were able to apply for utility tax amnesty. During this period, eligible taxpayers who remitted taxes previously owed were granted a waiver of civil penalties and criminal prosecutions and a reduction in interest due.

2002

Effective December 1, 2002, certain utility services used during the production of film are eligible for exemption from the utility tax.

Effective August 1, 2002, the city utility tax law was amended to align taxation of wireless telecommunication services with the Federal Mobile Telecommunications Sourcing Act of 2000. Previous legislation based on landlines defined taxable calls as those which “originate and terminate” geographically within the state. The new amendment replaces this method with a “place of primary use” (PPU) provision, which simplifies taxable receipts for wireless devices. Under the new law, 84 percent of the total wireless services billed to a customer’s PPU are subject to the utility tax. (City Admin Code Title 11, § 11-1119-1120)

2001

Effective June 1, 2001, the Department of Business Services (DBS) promulgated rules that divided the ECSP participants into three categories with various schedules of rebate percentages in order to allow participants to receive the same program benefits as those received under the original rebate percentages of the bundled bill.

2000

Effective November 1, 2000, legislation changed the ECSP and LMEP rebates on electricity and gas from a discount on all utility charges to a discount solely on utility delivery charges. The legislation raised the rebate percentages to 45 percent of eligible charges on electricity and 35 percent on natural gas in an effort to maintain roughly the same benefit levels, in dollar terms, as previously. Subsequently, program participants complained that following the enactment of the new rebate percentages, commodity prices had increased while utility delivery charges remained relatively low. Thus, the benefits program participants received under the revised rebate regime were less than the benefits they would have received under the previous regime.

1999

Effective January 1, 1999, utility taxpayers whose tax liability for the preceding year was less than $100,000 are able to file semi-annual utility tax returns for the current year. Previously, these taxpayers were required to file monthly returns.

1998

Effective January 1, 1998, the definition of “telephone or telegraph service” subject to the city utility tax was broadened to “telecommunication services” in order to be consistent with the state utility tax definition. Under the new law, any transmission of voice, image, data, information and paging through wired or wireless media are subject to the utility tax. Additionally, telephone services such as dial tone, directory information, call forwarding, and call waiting are also included. Cable television services and air safety transmissions are excluded from this definition. (City Admin Code Title 11, § 11-1101, paragraph 9)

Effective January 1, 1998, the utility tax law was modified so that landlords that resell utility services to their tenants are no longer subject to utility tax. Under the amended law, the original vendor will be taxed for the sale of utility services to the landlord, and the landlord will not be subject to the utility tax. (City Admin Code Title 11, § 11-1101, paragraph 24)

1995

Beginning July 1, 1995, businesses in Lower Manhattan south of Murray Street which improve the market value of their property by 20 percent are eligible to apply for the LMEP. The LMEP grants a credit against a taxpayer’s utility tax liability by providing a 30 percent reduction on electric charges and a 20 percent reduction on natural gas charges to eligible businesses.

1985

Beginning May 3, 1985, businesses which relocate to the outer boroughs or Manhattan north of 96th Street are eligible to apply for the ECSP. The ECSP grants a credit against a taxpayer’s utility tax liability by providing a 30 percent reduction on electric charges and a 20 percent reduction on natural gas charges to eligible businesses. (NYS Con Law §25-bb(f))

1966

Effective January 1, 1966, the utility tax rate was raised to 2.35 percent of the gross receipts of taxpayers.

1965

Beginning August 1, 1965, a tax at a rate of 2.0 percent was levied against the gross receipts of all utilities and vendors of utility services in New York City. A vendor of utility services furnishes or sells gas, electricity, steam, water, refrigeration, or telecommunications services, or operates omnibuses.

Utility Deregulation

The deregulation of the energy industry and subsequent legislative actions has, and are forecast to continue to have, minimal impact on the forecast of utility tax revenue. Beginning in 1997, the Public Service Commission (PSC), Con Ed and subsequently other utilities entered into an agreement that set a schedule for competitive retail access and the deregulation of the electric industry in New York State. The natural gas industry has been deregulated since 1991.

On March 13, 1997, Con Ed and the PSC entered into a settlement with respect to the PSC’s competitive opportunities proceeding, with PSC approval granted on August 29, 1997. The settlement agreement featured a five-year rate plan to facilitate the transition to competitive retail access, effective January 1, 1998. The five-year rate plan called for an immediate 25.0 percent electric rate reduction for Con Ed's largest industrial customers, a 10.0 percent rate reduction for other large industrial and commercial customers (which include office buildings, hospitals, colleges and universities) and a 3.3 percent rate reduction for residential and small commercial customers. The five-year rate plan superseded the prior 1995 rate agreement as of March 31, 1997, and the revenue requirement increase for the third year of the 1995 rate agreement was reversed.

In calendar year 2000, Con Ed agreed to further reduce retail electric rates and extend the electric restructuring agreement to 2005. Effective October 1, 2000, the total reduction in retail distribution rates was 16.8 percent. An additional 200 megawatts of capacity also became eligible for business rate incentives. These rate reductions have had a slight negative impact on utility tax collections.

As a result of the 1996 PSC Competitive Opportunities proceeding, the PSC ordered a complete restructuring of the state's energy utilities to encourage competitive markets. This agreement originally set the pace of deregulation in the state with the expectation of full retail access by 2006. The original PSC agreements provided a transition to a competitive retail market through the development of retail access plans, a reasonable recovery of strandable costs and the divestiture to unaffiliated third parties of approximately 50 percent of electric generating capacity in the city. The PSC agreements were revised in 2000, allowing for full retail access for all customers as of November 1, 2000. Additionally, Con Ed has divested itself from all its generating capacity beyond the 50 percent requirement. Deregulation of the electric industry has had a slight negative impact on utility tax collections.

2002

Effective August 1, 2002, the taxable income of mobile telecommunication services to be 84 percent of charges where the primary place of use is within the limits of the city. This was adopted to comply with the Federal Mobile Communication Sourcing Act of 2000. The city fixed the proration amount at 84 percent as a proxy for the percent of all telecommunication receipts that are intra-city.

2008

Effective April 1, 2008, Con Ed and the PSC agreed on a 4.7 percent electric service delivery rate increase. The decision approved significant increases in infrastructure spending to improve and maintain the reliability of Con Ed services.

2010

Effective April 1, 2010, Con Ed and the PSC agreed on a 4.3 percent electric service delivery rate increase.

2014

Effective March 1, 2014, Con Ed electricity delivery rates will be held at current levels for the next three years and natural gas and steam delivery rates will remain at current levels for the next three years.

2015

Effective January 1, 2015, Con Ed electricity delivery rates will be held at current levels for the next two years and natural gas and steam delivery rates will remain at current levels for the next three years.

2017

Effective January 1, 2017, Con Ed electric delivery will see rate increases of 2.3 percent, 2.4 percent, and 2.4 percent for calendar years 2017, 2018, and 2019, respectively. For gas customers, the rate increases will be 1.6 percent, 5 percent, and 3.2 percent.

2020

Effective January 1, 2020, Con Ed electric delivery will see rate increases of 4.2 percent, 4.7 percent, and 4.0 percent for calendar years 2020, 2021, and 2022, respectively. For gas customers, the rate increases will be 7.5 percent, 8.8 percent, and 7.2 percent. The PSC approved the rate increases in January 2020. For calendar year 2020, January bills were not revised. The rates were adjusted such that the increased revenue will be collected over the eleven-month period, February through December.

2023

Effective August 1, 2023 The New York State Public Service Commission (PSC) approved Con Ed electric delivery rate increases of 4.2 percent, 4 percent, and 3.8 percent increases for calendar years 2023, 2024, 2025 respectively. For gas customers the approved rate increases are 6.7 percent, 6.3 percent, and 5.9 percent for calendar years 2023, 2024, 2025 respectively. To make up for the delay in making the rates effective on January 1, 2023 until August 1, 2023, customers experienced larger monthly bill increases starting in August 2023. For example, a residential electric customer using 600 kWh per month would see an average total monthly bill increase of $14.44 or 9.1 percent in August of this year, $7.20 or 4.2 percent starting January 2024, and $2.43 or 1.4 percent starting January 2025. A residential gas heating customer using an average of 100 therms per month would see an average monthly bill increase of $17.28 in August of this year, or 8.4 percent, an $14.90 increase in the second year, or 6.7 percent, and a $15.61 increase in the third year, or 6.6 percent.

2024

Effective September 1, 2024 the New York State Public Service Commission approved three-year gas rate plans for Brooklyn Union & KeySpan Gas East Corp (subsidiaries of National grid that provide natural gas to customers in parts of Brooklyn, Queens, and Staten Island). For Brooklyn Union, the raise in delivery rates will result in a 19.4 percent increase in the typical residential bill starting September 1, 2024, a 5.1 percent increase starting April 1, 2025, and an 11.1 percent increase starting April 1, 2026. For KeySpan, the raise in delivery rates will result in a 22.3 percent increase in the typical residential bill starting September 1, 2024, a 4.4 percent increase starting April 1, 2025, and a 9.7 percent increase starting April 1, 2026.

ADULT USE CANNABIS TAX

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ADULT USE CANNABIS TAX

OVERVIEW

The adult use cannabis tax accounted for less than 0.01 percent of city tax revenue in 2024, $3.9 million.

The adult use cannabis tax was authorized by section 493 Article C, of New York State tax law. This tax followed the legalization of adult use cannabis, also known as recreational marijuana. The tax is regulated by the Office of Cannabis Management (OCM) which issues licenses permitting cultivation and distribution. While legalized in March of 2021, the first retail sale of adult use cannabis in the State of New York did not take place until December 2022. This was due to strict licensing standards set by the OCM which prioritized licenses for individuals adversely affected by the state's past punitive drug laws. The inexperience of the license holders also contributed to the slower rollout in New York. States similar to New York saw faster roll outs because license requirements were less stringent, and licensees were large businesses with more experience and better funding. By the end of FY23 there were fewer than ten licensed dispensaries open in the city. In late 2023 the OCM opened licenses to more kinds of applicants and by January 2024 more dispensaries began to open throughout the city. By the end of June 2024, there were 53 open, licensed dispensaries. The rapid expansion of stores, alongside enforcement efforts starting in May 2024 to shutdown unlicensed vendors, appears to have set the stage for steady growth.

The retail tax rate is 13%, a combination of the 9% state and 4% local excise taxes. New York City collections are entirely from 4% of retail sales of licensed dispensaries within the city. Cannabis is exempt from state and local sales taxes.

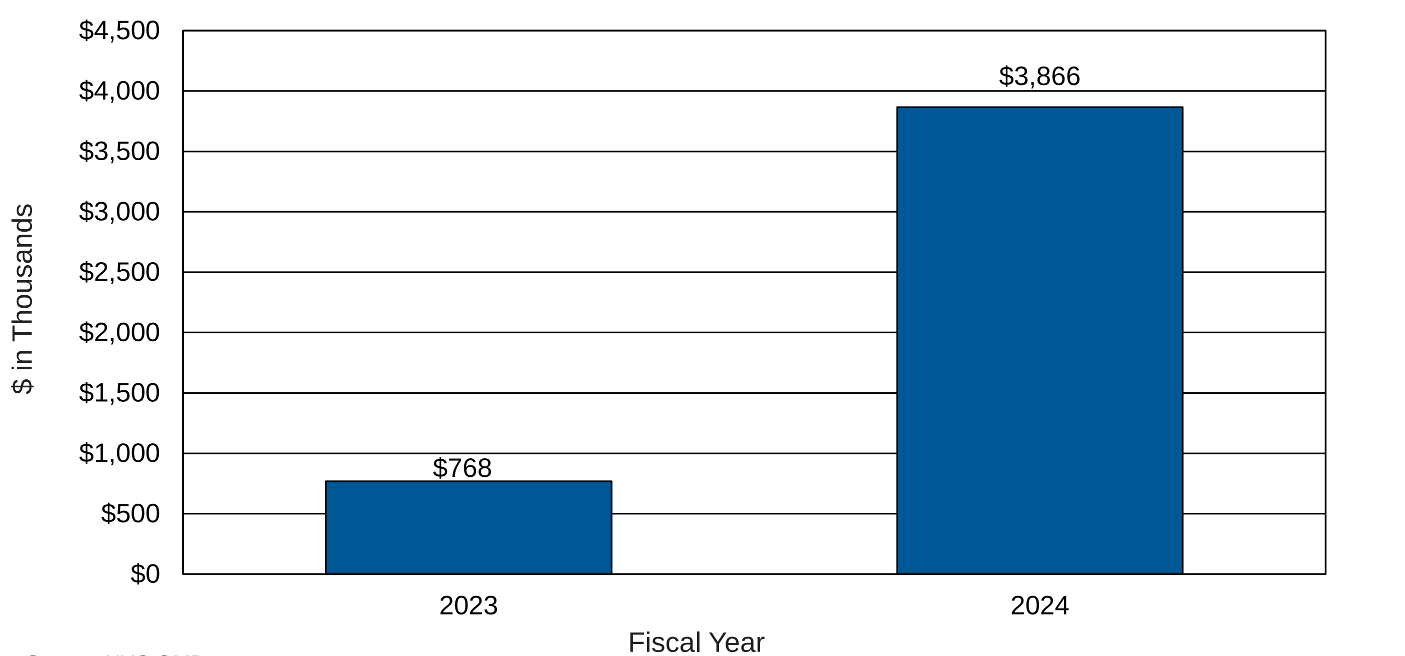
Before the retail sale, there is a wholesale tax of 9% which is administered and collected solely by the state and is not distributed to localities.

FORECASTING METHODOLOGY

Adult use cannabis tax revenues are forecast as a share of the state's total forecasted adult use cannabis excise tax revenues. The state's market for adult use cannabis is forecasted to grow rapidly before reaching maturity in 2029. Once the city receives an adequate amount of revenue from retail sales, future revenues can be forecasted using recreational drug use data, both of residents and visitors in combination with number of licensed dispensaries open in the city.

Chart 1

Adult Use Cannabis Tax 2023 - 2024



Source: NYC OMB

TAX DETAIL

Tax Base

Revenues are collected from retail sales at licensed dispensaries. Of the 13% excise tax applied to the sale of all adult use cannabis products, the city is distributed revenues from 4% of the final sale where the state retains the other 9%.

Tax Rate

Effective March 31, 2021, New York State legalized adult use cannabis under the Marijuana Regulation and Taxation Act (MRTA). The MRTA established an excise tax of 13% on product sold at licensed retailers, a combination of a state excise tax rate at 9%, and a local excise tax rate at 4%.

Administration

Retail dispensaries report and remit revenues to the State Department of Taxation and Finance who collect the tax on behalf of NYC. After the tax is collected, the Office of the State Comptroller (OSC) is responsible for making adult use cannabis tax revenue payments to counties and New York City on a quarterly basis.

Payment Deadlines

The Deadline for the first quarter of the calendar year is March 20 which reflects activity from December 1 through February 28. The next payment deadline is June 20, reflecting activity from March 1 through May 31. The following payment is due September 20, reflecting activity from June 1 to August 31. The last payment of the calendar year is due December 20, reflecting activity from September 1 to November 30.

LEGISLATIVE HISTORY

2024

May 7, 2024: NYC begins “Operation Padlock to Protect” which gives authorities the ability to shut down illegal marijuana retailers and fine them up to $200,000. Before this, seizures of illegal product were shown to be ineffective as illegal distributors would resupply and continue to sell illegally. The new legislation passed allows authorities to padlock the doors of illegally operating establishments. While a federal judge upheld the city’s authority to close the businesses operating illegally, the law only allowed business to be forcefully closed for one year. As the locks have been removed after the year-long closure expired, the city is working with building owners to either re-open storefronts as licensed dispensaries or with non-cannabis businesses.

February 16, 2024: State regulators approved 109 new marijuana business licenses, including 38 retail dispensaries, as New York’s cannabis industry aimed to get on track following repeated setbacks. They also approved the proposed home-grow regulations that would allow New Yorkers to possess up to 12 cannabis plants and five pounds of marijuana per household.

2023

October 1, 2023: Regulators begin accepting cannabis retail applications from the general public, opening up the industry to a broad swath of business hopefuls previously excluded by the prioritization of justice-involved applicants.

August 18, 2023, a state judge issued an injunction blocking New York from issuing new marijuana dispensary licenses, siding with a group of service-disabled veterans that claimed state regulators unconstitutionally awarded initial dispensary licenses to businesses impacted by prior marijuana convictions.

2022

December 29, 2022, the state’s first Retail Dispensary opens in NYC.

November 21, 2022, regulators approve the first 36 cannabis dispensaries, with the Conditional Adult Use Retail Dispensary licenses going to business owners directly impacted by prior marijuana convictions, or nonprofits with a history of helping incarcerated people.

2021

Effective March 31, 2021, New York State legalized adult use cannabis under the Marijuana Regulation and Taxation Act (MRTA). The MRTA established an excise tax of 13% on product sold at licensed retailers, a combination of a state excise tax rate at 9%, and a local excise tax rate at 4%. While legalized in March of 2021, the first retail sale of adult use cannabis in the State of New York did not take place until December 2022.

CIGARETTE TAX

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CIGARETTE TAX

OVERVIEW

The cigarette tax accounted for 0.02 percent of city tax revenue in 2024, or $13.3 million.

The cigarette tax was authorized by Chapter 235 of the Laws of 1952 and enacted by Title 11, Chapter 13 of the NYC Administrative Code. The sale of cigarettes within NYC is regulated by State and local laws and enforced by the NYC Department of Finance (DOF). The cigarette tax is paid by an agent or distributor and passed along to consumers.

FORECASTING METHODOLOGY

Cigarette tax revenue is forecast using an analysis of the number of cigarette packs sold each month. Taxes are paid in advance by agents, distributors, or dealers by means of stamps, so the forecast is derived from historical actual stamps sold data. The number of packs is then multiplied by the current NYC cigarette tax rate of $1.50 per pack. In addition, as part of an agreement with New York State, the city allows the State to retain 46 percent of the city's revenue to compensate the State for the revenue loss from the NYC tax increase enacted in 2002. The 2002 tax increase resulted in a dramatic citywide smoking reduction and the diversion of cigarette purchases to jurisdictions outside the city with lower cigarette tax rates. This state portion is subtracted from total revenue estimates in forecasting the city's cigarette tax revenue.

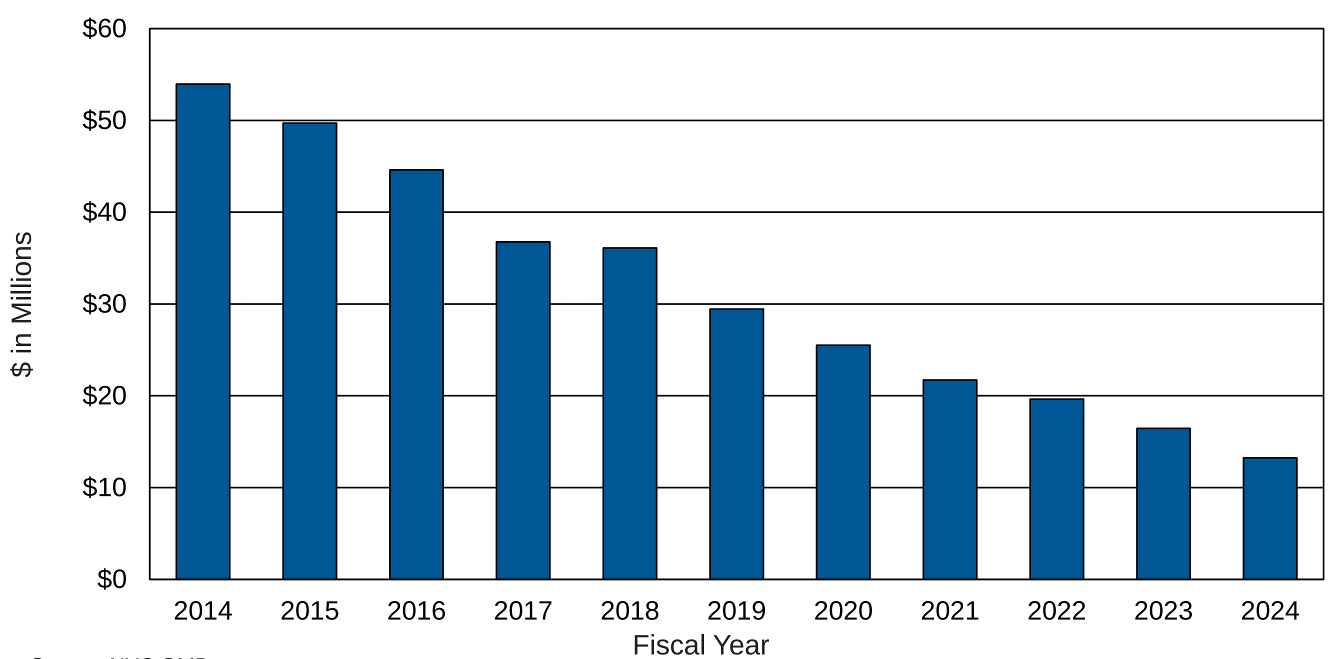
TAX DETAIL

Tax Base

New York City imposes a tax of $1.50 on the sale or use of every pack of 20 cigarettes in the city. Taxes are paid in advance by agents, distributors, or dealers by means of stamps. Authorized agents purchase the stamps to be affixed to packages. In lieu of adhesive stamps, agents may be authorized to use metering machines. Cigarettes held in stock within NYC by an agent or wholesale dealer for sale outside NYC or for sale and shipment in interstate commerce are exempt. In addition, sales to federal agencies, NYS agencies (if not for resale), and voluntary organizations of the U.S. Armed Forces are exempt from the tax. Personal use of two cartons (400 cigarettes) or less brought into the city is also exempt.

Chart 1

Cigarette Tax 2014 - 2024



Source: NYC OMB

Table 1

Summary of Recent Cigarette Tax Rate History*

	Prior January 1, 2002	Effective January 1, 2002	Effective April 1, 2002	Effective July 2, 2002	Effective June 3, 2008	Effective April 1, 2009	Effective July 1, 2010	Effective September 1, 2023
Federal	$0.34	**$0.39**	$0.39	$0.39	$0.39	**$1.01**	$1.01	$1.01
NY State	1.11	1.11	**1.50**	1.50	**2.75**	2.75	**4.35**	**5.35**
NY City	0.08	0.08	0.08	**1.50**	1.50	1.50	1.50	1.50
Total	**$1.53**	**$1.58**	**$1.97**	**$3.39**	**$4.64**	**$5.26**	**$6.86**	**$7.86**
Tax Rate Change		**$0.05**	**$0.39**	**$1.42**	**$1.25**	**$0.62**	**$1.60**	**$1.00**

* The tax rate changes are marked in bold.

LEGISLATIVE HISTORY

2023

Effective September 1, 2023, New York State increased cigarette tax by $1.00 per pack, establishing the current highest State cigarette tax rate nationwide, at $5.35. As a result, the combined city/state cigarette tax was raised from $5.85 to $6.85 per pack, and the total cty/state/federal cigarette tax was increased from $6.86 to $7.86 per pack. (NY Tax Laws, Article 20, § 471(1))

2018

Effective June 1, 2018, the city passed a local law (145 of 2017), which established a price floor for packages of cigarettes (in addition to introducing a new excise tax and price floors on other tobacco products – see “Other Taxes” for more information). The cigarette package price floor was raised from $10.50 to $13 per package. (City Admin Code Title 17, §17-176.1(d))

2014

Effective May 19, 2014, the city passed a local law (94 of 2013), which increased the minimum age required for the purchase of cigarettes and tobacco products from 18 to 21 years. (City Admin Code Title 17, §17-706(a))

Effective March 19, 2014, the city passed a local law (97 of 2013), which established a price floor for a pack of cigarettes. The price floor for a pack of cigarettes was set at $10.50. (City Admin Code Title 17, §17-176.1(d)))

2010

Effective July 1, 2010, New York State increased cigarette tax by $1.60 per pack from $2.75 to $4.35 per pack. As a result, the combined city/state cigarette tax was raised from $4.25 to $5.85 per pack, and the total city/state/federal cigarette tax was increased from $5.26 to $6.86 per pack. (NY Tax Laws, Article 20, § 471(1)(b))

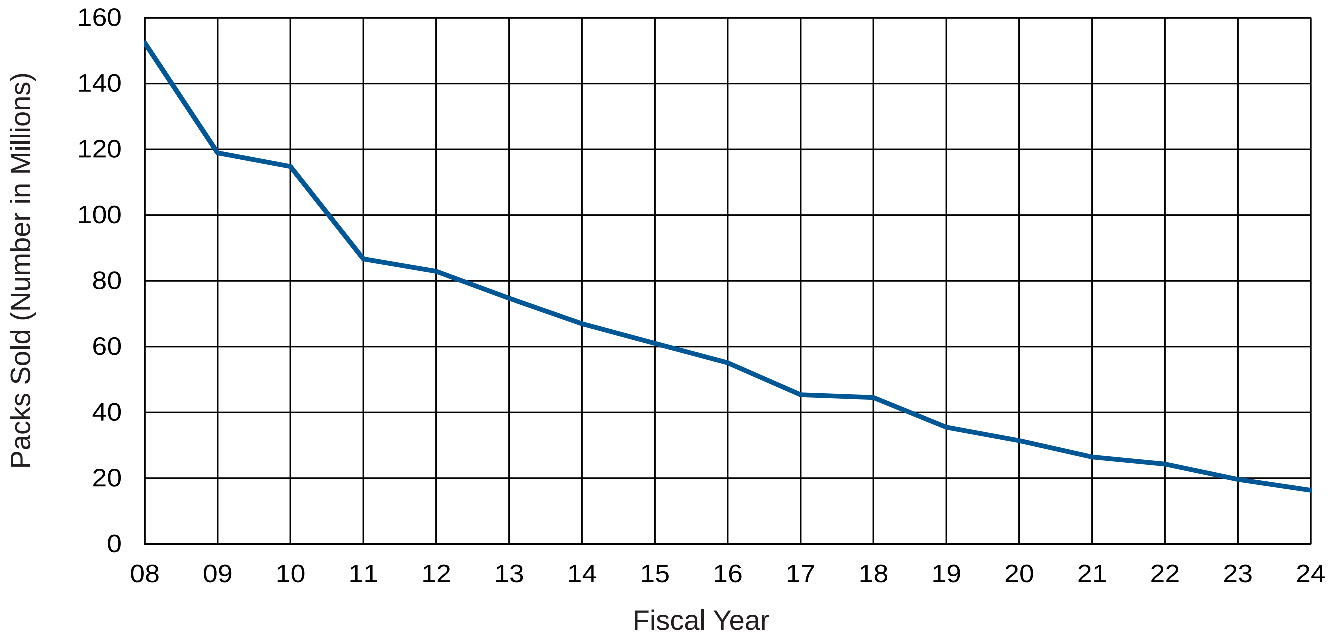
2009

Effective April 1, 2009, the Federal cigarette tax was increased from $0.39 per pack to $1.01 per pack. Consequently, the combined city/state/federal cigarette tax became $5.26 per pack. (26 U.S.C., §5702)

As part of the 2008-2009 budget agreement, New York State enacted a cigarette tax increase of $1.25 per pack, increasing the State cigarette tax from $1.50 per pack to $2.75 per pack, effective June 3, 2008. The State’s cigarette tax increase raised the combined city/state cigarette taxes paid in the city from $3.00 per pack to $4.25 per pack (NY Tax Laws, Article 20, § 471(1)(b)). In addition, effective July 1, 2008, the ‘little cigars’, which look like cigarettes but are wrapped in brown paper that are partly made from tobacco, are classified as cigarettes and are subjected to the city tax of $1.50 per pack. (NY Tax Laws, Article 20, § 470(2-b))

Chart 2

Number of Cigarette Packs Sold In New York City



Source: NYC OMB

2002

Effective July 2, 2002, the city raised the cigarette tax from $0.08 to $1.50 per pack of 20 cigarettes. This tax was in addition to the State cigarette tax of $1.50 per pack (after the increase of $0.39 effective April 1, 2002). As part of an agreement with NYS, the city agreed to fully compensate NYS for the projected decline in State cigarette and sales tax revenues on cigarette purchases resulting from the city cigarette tax. This was accomplished by allowing the State to retain 46.5 percent of additional city cigarette tax revenues from July 2, 2002 through March 31, 2003 and 46.0 percent thereafter. (City Admin Code Title 11, §11-1302(a)(3))

1952

The city imposed a tax on cigarette sales beginning 1952. (City Admin Code Title 11, §11-1302(a))

OTHER TAXES

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OTHER TAXES

OVERVIEW

Other Taxes accounted for 3.1 percent of city tax revenue in 2024, or $2,280 million. Other Taxes includes STAR Aid and Tax Enforcement Revenue.

AUTO RELATED TAXES

Auto Use Tax

This tax is imposed by the city on privately-owned vehicles at the annual rate of $15 per vehicle (City Admin Code Title 11, §11-2202). The tax was first imposed on October 1, 1974, and has remained unchanged. The tax is administered by New York State Department of Motor Vehicles, with an administrative charge levied on the city for this service. In 1990, taxpayers were required to change from annual to biennial payments to conform to a change in the state registration procedures. This new procedure resulted in roughly half of all registrants in 1990 paying for two years, while the other half continued to pay only the annual fee. Revenue from this tax was $28.4 million in 2024.

Commercial Motor Vehicle Tax

This tax was first levied in 1960 on vehicles used for the transportation of passengers (medallion taxicabs, omnibuses and other for-hire passenger vehicles) and on all other commercial trucks and vehicles (City Admin Code Title 11, §11-802(a)). The tax is administered by New York State Department of Motor Vehicles and is charged at different rates, based on the purpose for which the vehicles are used. Significant legislative changes in 1990 resulted in a revision of the rate schedules for many commercial motor vehicles (City Admin Code Title 11, §11-802(a)(2)(C)). The rate for medallion taxicabs was raised to $1,000 per year, from $100 the previous year. Other for-hire passenger vehicles (livery cabs and omnibuses) pay $400 per year, a $300 increase over the 1989 rate. The rate schedule for other commercial vehicles weighing less than 10,000 pounds was left unchanged at $40 per year, while the rate for heavier vehicles was increased, with trucks weighing over 15,000 pounds paying the highest rate, $300 per year. Medallion taxicabs pay twice a year, in December and June, while owners of other types of commercial vehicles pay annually in June. In 2001, following a DOF initiative, the city transferred the collection and administration of the commercial motor vehicle tax for livery taxicabs and light trucks to the state, thereby improving the rate of compliance. Until 2001, all registration for taxi and livery vehicles ran from March 1st through the end of February of the following year. Beginning in 2002, New York State Department of Motor Vehicles staggered the registration period for these vehicles so that the renewals were spread throughout the year resulting in a one-time revenue loss of $3.5 million in fiscal year 2002. Revenue from this tax was $64.1 million in 2024.

Taxi Medallion Transfer Tax

This tax is imposed at a rate of 5.0 percent on the consideration paid for transfer of taxicab licenses (medallions) and was first imposed effective July 1, 1980 (City Admin Code Title 11, §11-1402 (a)). The tax is payable by the transferee, but the transferor is liable if the tax is not paid by the transferee. In 2017, the Taxi Medallion Transfer tax rate was reduced from 5.0 percent to 0.5 percent. The tax is administered by the NYC Taxi and Limousine Commission. Revenue from this tax was $0.5 million in 2024.

EXCISE TAXES

Beer and Liquor Excise Tax

Since 1980, the city has imposed a tax on licensed distributors and non-commercial importers on the sale of beer and liquor within New York City (City Admin Code Title 11, §11-2056 (a)). The current tax rate is 12 cents per gallon of beer and 26.4 cents per liter of liquor with alcohol content greater than 24.0 percent. The city does not impose a tax on wine. The tax is administered by NYS. Revenue generated from this tax was $23.2 million in 2024.

Liquor License Surcharge

This tax is imposed on distributors and non-commercial importers of beer and liquor at a rate of 25 percent of the license fees payable under the New York State Alcoholic Beverage Control Law (City Admin Code Title 11, §11-2402). Revenue generated from this tax was $5.7 million in 2024.

Horse Race Admissions Tax

A 3.0 percent tax was imposed in 1952 on the price of all paid admissions to horse races held either partly or wholly within NYC (City Admin Code Title 11, §11-1202). The city collected minimal revenue from this tax in 2024.

Medical Marijuana Excise Tax

As part of the Compassionate Care Act, medical marijuana program was established in 2016. As part of the program, New York State imposed a 7.0 percent excise tax on the sale of medical marijuana in the state by registered organizations to certified patients or designated caregivers. (NY Tax Laws, Article 20-B, § 490). Starting June 1, 2024, the tax rate decreased to 3.15 percent.

The tax is on the gross receipts from medical marijuana sold or provided by registered organizations to a certified patient or a registered caregiver. Under the medical marijuana act, New York State allocated 22.5 percent of the Medical Marijuana Excise tax collected to counties in which the medical marijuana was manufactured and another 22.5 percent to where medical marijuana was dispensed. Starting in July 2016, New York City has been receiving payments from New York State medical marijuana trust fund. Revenue from this tax was $0.46 million in 2024. Starting June 1, 2024, the percentage of Medical Marijuana Excise tax that will be collected to counties of manufacturing, as well as those in counties where it is dispensed, increased to 50 percent respectfully.

Other Tobacco Product (OTP) Tax

Beginning on June 1, 2018, the city imposed a 10 percent excise tax on other tobacco products (OTP) like cigars, little cigars, smokeless tobacco, tobacco containing shisha and loose tobacco (but not cigarettes). This new tax also establishes a minimum price for various categories of OTP:

- $0.80 per individually packed/first cigar, plus $0.175 for each additional cigar
- $1.09 per little cigar pack
- $0.80 per 1.2 oz. of smokeless tobacco, plus an additional $0.20 for each 0.3 oz. or any fraction thereof in excess of 1.2 oz.
- $0.80 per 0.32 oz. of snus plus an additional $0.20 for each 0.08 oz. or any fraction thereof in excess of 0.32 oz.
- $1.70 per 3.5 oz. of shisha plus an additional $0.34 for each 0.7 oz., or any fraction thereof in excess of 3.5 oz.
- $0.25 per 1.5 oz. package of loose tobacco plus an additional $0.05 for each 0.3 oz. or any fraction thereof in excess of 1.5 oz.

The authorization for the imposition of this new tax exists under the Public Housing Law (Section 110 and 112) passed by New York State in 1939. Under this law, all revenue generated must be used to support public housing. All revenue generated in NYC is dedicated to the New York City Housing Authority (NYCHA).

This tax has been re-categorized under a new revenue structure, “Other Categorical Grant,” created in July 2023.

Off-Track Betting Surtax

A surcharge is levied on most bets placed at New York City Off-Track Betting offices, and on most bets placed statewide on races held within NYC (City Admin Code Title 11, §11-2301). Revenue from this tax was $0.4 million in 2024.

MISCELLANEOUS

Other Refunds

Other refunds are primarily paid out on the commercial rent tax and waiver. The refunds paid out were $56.9 million in 2024.

PILOTs

Payments in lieu of taxes (PILOTs) are contractual agreements between public agencies and private property holders which result in a real property tax relief in order to: (1) induce businesses to remain in New York City; (2) attract new business; (3) provide subsidies for low-income housing; and (4) promote economic growth. PILOTs are either fixed sums based on real property taxes paid on the underlying property in the year preceding the agreement, formulas calculated on the income derived from business operations at the PILOT facility, or a combination of both.

Payments are remitted quarterly, semi-annually or annually. There are five primary sponsor agencies which serve as intermediaries between the city and the PILOT facility owners: (1) New York City Economic Development Corporation; (2) Industrial Development Agency; (3) Battery Park City Authority; (4) Hudson Yards Infrastructure Corporation and (5) Port Authority of New York and New Jersey. These agencies administer projects that comprise approximately 90 percent of PILOT payments received. The revenue from this tax was $772.9 million in 2024.

Section 1127 (Waiver)

Under section 1127 of the New York City Charter, the city may collect payments from non-resident employees of the city or any of its agencies in an amount which equalizes their personal income tax liability to what it would be if they were city residents. Revenue from this tax was $238.8 million in 2024.

Prior Year and Current Year Penalty and Interest - Real Estate

Taxpayers who do not pay their real property tax on time are liable for interest charges on outstanding balances. The interest rates are set annually by local law and they depend on the assessed value of the property. Effective July 1, 2024, If the assessed value of a property on non-vacant land is $250,000 or less, the interest rate is 6.0 percent. If the assessed value of a property on non-vacant land is over $250,000 but less than $450,000, the interest rate is 9%. If the assessed value of a property on non-vacant land is greater than $450,000, the interest rate is 16%. As for sidewalk repair interest rates, this varies. For properties with an assessed value of more than $250,000, and for all vacant land, the annual interest rate on sidewalk repair charges is 18%. For all other properties, the annual interest rate on sidewalk repair charges is the lesser of 8.5% or the city's cost of servicing the debt. Interest rates are set annually by the City Council based on a recommendation from the City Council Finance Division's Banking Commission. Revenue from this tax was $113.3 million in 2024.

Penalty and Interest - Other Refunds

The city currently pays out interest on refunds claimed on overpayments against the business income taxes, on audits of the general corporation, banking corporation, and unincorporated business taxes already collected by DOF but overturned by federal or state rulings, and on payments made under protest by taxpayers who subsequently substantiate their claims. As a result of legislation, interest on overpayments claimed on amended returns is currently no longer paid for tax years beginning with 1989 as long as the refund is paid within a 90-day period. The refunds paid out were $6.9 million in 2024.

Stock Transfer Tax

The state repealed the city's stock transfer tax in 1980 and provided for annual appropriations of no more than $120 million as compensation. Until 1988, the state appropriated to the city approximately $118 million annually. Following a slowdown in state revenue growth, the appropriation was reduced to $83 million in 1990 and to $56 million in 1991. In 1992, the appropriation was restored to $114 million. In 2001, the appropriation was eliminated by the state.

Vault Charge

The city's vault charge was imposed on any sub-surface opening or structure which extends from the building line into the street. It was first introduced on July 1, 1962, at a rate of 35 cents per square foot. The rate was changed in 1980 to $2 per square foot. Certain reductions in the total tax paid were allowed depending on the size of the vault. As of January 1, 1989, vaults smaller than 36 square feet in size and all vaults attached to Class 1 property were exempted from the tax. The vault charge was eliminated in June 1998.

Coin-Operated Amusement Devices Tax

This tax was imposed on every coin-operated amusement device (including juke boxes) located in New York City. The tax rate was raised from $25 to $175 per device as of July 1, 1989. This tax was eliminated in August 1997.

SCHOOL TAX RELIEF AID (STAR AID)

STAR aid program was first enacted by the New York State in 1997 to provide education aid and tax relief to localities. Under this program, the state reimburses the localities for the foregone tax revenues. This program allowed the localities to provide tax relief in the form of basic property tax exemption to primary homeowners in one-, two- and three-family homes, cooperatives and condominiums with a household income of greater than $250,000 but less than $500,000 will receive a check from NYS Department of Taxation and Finance for the STAR credit, while households with income of less than $250,000 will receive the benefit as reduction to property tax bill.

An enhanced exemption is available for primary senior citizen homeowners, who are age 65 years or older, with a household income of less than $86,300. (For more details, see personal income tax appendix on NYC tax credit.) STAR aid payment from the state was $127.7 million in 2024.

TAX ENFORCEMENT REVENUE

DOF targets delinquent taxpayers through agency audit activities, selected use of collection agencies and computer matches. Revenue from this enforcement effort yielded $968.3 million in 2024.

APPENDICES

Real Property Tax
Personal Income Tax
General Corporation Tax
Business Corporation Tax
Sales and Use Tax
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History of Tax Collections
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APPENDIX I
REAL PROPERTY TAX

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APPENDIX I.
REAL PROPERTY TAX

1. Real Property Tax: Summary Tables

Market Values by Tax Class

FY 1993-2026 ($ Millions)

Fiscal Year	Class 1	Class 2	Class 3	Class 4	Total
1993	$137,937.2	$70,226.1	$13,926.0	$100,836.4	$322,925.7
1994	126,787.3	66,511.3	14,037.5	92,947.8	300,283.9
1995	127,179.0	63,731.1	13,642.3	88,456.3	293,008.6
1996	128,230.9	63,835.8	13,675.8	88,327.3	294,069.8
1997	129,215.6	63,668.0	14,190.8	87,305.0	294,379.3
1998	130,899.2	64,914.6	14,584.1	87,959.0	298,357.0
1999	136,194.5	68,070.3	14,498.9	92,604.9	311,368.7
2000	143,143.5	72,470.3	14,730.6	96,577.4	326,921.8
2001	158,939.6	77,994.6	14,064.2	103,350.0	354,348.4
2002	180,721.7	85,930.3	14,536.2	111,159.4	392,347.6
2003	205,031.6	94,015.4	15,213.7	115,549.8	429,810.4
2004	232,904.4	97,425.6	15,622.4	120,725.2	466,677.7
2005	283,559.0	115,880.3	16,657.2	124,288.0	540,384.4
2006	325,068.5	131,377.0	18,909.9	138,648.3	614,003.7
2007	367,055.5	140,940.4	20,189.6	145,906.1	674,091.6
2008	426,889.3	175,753.9	19,612.2	173,677.1	795,932.4
2009	422,822.2	186,043.7	22,378.7	179,896.7	811,141.3
2010	401,679.9	182,296.9	24,029.1	187,651.4	795,657.3
2011	390,337.1	188,766.6	25,374.0	189,264.0	793,741.6
2012	393,683.4	189,482.8	24,893.6	206,362.2	814,422.1
2013	400,288.2	195,251.4	26,102.5	216,361.1	838,003.2
2014	396,854.7	202,479.4	28,192.8	230,575.5	858,102.4
2015	415,225.8	215,863.9	28,438.7	246,745.5	906,273.8
2016	442,358.5	234,465.6	30,721.1	261,885.3	969,430.4
2017	496,340.2	256,799.9	32,328.3	278,776.1	1,064,244.5
2018	538,564.7	281,500.4	33,285.7	295,858.0	1,149,208.8
2019	594,342.2	309,666.0	34,368.7	312,330.0	1,250,706.9
2020	630,833.1	329,152.6	37,518.1	318,403.7	1,315,907.5
2021	657,429.3	347,661.8	38,312.7	325,980.3	1,369,384.2
2022	662,567.2	319,084.8	41,447.6	269,194.2	1,292,293.8
2023	706,585.3	347,972.3	43,701.2	295,385.2	1,393,644.1
2024	764,441.4	351,646.8	49,168.7	315,724.4	1,480,981.4
2025	738,510.3	369,474.2	58,972.1	326,946.2	1,493,902.8
2026	781,307.8	395,059.1	63,196.0	334,815.9	1,574,378.8

Note: Totals may not add due to rounding.

Actual Assessed Value by Tax Class

FY 1993-2026 ($ Millions)

Fiscal Year	Class 1	Class 2	Class 3	Class 4	Total
1993	$8,619.1	$25,441.3	$4,312.4	$43,341.8	$81,714.6
1994	8,521.3	24,447.9	6,309.8	40,017.5	79,296.5
1995	8,702.2	23,852.8	6,129.3	38,122.8	76,807.1
1996	8,871.5	24,308.9	6,140.2	38,102.9	77,423.6
1997	8,976.8	24,585.4	6,370.8	37,576.3	77,509.3
1998	9,164.4	25,351.0	6,548.9	37,706.0	78,770.3
1999	9,234.8	26,734.9	6,512.5	39,672.5	82,154.7
2000	9,424.7	28,524.5	6,619.5	41,299.3	85,868.0
2001	9,778.9	30,597.6	6,320.5	43,872.8	90,569.7
2002	10,096.6	33,653.8	6,530.8	47,205.2	97,486.4
2003	10,611.6	36,552.1	6,836.1	48,704.9	102,704.7
2004	11,132.5	37,738.2	7,021.6	50,897.1	106,789.5
2005	11,547.1	39,108.8	7,488.7	52,171.8	110,316.4
2006	12,146.9	43,941.4	8,502.0	57,891.3	122,481.6
2007	12,712.6	45,048.7	9,078.4	60,797.3	127,637.0
2008	13,289.3	51,262.5	8,725.2	72,311.2	145,588.1
2009	13,955.3	53,457.0	9,589.1	74,997.1	151,998.6
2010	14,417.8	55,055.0	10,450.8	78,029.1	157,952.6
2011	14,952.7	55,530.8	11,036.0	78,176.1	159,695.6
2012	15,293.9	60,102.9	10,875.3	85,083.5	171,355.6
2013	15,784.7	62,215.4	11,349.0	89,774.4	179,123.6
2014	16,229.0	65,564.7	12,244.5	96,158.9	190,197.2
2015	16,915.4	70,514.5	12,355.1	103,077.4	202,862.4
2016	17,727.6	77,316.8	13,476.6	109,121.6	217,642.6
2017	18,393.9	85,118.5	14,203.3	116,826.1	234,541.7
2018	19,442.8	92,585.8	14,683.9	124,770.4	251,482.9
2019	20,146.8	100,491.1	15,225.6	131,841.2	267,704.7
2020	21,042.9	107,146.0	16,649.3	136,210.1	281,048.4
2021	22,018.2	112,123.5	17,064.6	140,146.9	291,353.3
2022	22,801.4	102,628.9	18,484.9	116,072.9	259,988.0
2023	23,699.0	113,024.4	19,508.5	127,763.8	283,995.8
2024	24,894.7	116,137.1	21,978.0	136,796.4	299,806.2
2025	25,834.4	120,909.7	26,402.1	141,835.8	314,982.0
2026	26,947.4	128,502.8	28,313.9	145,768.2	329,532.4

Note: Totals may not add due to rounding. For years prior to 1993, refer to archive methodotology tax year 2024 and earlier.

Billable Assessed Value by Tax Class

FY 1993-2026 ($ Millions)

Fiscal Year	Class 1	Class 2	Class 3	Class 4	Total
1993	$8,619.1	$24,552.3	$4,312.4	$41,695.3	$79,179.1
1994	8,521.3	24,079.9	6,309.8	39,266.5	78,177.5
1995	8,702.2	23,604.4	6,129.3	37,583.5	76,019.3
1996	8,871.5	23,751.2	6,140.2	37,088.7	75,851.6
1997	8,976.8	23,838.8	6,370.8	36,308.6	75,495.0
1998	9,164.4	24,228.8	6,548.9	36,078.6	76,020.7
1999	9,234.8	24,965.2	6,512.5	36,986.2	77,698.7
2000	9,424.7	26,126.4	6,619.5	37,918.8	80,089.4
2001	9,778.9	27,501.7	6,320.5	39,657.0	83,258.0
2002	10,096.6	29,674.9	6,530.8	41,987.3	88,289.6
2003	10,611.6	31,993.7	6,836.1	43,845.9	93,287.4
2004	11,132.5	34,151.9	7,021.6	46,328.4	98,634.5
2005	11,547.1	35,950.8	7,488.7	47,380.7	102,367.3
2006	12,146.9	38,630.6	8,502.0	50,734.6	110,014.1
2007	12,712.6	40,528.3	9,078.4	52,800.0	115,119.4
2008	13,289.3	43,751.6	8,725.2	58,695.3	124,461.3
2009	13,955.3	46,544.1	9,589.1	62,908.1	132,996.7
2010	14,417.8	49,267.8	10,450.8	67,712.2	141,848.5
2011	14,952.7	50,771.3	11,036.0	70,869.2	147,629.2
2012	15,293.9	53,697.0	10,875.3	75,550.2	155,416.4
2013	15,784.7	55,880.9	11,349.0	79,330.8	162,345.5
2014	16,229.0	58,921.5	12,244.5	84,352.6	171,747.5
2015	16,915.4	63,037.3	12,355.1	90,206.9	182,514.7
2016	17,727.6	67,943.2	13,476.6	96,038.0	195,185.4
2017	18,393.9	73,978.9	14,203.3	102,035.1	208,611.1
2018	19,442.8	81,049.9	14,683.9	109,284.7	224,461.3
2019	20,146.8	88,220.1	15,225.6	116,136.8	239,729.3
2020	21,042.9	96,097.5	16,649.3	122,798.5	256,588.3
2021	22,018.2	102,509.6	17,064.6	129,201.3	270,793.7
2022	22,801.4	101,239.3	18,484.9	114,153.7	256,679.3
2023	23,699.0	108,322.5	19,508.5	123,256.1	274,786.1
2024	24,894.7	111,042.9	21,978.0	129,037.0	286,952.6
2025	25,834.4	115,179.6	26,402.1	132,015.4	299,431.6
2026	26,947.4	119,291.9	28,313.9	133,962.3	308,515.5

Note: The classification system commenced with the tax levy for fiscal year 1983. For years prior to 1993, refer to archive methodotology tax year 2022 and earlier. Totals may not add due to rounding.

Class Tax Rates[1]

FY 1993-2026 ($ Millions)

Fiscal Year	Class 1	Class 2	Class 3	Class 4	Average Tax Rate
1993	$10.888	$9.910	$12.794	$10.698	$10.591
1994	10.900	10.369	7.404	10.724	10.366
1995	10.694	10.552	7.702	10.608	10.366
1996	10.725	10.807	7.922	10.402	10.366
1997	10.785	11.056	7.840	10.252	10.366
1998	10.849	11.046	8.282	10.164	10.366
1999	10.961	10.739	8.800	10.236	10.366
2000	11.167	10.851	9.398	9.989	10.366
2001	11.255	10.847	10.540	9.768	10.366
2002	11.609	10.792	10.541	9.712	10.366
2003[2]	11.936	10.564	10.607	9.776	10.366
2003[3]	14.160	12.517	12.565	11.580	12.283
2004	14.550	12.620	12.418	11.431	12.283
2005	15.094	12.216	12.553	11.558	12.283
2006	15.746	12.396	12.309	11.306	12.283
2007	16.118	12.737	12.007	10.997	12.283
2008	15.434	11.928	11.577	10.059	11.423
2009[4]	15.605	12.139	11.698	9.870	11.423
2009[5]	16.787	13.053	12.577	10.612	12.283
2010	17.088	13.241	12.743	10.426	12.283
2011	17.364	13.353	12.631	10.312	12.283
2012	18.205	13.433	12.473	10.152	12.283
2013	18.569	13.181	12.477	10.288	12.283
2014	19.191	13.145	11.902	10.323	12.283
2015	19.157	12.855	11.125	10.684	12.283
2016	19.554	12.883	10.813	10.656	12.283
2017	19.991	12.892	10.934	10.574	12.283
2018	20.385	12.719	11.891	10.514	12.283
2019	20.919	12.612	12.093	10.514	12.283
2020	21.167	12.473	12.536	10.537	12.283
2021	21.045	12.267	12.826	10.694	12.283
2022	19.963	12.235	12.289	10.755	12.283
2023	20.309	12.267	12.755	10.646	12.283
2024	20.085	12.502	12.094	10.592	12.283
2025	20.085	12.500	11.181	10.762	12.283
2026 (Preliminary)	20.630	12.340	11.114	10.774	12.283

Note: For years prior to 1993, refer to archive methodotology tax year 2024 and earlier

[1] Tax Rate per $100 of assessed value.

[2] Effective July 1, 2002 through December 31, 2002.

[3] Effective January 1, 2003.

[4] Effective July 1, 2008 through December 31, 2008

[5] Effective January 1, 2009.

Class Shares

1996-2026

Fiscal Year	Class 1	Class 2	Class 3	Class 4	Total
1996	12.195%	32.612%	6.179%	49.014%	100.0%
1997	12.475	33.640	6.375	47.510	100.0
1998	12.730	33.920	6.874	46.476	100.0
1999	12.961	33.220	7.076	46.743	100.0
2000	13.257	34.082	7.429	45.232	100.0
2001	13.498	34.502	7.630	44.370	100.0
2002	13.647	34.944	7.425	43.984	100.0
2003	13.872	34.917	7.410	43.802	100.0
2004	14.090	35.563	7.118	43.229	100.0
2005	14.685	34.872	7.390	43.052	100.0
2006	14.946	35.430	7.657	41.968	100.0
2007	15.230	36.511	7.628	40.632	100.0
2008	15.118	36.719	7.036	41.128	100.0
2009	14.956	37.214	7.319	40.511	100.0
2010	14.823	37.467	7.572	40.138	100.0
2011	15.092	37.418	7.608	39.883	100.0
2012	15.385	37.806	7.034	39.775	100.0
2013	15.462	36.966	7.033	40.539	100.0
2014	15.489	36.752	6.847	40.912	100.0
2015	15.073	36.182	6.084	42.661	100.0
2016	15.032	36.549	6.035	42.384	100.0
2017	14.892	37.259	6.021	41.828	100.0
2018	14.843	37.419	6.298	41.441	100.0
2019	14.681	37.808	6.226	41.286	100.0
2020	14.451	38.040	6.599	40.910	100.0
2021	14.223	37.815	6.559	41.404	100.0
2022	14.721	39.289	7.181	38.809	100.0
2023	14.521	39.369	7.350	38.761	100.0
2024	14.416	39.389	7.521	38.674	100.0
2025	14.307	39.143	8.008	38.542	100.0
2026 (Preliminary)	14.866	38.842	8.286	38.007	100.0

Note: Totals may not add due to rounding.

Class Levies

1996-2026 ($ Millions)

Fiscal Year	Class 1	Class 2	Class 3	Class 4	Total
1996	$959.9	$2,567.0	$486.4	$3,858.1	$7,871.4
1997	977.4	2,635.8	499.5	3,722.5	7,835.1
1998	1,004.4	2,676.5	542.4	3,667.2	7,890.4
1999	1,049.8	2,690.6	573.1	3,785.9	8,099.3
2000	1,110.2	2,854.1	622.1	3,787.8	8,374.3
2001	1,178.4	3,012.1	666.2	3,873.6	8,730.3
2002	1,265.2	3,239.7	688.4	4,077.9	9,271.2
2003	1,482.8	3,732.1	792.0	4,681.8	10,688.8
2004	1,726.1	4,356.7	871.9	5,295.9	12,250.7
2005	1,868.0	4,435.8	940.0	5,476.2	12,720.0
2006	2,042.9	4,842.5	1,046.5	5,736.2	13,668.1
2007	2,176.5	5,217.8	1,090.1	5,806.8	14,291.2
2008	2,170.4	5,271.4	1,010.1	5,904.4	14,356.3
2009	2,378.5	5,918.4	1,163.9	6,442.7	15,903.5
2010	2,607.1	6,589.8	1,331.7	7,059.5	17,588.1
2011	2,765.4	6,856.3	1,394.0	7,308.1	18,323.8
2012	2,967.0	7,290.8	1,356.4	7,670.4	19,284.5
2013	3,113.0	7,442.5	1,416.0	8,161.7	20,133.1
2014	3,297.0	7,822.8	1,457.4	8,708.1	21,285.2
2015	3,405.2	8,174.1	1,374.5	9,637.7	22,591.5
2016	3,629.5	8,824.7	1,457.2	10,233.6	24,145.0
2017	3,841.3	9,610.6	1,553.0	10,789.1	25,794.0
2018	4,115.4	10,374.9	1,746.1	11,489.9	27,726.2
2019	4,341.8	11,181.5	1,841.2	12,210.2	29,574.7
2020	4,571.0	12,031.9	2,087.2	12,939.7	31,629.8
2021	4,746.4	12,619.4	2,188.7	13,817.0	33,371.4
2022	4,657.0	12,429.6	2,271.7	12,277.8	31,636.0
2023	4,915.8	13,327.8	2,488.2	13,121.9	33,853.7
2024	5,094.7	13,920.1	2,658.0	13,667.7	35,340.5
2025	5,274.0	14,428.9	2,952.0	14,207.4	36,862.3
2026 (Preliminary)	5,645.6	14,750.7	3,146.6	14,433.7	37,976.6

Note: Totals may not add due to rounding.

Class Shares Cap

FY 1993-2026

Fiscal Year	Cap
1993	2.00%
1994	5.00
1995	2.75
1996	2.75
1997	2.50
1998	2.50
1999	2.50
2000	2.50
2001	2.00
2002	2.00
2003	2.00
2004	2.00
2005	5.00
2006	2.00
2007	2.00
2008	0.00
2009	0.00
2010	0.00
2011	2.50
2012	2.50
2013	1.50
2014	1.00
2015	5.00
2016	5.00
2017	5.00
2018	0.00
2019	0.50
2020	0.00
2021	0.50
2022	5.00
2023	0.00
2024	0.00
2025	0.90
2026 (Preliminary)	5.00

Note: Class shares are subject to a 5 percent cap on the increase in any class's share of the levy. State legislation can authorize a lower cap.

APPENDIX I.
REAL PROPERTY TAX

2. Estimated Value of Real Property Tax Exemptions and Abatements

Estimated Value of Real Property Tax Exemptions and Abatements 2005-2025

($ in Millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Economic Development Exemptions																					
I.C.I.B./I.C.I.P.	$372	$402	$410	$484	$500	$568	$623	$682	$662	$673	$686	$681	$653	$617	$597	$539	$508	$431	$399	$371	$336
I.C.A.P	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3	5	8	14	28	81	122	198	301	347	358	443	506	609
Battery Park City Authority[1]	79	72	66	109	151	160	131	183	171	172	174	185	199	161	162	138	123	161	156	161	174
Industrial Development Agency[1]	102	82	105	116	121	182	249	242	223	241	209	259	262	299	308	440	386	410	350	313	382
Urban Development Corp. (U.D.C.)[1]	170	184	186	201	204	228	208	235	294	212	272	316	318	332	326	314	353	400	413	451	462
Economic Development Corp.[1]	11	6	4	11	12	12	10	24	8	102	228	262	278	277	271	244	238	247	226	223	232
World Trade Center[1]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	113	104	116	137	137	146	154	148	144	145	151
Teleport, Port Authority[1]	7	8	8	8	8	10	10	10	10	10	11	11	11	11	10	10	11	11	10	8	8
Madison Square Garden	12	12	12	12	12	14	15	15	17	17	44	42	42	42	43	43	44	43	42	42	43
Commercial Revitalization and Expansion Programs	13	12	12	11	11	12	15	13	14	15	16	19	18	19	15	14	16	14	14	13	10
Brooklyn Bridge Park Development Corp (BBPDC)[2]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	19	19	22	23	25
Subtotal	**$766**	**$777**	**$802**	**$951**	**$1,019**	**$1,186**	**$1,261**	**$1,406**	**$1,404**	**$1,449**	**$1,766**	**$1,907**	**$1,977**	**$2,015**	**$2,067**	**$2,188**	**$2,199**	**$2,242**	**$2,219**	**$2,256**	**$2,432**
Residential Exemptions																					
Public Housing																					
NYC Housing Authority[1]	$335	$367	$390	$485	$469	$363	$338	$404	$400	$464	$517	$587	$649	$682	$715	$661	$691	$707	$732	$750	$775
Private Housing																					
J-51 (exemption)	98	107	116	126	140	158	161	167	167	171	170	181	205	215	223	229	232	215	214	203	193
J-51 (abatement)	102	103	105	105	103	96	96	88	85	88	90	85	82	79	75	72	64	57	52	46	41
421-a - New Multiple Dwellings & Affordable NY Housing	323	408	501	541	607	755	912	1,033	1,063	1,073	1,111	1,217	1,319	1,428	1,609	1,570	1,712	1,774	1,806	1,852	1,958
421-b - New Private Housing	28	27	32	35	32	27	21	16	11	7	3	1	0	0	0	0	0	0	0	0	0
420-c - Low Income Housing Exemption	25	32	39	51	47	50	57	76	99	113	132	164	211	245	273	286	319	366	395	448	479
Low Income Disabled Homeowner Exemption	1	1	2	3	4	6	8	10	11	11	11	11	12	7	8	8	8	9	11	8	9
Senior Citizen Homeowner Exemption	39	43	47	55	66	82	96	105	111	118	120	122	131	101	137	148	156	171	186	153	183
Senior Citizen Rent Increase Exemption (abatement)	74	86	86	94	102	88	125	96	124	136	139	138	146	152	142	136	127	112	121	128	128
Disabled Person Rent Increase Exemption (abatement)[2]	n.a.	n.a.	2	6	12	21	9	12	18	19	19	21	23	25	25	25	25	23	26	28	31
HPD Division of Alternative Management	11	13	15	25	20	18	18	21	24	27	30	34	39	43	49	47	50	48	51	54	56
Veterans' Exemption	18	24	27	15	18	24	23	21	23	25	24	25	24	51	47	46	44	40	38	36	34
Co-op/Condo Abatement	258	283	311	316	337	393	414	444	473	412	399	429	487	528	572	614	655	648	656	665	695
Homeowner Rebate	257	253	256	257	256	0	0	0	0	0	0	0	0	0	0	0	0	0	55	0	0
Lower Manhattan Conversion (Exemption & abatement)	31	$38	39	40	41	43	46	43	86	81	74	69	62	53	42	30	19	11	5	1	0
"Green Roof" & Solar Electric Generating System (abatement)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0	1	$1	3	3	5	7	11	15	20	24	26	31	34	42
Major Capital Improvement (MCI) Cost Abatement	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8	19	12	17	18	21	18	24	13
Other[3]	350	375	401	419	316	309	318	364	386	405	427	449	473	491	671	613	676	670	736	809	868
Subtotal	**$1,947**	**$2,160**	**$2,367**	**$2,573**	**$2,569**	**$2,432**	**$2,641**	**$2,900**	**$3,079**	**$3,151**	**$3,268**	**$3,538**	**$3,877**	**$4,130**	**$4,615**	**$4,523**	**$4,818**	**$4,898**	**$5,133**	**$5,236**	**$5,513**
Other Exemptions																					
Utility																					
NY Power Authority	$98	$111	$109	$110	$111	$119	$118	$117	$117	$113	$109	$106	$107	$114	$124	$129	$134	$137	$140	$137	$134
Childcare Center Abatement	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$1	$1
Solar, Farm, Wind Energy	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0	0	0	2
Trust for Cultural Resources	7	9	9	10	10	13	13	15	14	15	15	17	18	17	16	15	12	16	16	16	16
The Chrysler Building	n.a.	13	14	14	15	16	19	19	19	20	22	26	29	31	31	27	28	28	28	28	28
Superstorm Sandy Abatement	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4	0	0	0	0	0	0	0	0	0	0
Subtotal	**$105**	**$132**	**$131**	**$133**	**$135**	**$149**	**$150**	**$151**	**$150**	**$148**	**$150**	**$149**	**$153**	**$161**	**$171**	**$171**	**$174**	**$181**	**$184**	**$181**	**$182**
TOTAL	**$2,818**	**$3,069**	**$3,301**	**$3,658**	**$3,723**	**$3,768**	**$4,053**	**$4,457**	**$4,633**	**$4,748**	**$5,184**	**$5,594**	**$6,007**	**$6,306**	**$6,854**	**$6,883**	**$7,191**	**$7,320**	**$7,536**	**$7,672**	**$8,126**

Source: Department of Finance

[1] Net of Payments in Lieu of Taxes (PILOTs) and other miscellaneous payments.

[2] The expenditure for disabled person rent increase exemption is the period from the inception of the program (Oct 2005) through January 2010.

[3] "Other" includes miscellaneous state-assisted housing, housing development fund companies, limited dividend housing companies, redevelopment companies, limited profit housing companies, the Urban Development Action Area Program net of payments in lieu of taxes, (PILOTs). Housing Trust Fund Purchase of Damaged Sandy Parcels, Clergy exemption, Special Incentive Programs, Phys. Disabled Crime Victims Exemption

Notes:

- The revenue estimates of assessed value exemptions and abatements are calculated by multiplying the exempted (or abated) assessed value by the applicable statutory tax rate for each fiscal year.
- U.D.C., J-51, 421-a and "Other" residential include commercial and residential properties.
- Years prior to 2005 can be referenced in earlier publications of this report.
- Totals may not add due to rounding.

APPENDIX I.
REAL PROPERTY TAX

3. Description of Tax Expenditure Programs

DESCRIPTION OF TAX EXPENDITURE PROGRAMS

A. ECONOMIC DEVELOPMENT

Industrial and Commercial Abatement Program (ICAP) (NYSRPTL, Sections 489-aaaaaa to 489-kkkkkk) & (NYC Administrative Code, Sections 11-256 through 11-267; 11-268 through 11-278)

The Industrial and Commercial Incentive Program (ICIP) was established in 1984 to stimulate economic development by providing real property tax exemptions and abatements for new construction and the modernization of existing industrial and commercial structures. This program was modified in 2008 to address the needs arising from New York City's ever-changing economic climate. Effective July 1st, 2008, ICAP replaces the ICIP.

The new ICAP program provides real property tax abatements for eligible industrial and commercial buildings that are newly built, modernized, rehabilitated, expanded or otherwise physically improved. In 2011, the application deadline for this program was extended to March 1, 2015 from March 1, 2011. In addition, the program was also amended to extend the benefits to new peaking power plants[1] of the utility properties with 15 years of full property tax abatement. ICAP benefits are not available for any other utility property including land and buildings owned by utility companies. In 2014, the application deadline was extended to March 1, 2017 from March 1, 2015. The ICAP benefit period ranges from eight to 25 years. An additional "inflation protection" benefit allows tax increases due to market value increases to be exempted as well. These incentives are granted "as-of-right" based on geographic location. The projects are automatically eligible for the benefit if they meet specific eligibility requirements and complete the appropriate legal and administrative requirements. If no building permit is required for the project, no benefit will be granted for the building after April 1, 2015. In 2014, the date was extended to April 1, 2017. In 2015, the sunset date was extended again for two more years to April 1, 2019. In 2017, the sunset date was again extended for three more years to April 1, 2022. In 2020, the application deadline was extended to March 1, 2025 for building permits issued by and/or construction started by April 1, 2025. ICAP benefits consist of an abatement base plus inflation protection (when available). In 2024, the ICAP application filing deadline was extended from March 1, 2025 to March 1, 2029. In 2025, parking facilities were eliminated from eligibility except for parking next to HPD projects (not including as-of-right-benefits) which are carved out and eligible for ICAP. The program also confirmed the definition of self-storage and storage warehouses as a non-permissible use. Additionally, Governor's Island was designated to be a Special Abatement Area. The application deadline was not extended and remains March 1, 2029.

The ICAP abatement base is calculated as the difference between post-completion tax[2] on a building or structure and 115 percent of the initial tax. Furthermore, in order to be eligible for ICAP, construction cost must meet minimum required expenditure of 30 percent of the initial taxable assessed value (AV) within four years from the date of issuance of the building permit or start of construction if no permit is required. In addition, construction is required to be completed within five years from the date of issuance of the building permit or commencement of construction if no permit is required.

Inflation protection is an additional benefit that prevents significant increase in tax as a result of substantial change in market value. Only commercial construction work and industrial construction work are entitled to these benefits. Inflation protection provides benefits during years two through 13, and is more generous for industrial construction work than commercial construction work. For industrial construction work, the amount of the benefits is equal to the full annual percentage increase in the building taxable assessed value. For commercial construction work, inflation protection is available during years two through 13 of the abatement period if in any such year there is an increase in taxable assessed value of more than 5 percent of the initial tax rate. The increase in tax liability based upon the increase in taxable assessed value that is more than 5 percent calculated using the initial tax rate will be added to the abatement base. Inflation protection does not apply to increases in taxable assessed value above five percent resulting from physical changes (resulting from additional renovation not covered in the ICAP application or alterations finished after four years from issuance of the first building permit).

Effective March 1, 2011, the ICAP benefit was amended to provide abatement for peaking power plants or "peaking units" owned by utility properties. In order to qualify, "peaking units" must be (a) determined by the New

[1] Power plants that generally run only when there is a high demand for electricity.
[2] The post-completion tax is determined by multiplying the initial tax rate by the final taxable assessed value, without regard to any exemptions.

York Independent System Operator (NYISO), or other Federal or New York State energy regulatory commission to constitute a peaking unit as set forth in section 5.14.1.2 of NYISO's Market Administrative and Control Area Services Tariff as such term existed on April 1, 2011; or (b) have an annual average operation of less than 18 hours following each start of the unit. In 2025, parking facilities were eliminated from eligibility except for parking next to HPD projects (not including as-of-right-benefits) which are carved out and eligible for ICAP. The program also confirmed the definition of self-storage and storage warehouses as a non-permissible use, which is already excluded from ICAP. The definition is deemed retroactive from July 1, 2020. Additionally, Governor's Island was designated to be a Special Abatement Area from January 1, 2026.

ICAP abatement base = Initial Tax Rate x (AV $^{\text{building end}}$ – 1.15 x AV $^{\text{building initial}}$)

The New York City Department of Finance (DOF) administers the ICAP. During the benefit period, the recipients are required to file biennially with DOF on their taxable status date, a statement of continuing use of such properties and any changes in the properties that have occurred. The following tax incentives are detailed on the "Schedules of Abatement Under ICAP" chart in Appendix I.4 - Real Property Tax Detailed Schedules of Benefits. The new ICAP can be classified under the following five categories:

1a. Industrial Projects

All industrial projects throughout New York City, regardless of location, enjoy a total of 25 years of benefits, which include 16 years of full abatement on the increased assessed value due to physical changes followed by an additional nine years of declining abatement, phasing out at ten percent each year from year 17 through 25.

An industrial property is defined as a non-residential property, where at least 75 percent of the total net square footage is used for manufacturing activity involving assembly of goods or fabrication or processing of raw materials – but does not include utility properties.

If more than ten percent of the building or structure is used for retail purposes, the excess retail space is subject to only a 15-year benefit schedule, with 100 percent full abatement for the first 11 years followed by a four-year phase-out of benefits declining at 20 percent each year from year 12 through 15.

The minimum required expenditure is 30 percent of the initial taxable assessed value of the building. Industrial buildings are also eligible for inflation protection.

1b. Industrial Projects (Additional Industrial Abatement)

Industrial projects that meet a higher minimum required expenditure of 40 percent rather than 30 percent are eligible for an additional abatement of the initial tax. This abatement is 50 percent of the initial tax amount for the first four years followed by a phase-out of benefits declining at ten percent every two years between years five and 12. These additional benefits start at the same time as the other ICAP benefits, regardless of the amount of space dedicated to retail purposes. Inflation protection is not available for additional industrial abatement.

1c. Industrial Projects on "Peaking Units"

Industrial construction work on the "peaking units" enjoys 15 years of full abatement. The minimum required expenditure is 30 percent of the initial taxable assessed value of the building before the commencement of construction. The "peaking units" are also eligible for inflation protection. The first year of the abatement is the first taxable status date that follows (a) the completion of construction; or (b) four years from the date of issuance of building permit, whichever is earlier. If the recipients of this benefit converted the usage of the buildings at any time after they start receiving the benefits such that they no longer qualify as a "peaking unit," the properties would not only lose eligibility for future benefits, but also would have to pay back the prior benefits received with interest. During the benefit period, the recipients of "peaking units" are also required to file biannually with DOF, a statement of continuing use of such properties and any changes in the properties that have occurred.

2. Commercial Projects (Regular Abatement Areas)

Commercial projects in regular abatement areas, which include areas in Manhattan north of the centerline of 96th Street, south of Murray, Frankfort and Dove Street, the Bronx, Brooklyn, Queens and Staten Island, will be eligible for tax benefits for a period of 15 years. Qualified projects receive a full abatement on the increased assessed value due to physical changes for the first 11 years, with an additional four years of abatement phase-out decreasing by 20 percent each year from year 12 through 15.

The minimum required expenditure is 30 percent of the initial taxable assessed value of the building. The buildings are not eligible for inflation protection.

3. Commercial Projects (Special Abatement Areas)

Commercial projects in designated special abatement areas enjoy a total of 25 years of tax abatement. The first 16 years of full tax abatement on the increased assessed value due to physical changes are followed by nine years of declining abatement phased out at ten percent each year from years 17 through 25.

If more than ten percent of the building or structure is used for retail purposes, the excess retail space is subject to a 15-year benefit schedule, where 100 percent full abatement for the first 11 years is followed by a phase-out of benefits declining by 20 percent each year between years 12 and 15.

The minimum required expenditure is 30 percent of the initial taxable assessed value of the building. The buildings are eligible for inflation protection depending on the annual percentage increase in the taxable assessed value.

4. Commercial Projects (Renovation Areas)

Commercial renovation provides abatements for expanding, modernizing or improving existing structures anywhere in New York City except areas located in Manhattan between the centerline of 59th Street and the centerline of 96th Street. In Manhattan, benefits are available for renovation in three areas: the Garment Center District; an area located in lower Manhattan bounded generally by Murray Street, South Street, Battery Place and West Street; and the remainder of Manhattan below 59th Street with exception of “smart buildings” in lower Manhattan.

The types of benefits vary depending on the location of the project: (1) the renovation construction projects south of 59th Street, excluding the lower Manhattan and Garment District areas, get ten-year benefits with 100 percent abatement in the first five years followed by an additional four years of abatement declining by 20 percent each year from years six through nine. The tenth year abatement equals 20 percent. This benefit is available for all eligible constructions and buildings with retail use of up to five percent. (2) Renovation construction projects in lower Manhattan and Garment District get a total of 12 years of benefits with a 100 percent renovation benefit for the first eight years and an additional four years of exemption declining by 20 percent each year from years nine through 12.

The minimum required expenditure is 30 percent of the initial taxable assessed value. In the Garment District area and south of 59th Street, the construction expenditures on the retail portion of the building that exceeds five percent of its area do not enter the minimum required expenditure calculation. In addition, the ICAP benefits are available for all eligible uses including buildings with up to five percent use for retail purposes with the exception of lower Manhattan where ICAP benefits are available for all uses regardless of the percentage of retail use in the building. Abatement is restricted to the renovation of existing buildings only. The buildings are not eligible for inflation protection.

5. Commercial Projects (New Construction Incentive for “Smart Buildings”)

“Smart buildings” must meet certain construction standards to accommodate advanced computer and telecommunications equipment and have enhanced electrical capacity and emergency back-up power. This program grants an eight-year tax abatement for eligible projects, with full abatement for the first four years followed by a phase-out of benefits declining 20 percent each year from year five through eight. The minimum required expenditure is 30 percent of the initial taxable assessed value.

Commercial Revitalization Program (NYSRPTL, Section 499-a to 499-h)

The Commercial Revitalization Program was enacted in 1995 to promote more productive use of older non-residential and mixed-use buildings constructed before 1975 in lower Manhattan. This program offers real property tax abatement, commercial rent tax special reduction and energy tax reduction to spur economic activity, by encouraging the conversion and/or renovation of obsolete commercial buildings to viable residential housing or mixed-use commercial and residential properties.

The Commercial Revitalization Program was revised throughout the years to address the problems of high vacancy and obsolescence, primarily in the downtown Manhattan area. The program was originally set to expire on March 31, 1998. In March 2010, this program was extended until March 31, 2014 with the benefit period scheduled to sunset on March 31, 2020. In 2014, this program was extended until March 31, 2016 with the benefit period scheduled to sunset on March 31, 2022. In 2015, this program was extended by two more years until March 31, 2018 with the benefit period scheduled to sunset on March 31, 2024. In 2017, this program was extended by three more years until March 31, 2021 with the benefit period scheduled to sunset on March 31, 2027. In 2020, the program was extended again until March 31, 2024, with the benefit period scheduled to sunset March 31, 2030. In 2023, this program was extended by four more years, until March 31, 2028, with the benefit period scheduled to sunset on March 31, 2034.

This program is administered by DOF. The following tax incentives are detailed on the "Schedules of Tax Incentives Under the Commercial Revitalization Program" chart in Appendix I.4 - Real Property Tax Detailed Schedules of Benefits.

1. Real Property Tax Abatement

Property tax abatements are available for pre-1975 buildings located in the statutorily designated Title 4 abatement zone and leased for commercial office space or retail space between April 1, 1997 and March 31, 2014. The abatement zone area is bounded by Murray Street and Frankfort Street on the north, South Street on the east, Battery Place on the south and West Street on the west.

Eligible leases' terms range from three to ten years depending on the number of people employed. Businesses employing 125 or fewer people must sign lease terms with a minimum of three to five years. Businesses employing more than 125 people must sign leases with a minimum of ten years. The property tax abatement is three years for leases with a minimum of three years but less than five years, or five years for leases with a term of five years or more. The abatement is the lower of the actual tax liability per square foot or $2.50 per square foot for a three-year benefit or a five-year benefit. The abatement for the last two years equals two-thirds and one-third, respectively, of the abatement in the initial year.

The expenditure requirement is $5 per square foot for all leases (new/renewal/expansion) with at least three or five year lease term (with less than 125 employees), or $10 per square foot for renewal leases or $35 per square foot for new leases and expansion leases with a ten-year lease term (with more than 125 employees). Eligible expenditures are defined as permanent capital improvements to real property with at least three years' useful life. Eligible expenditures include construction work such as electrical, plumbing, HVAC, drywall partition and associated painting, building-wide cabling/wiring, elevator and lobby work, architectural and engineering costs to support capital improvements. However, expenditures for (a) personal property such as furniture, computer and associated cabling/wiring, shelving or storage units or (b) ordinary repairs, maintenance, replacements or decorations are not eligible.

Sublets are not eligible for this benefit. If a space that has received benefits is later sublet, the benefit will discontinue. In 2010, the sunset date for the benefits under this program was extended from March 31, 2016 to March 31, 2020, and the lease commencement date to determine the eligibility was extended from March 31, 2010 to March 31, 2014. Applications must be filed by September 30, 2014. In 2014, the sunset date for the benefits under this program was extended from March 31, 2020 to March 31, 2022, and the lease commencement date to determine the eligibility was extended from March 31, 2014 to March 31, 2016. In 2015, this program was extended by two more years until March 31, 2018 with the benefit period scheduled to sunset on March 31, 2024. Applications must be filed by September 30, 2018. In 2017, this program was extended by three more years until March 31, 2021 with the benefit period scheduled to sunset on March 31, 2027. Applications must be filed by September 30, 2021. In 2020, this program was extended by three more years until March 31, 2024 with the benefit period scheduled to sunset on March 31, 2030. In 2023, this program was extended by four more years until March 31, 2028 with the benefit period scheduled to sunset on March 31, 2034.

The original program was expanded to include qualified properties in boroughs other than Manhattan. This benefit is now part of Commercial Expansion Program. In 1997, the benefit was modified to provide enhanced benefit to small (fewer than 125 employees) tenants by lowering the minimum expenditure and the minimum lease period requirements for leases commencing on or after April 1, 1997. In 2006, this program was extended to cover private elementary or secondary school premises as well.

2. Commercial Rent Tax Special Reduction

This benefit takes the form of a "special reduction" that is subtracted from the amount of rent otherwise subject to the commercial rent tax for buildings (including government-owned buildings) in lower Manhattan. Tenants who qualify for real property tax abatement under Commercial Revitalization Program automatically qualify for the commercial rent tax special reduction as well.

Commercial rent tax special reduction program offers three- or five- year reductions. The first year commercial rent tax reduction is equal to the first year's base rent tax. For the three-year benefits, the special reductions for the second and third years are equal to two-thirds and one-third, respectively, of the lesser of the initial year's reduction or the base rent for that year. For the five-year benefits, the second and third year's commercial rent reductions are equal to the lesser of the initial year's rent reduction or the base rent for that year. For the fourth and fifth years, the reductions are equal to two-thirds and one-third, respectively, of the lesser of the initial year's reduction or the base rent for that year.

Prior to the program changes enacted in 1997, a lease term of at least ten years was required of tenants with more than 50 employees. The amendment of the program reduced the minimum lease term requirement for tenants with fewer than 125 employees to five years for leases commencing on or after July 1, 1996, and to three years for leases commencing on or after April 1, 1997.

Effective July 1, 2005, this program was expanded with the following enhancements: (1) include buildings south of Canal Street that received a certificate of occupancy after 1975; (2) provide a base rent reduction for the first five years of the leases, available for leases (but not subleases) having a term of at least five years; (3) include the World Trade Center area and retail space area located south of Murray Street; (4) include Manhattan's Special Garment Center District that are used for industrial and manufacturing activities with up to 10 years special reduction but in no case will the benefits extend beyond June 30, 2020.

Effective July 1, 2009, the date upon which the lease must be signed in order to qualify for this program was extended to June 30, 2013. Effective March 29, 2010, the benefit period for this program was extended to March 31, 2020. In 2014, the date upon which the lease must be signed in order to qualify was extended to June 30, 2015. In 2015, this program was extended by two more years until March 31, 2018 with the benefit period scheduled to sunset on March 31, 2024. In 2017, this program was extended by three more years until March 31, 2021 with the benefit period scheduled to sunset on March 31, 2027. In 2020, this program was extended by three more years until March 31, 2024 with the benefit period scheduled to sunset on March 31, 2030. In 2023, this program was extended by four more years until March 31, 2028 with the benefit period scheduled to sunset on March 31, 2034.

3. Electricity Rebate

Newly constructed or renovated buildings located in an "eligible revitalization area" in lower Manhattan receive a reduction in their electricity costs. Eligibility for the benefit depends on several factors, including investment in the building (minimum of 20 percent of existing building's assessed value), occupancy of premises in the building by eligible users (generally commercial tenants) and compliance with certain sub-metering and notice requirements. Eligible occupants must have filed applications for the rebate after June 30, 2005 but before July 1, 2013.

The reduction in energy charges is provided as a rebate in the form of reduced energy bills from the utility companies to the building's landlord, who in turn, is required to pass along the benefit to eligible tenants.

Electricity Rebate Number of Years Rebate is Provided

Rebate is equal to eligible charges	
Year 1-8	45.0%
Year 9	37.5%
Year 10	30.0%
Year 11	22.5%
Year 12	15.0%
Buildings designated as landmarks are entitled to an extra year	
Year 13	30.0%

4. Residential Conversion Tax Exemption (421-g)

421-g program encouraged owners of commercial office buildings located in the Lower Manhattan Abatement Zone that can no longer meet the needs of commercial tenants to convert their properties to residential use.

The program offered property tax exemptions for 12 years on the increased assessed values due to physical improvements (a 100 percent exemption for the first eight years, phased-out at 20 percent per year thereafter) and a 14-year tax abatement on the existing real estate taxes relating to the pre-construction assessment value (a 100 percent exemption for the first ten years, phased out at 20 percent per year thereafter). Buildings designated as landmarks received an additional year of both abatement and exemption benefits at the 100 percent level.

In 1997, the program modifications allowed an exemption of the increase in assessed value during the first year of construction. The rents in dwelling units in an eligible building were subject to rent control while receiving a tax exemption and/or abatement. This program expired on June 30, 2006.

5. Mixed-Use Construction Tax Exemption

Many of the large older buildings in lower Manhattan have street level floors which are unsuitable for uses other than commercial or retail due to their size and configuration, while having towers that are suitable for residential use. This program provided an incentive to convert these buildings to mixed-use.

Eligible buildings received a tax exemption for 12 years on the increase in assessed values due to eligible construction work, starting with 100 percent for the first eight years (nine years for designated landmark buildings) phased out at 20 percent for each year thereafter. However, there was no abatement of existing taxes. In order to be eligible for this program, an owner's investment in the building had to equal at least 20 percent of the initial assessed value of the building.

As with the residential conversion program, dwelling units in buildings receiving benefits under this program were subject to rent stabilization during the benefit period. This program expired on July 31, 1999.

Commercial Expansion Program (NYSRPTL, Section 499-aa to 499-hh)

Modeled on the success of the Commercial Revitalization Program, the Commercial Expansion Program encourages businesses to locate in areas of New York City outside of Manhattan's core business districts: in Manhattan above 96th Street, the Bronx, Brooklyn, Queens and Staten Island. The 2005 legislation included the Manhattan mid-town Special Garment Center District to the program. The following is the brief description of benefits offered under this program.

Real Property Tax Abatement for Commercial and Industrial/Manufacturing Leases:

This program provides real estate tax abatements for new, renewal or expansion leases for commercial office or industrial/manufacturing spaces, excluding space used for retail, hotel or residential purposes. The full value of the savings by the landlord is to be passed on to the tenants as a rent reduction. The program was set to expire June 30, 2014, and it was renewed in 2014 to be extended to June 30, 2016. In 2015, the program was extended by two more years to June 30, 2018. In 2017, the program was extended by three more years to June 30, 2021. In 2020, the program was extended by three more years to June 30, 2024. In 2023, the program was extended by four more years to June 30, 2028. The following conditions must be met to qualify for this abatement: (a) a minimum three years or more lease must commence between July 1, 2000 and June 30, 2028; for businesses with more than 125 employees, a ten-year lease is required; (b) the premises must be in a non-residential or mixed-use building that was built before January 1, 1999 and has an aggregate floor area of 25,000 square feet or more in the designated abatement zone; (c) the premises must meet minimum required expenses, which vary depending upon the length of the lease and the number of employees. Renewal and expansion expenditures must begin three years before the lease end date by December 31, 2028.

Qualifying leases with a minimum term of three years but less than five years are eligible for a three-year tax abatement. In the first year, the benefit is equal to the lesser of the actual property tax liability per square foot or $2.50 per square foot. The abatement in years two and three is equal to two-thirds and one-third of the initial tax abatement, respectively. Qualifying leases with a term of five years or more are eligible for a five-year tax abatement. Tax abatement in the first three years is equal to the lesser of the actual real estate tax per square foot or $2.50 per square foot. The abatement in years four and five is equal to two-thirds and one-third, respectively, of the initial tax abatement. Qualifying leases (manufacturing only) of up to ten years are also eligible for an abatement of up to ten years with no phase out.

In 2005, the program was amended to promote manufacturing and industrial activities within the Expansion area and expanded to include the Manhattan Special Garment Center District as well. A qualifying firm that enters into a lease for three years or more on or after July 2, 2005 is eligible for tax abatement for up to 120 months instead of 60 months maximum. Existing requirements concerning building size and age do not apply to the newly eligible firms. Other requirements for the program related to expenditures for building improvement and employment levels were eased as well.

Commercial Expansion Program -
Real Property Tax Abatement Summary of Eligibility Requirements

Lease Type	Number of Employees	Length of the Lease	Minimum Required Expenditures ($ per sq. ft of Net Leasable space)
New	Less than 125	Minimum 3 yrs or more	$2.50
	More than 125	Minimum 10 yrs or more	$25.00
Renewal	Less than 125	Minimum 3 yrs or more	$2.50
	More than 125	Minimum 10 yrs or more	$5.00
Expansion	Less than 125	Minimum 3 yrs or more	$2.50
	More than 125	Minimum 10 yrs or more	$25.00

Public Agency Exemptions

Property owned by the following organizations is exempt by state law from taxation: New York City Industrial Development Agency, New York State Urban Development Corporation, New York City Public Development Corporation, Port Authority of New York and New Jersey and Battery Park City Authority. Most of these organizations make payments in lieu of taxes (PILOTs) to New York City.

B. HOUSING DEVELOPMENT

Residential Alterations and Rehabilitation Exemptions and Abatement

J-51 Program (NYSRPTL, Section 489) & (NYC Administrative Code, Section 11-243)

The J-51 program was originally designed to promote rehabilitation of existing multiple dwellings or conversion of non-residential buildings to Class A residential multiple dwellings by providing exemption and abatement on the existing taxes, which is based on the lesser of the owner's claimed cost or Certified Reasonable Cost (CRC) of the improvement.

In 2013, J-51 program was reformed in order to focus on promoting the rehabilitation of existing multiple dwellings. The following list details those changes:

- All conversion, alteration or improvement projects except residential loft conversion should be completed with 30 months rather than 36 months after the start date, or within five years if government-assisted.
- Cooperative or condominium except Mitchell Lama, redevelopment companies or planned community are eligible for J-51 only if the pre-rehabilitation assessed value is less than $30,000.
- J-51 benefits would not be available for conversions from commercial to residential properties unless project receives substantial governmental assistance.
- Revocation of J-51 benefits does not exempt the building from its continued compliance with the conditions of Section 489 of the RPTL.
- Applicants have to pay twice the actual cost for any additional inspections, if the applicant did not complete the required work on the date of the initial inspection.
- Applicants are allowed file the applications electronically.

Per 2016 legislation, from 2017 onwards the re-rehabilitation assessed value limitation for cooperatives and condominiums (except those already exempt as a result of receiving government assistance) was raised to $32,000 indexed to COLA, but not to exceed $35,000. In 2019, the limitation remained subject to inflation while the ultimate cap increased from $35,000 to $40,000.

Additional Eligibility Requirements

Additional eligibility requirements, set prior to 2013, continue to exist under the J-51 program:

- At the time benefits are granted, all back taxes on land and building, plus all charges for water and sewer must be current. During the benefit period, these taxes cannot be delinquent for more than one year, or else the J-51 benefits will be revoked.
- The tax abatements issued on any property that is located in the Minimum Tax Zone[3] cannot be used to abate or reduce taxes on the land portion of the property.
- An application can be filed for any property located in the Tax Abatement Exclusion Zone[4] for the abatement portion of the benefits only, and for not more than $2,500 per unit.
- Rental units must remain under rent regulation during the benefit period.
- For Mitchell-Lama properties, exemption is available for work not financed with government assistance if at least one building wide system was improved or replaced.
- In 2003, the program was expanded to allow exemption (but not abatement) benefits for projects that resulted in an expansion of the gross cubic content of the building, provided the floor area of the existing building that was converted, altered or improved comprises at least 50 percent of the completed structure. For projects in

[3] The Minimum Tax Zone is generally the area in Manhattan bounded by 86th Street and the East River to Houston Street, and then northward along the Hudson River to 72nd Street on the west side.

[4] The Tax Abatement Exclusion Zone is generally the area in Manhattan bounded by 96th Street and the East River to 34th Street, then northward along Broadway to 59th Street and Central Park West, and then continuing northward along Central Park West to 96th Street on the west side.

J-51 Program		
	Abatement	**Exemption**
Geographic location Subject to AV Cap	All	South of 110th Street in Manhattan
AV Cap Limitation (for projects without government assistance, substantial rehabilitation of vacant buildings, or other exceptions)	$40,000 pre-rehabilitation average assessed value per dwelling unit (multiple dwellings) $32,000 indexed to COLA but not exceeding $40,000 on pre-rehabilitation average assessed value per dwelling unit (condominiums and cooperatives)	$38,000 on post-rehabilitation average assessed value per dwelling unit (for buildings South of 110th Street in Manhattan)
Exception of the AV Cap Limitation	• Redevelopment companies[1] • Planned communities[2] • Limited Profit Housing companies[3] • Moderate rehabilitation • Loft conversion • Government/charitable assistance (not for conversion) • Building in Neighborhood Preservations Program area • Building has REMIC or SONYMA mortgage insurance • Projects through specific Federal programs • Conversion or Substantial rehabilitation (without any affordability provision) • Cooperatives or condominium within three years of first closing • Rehabilitation work or conversions that create new units in cooperatives or condominium buildings.	• Moderate rehabilitation • Loft conversions • Government/charitable assistance (not for conversion) • Building in Neighborhood Preservations Program area • Building has REMIC or SONYMA mortgage insurance • Projects through specific Federal programs • 30 percent of apartments affordable to low or moderate income households for 15 years
Benefit limitation		The calculation of exemption on increased AV $0 - $18,000 100% $18,001 - $22,000 75% $22,001 - $26,000 50% $26,001 - $30,000 25% $30,000 - $38,000 0%

[1] Mutual redevelopment companies established under Article 5 of the Private Housing Finance Law, provided they made a binding agreement to continue in that status for at least 15 years from the commencement of J-51 benefits.
[2] Parkchester in the Bronx.
[3] Limited Profit Housing companies formed under Article 2 of the Private Housing Finance Law (Mitchell-Lamas) are also eligible, provided the housing company signs a binding agreement to remain in the Mitchell-Lama program for at least 15 years from the commencement of J-51 benefits.

Manhattan between 110th Street and Chambers Street, such a project can qualify for exemption benefits, only if it is aided by a grant, loan or subsidy from a federal, state or local agency.

- In 2001, the program was extended to cooperatives, condominiums and housing development fund companies to cover eligible expenses for converting a direct metering system to a sub-metering system. This program is administered jointly by HPD and DOF.

Conditions of Ineligibility

Any one of the following conditions would render a project ineligible for benefits under the J-51 program:

- Any building that receives exemptions or abatements from another program (i.e. 421-a program) at the time of renovation is ineligible for J-51 benefits. This does not include provisions of the Private Housing Finance Law.
- Any multiple dwelling that results from the renovation of a private dwelling is ineligible for benefits unless the project is carried out with substantial government assistance.
- Buildings receiving exemption benefits under section J-51 are not eligible for the following exemptions: School Tax Relief, Senior Citizen Homeowner Exemption and Veterans' Exemption.
- Any property where the improvement is assessed at $1,000 or less at the start of the renovation process does not qualify for the program, unless the project is carried out with substantial government assistance.
- Single Room Occupancy (SRO) conversions cannot receive J-51 exemption or abatement benefits if the project is not carried out with substantial government assistance.

The eligibility and the amount and duration of benefits granted are determined by the "renovation category" into which the project falls.

The deadline by which a project must be completed in order to qualify for J-51 benefits is June 30, 2021. Legislation passed in 2021 to extend the expiration to June 30, 2022.

In 2023, the Affordable Housing Rehabilitation Program (AHRP) was passed to reform J-51. This abatement-only program provides a benefit (up to 70% of CRC of eligible expenditures) to rental buildings that: A) meet affordable rent levels, B) are limited-profit housing companies, or C) are recipients of substantial governmental assistance, and homeownership buildings with A) no more than $45,000 assessed value (AV) per unit, or B) are regulated homeownership buildings that have entered into a regulatory agreement. New York City opted into the reformed J-51 in 2025.

J-51 R Affordable Housing Rehabilitation Program, (NYSRPTL, Section 489)

The Affordable Housing Rehabilitation Program authorizes a tax abatement for alterations and improvements to multiple dwellings to preserve their habitability. This replaces and improves the J-51 Program which expired on June 29th, 2022. The benefit is limited to construction on rental buildings that meet the affordability requirements and homeownership buildings with low assessed values.

1. Eligible Construction:

Alterations or improvements to an eligible building that:

- Specifically identified on the certified reasonable cost schedule
- Meet the minimum scope of work threshold - the total amount of certified reasonable cost is no less than $1,500 for each dwelling unit in existence on the completion date
- Are not attributable to any increased cubic content in the building

Completed after June 29th, 2022 and before June 30th, 2026, lasting no more than 30 months after their commencement date

2. Eligible Properties:

Eligible Rental Building:

- Class A multiple dwelling with all the dwelling units as rentals

- Not operating as a hotel in whole or in part
- Need to satisfy one of these conditions:
  - At least 50% of the dwelling units are affordable rental units that have rent at or below 80% AMI, as of the filing of an application for a certificate of eligibility and reasonable cost
  - Owned and operated by a limited-profit housing company
  - A recipient of substantial governmental assistance

Eligible Homeownership Building:

- Class A multiple dwelling operating as a condo or co-op
- Not operating as a hotel in whole or in part
- Contains an average assessed value that does not exceed $45,000 per dwelling unit
- Eligible Regulated Homeownership Building:Class A multiple dwelling owned and operated by either:
  - A mutual company that recorded a mutual company regulatory agreement
  - A mutual redevelopment company that has entered into and recorded a mutual redevelopment company regulatory agreement

3. Abatement Benefit:

- Shall not exceed 70% of the certified reasonable cost of the eligible construction
- Capped at 8.33% annually of the total certified reasonable cost, for no more than 20 years
- The annual abatement does not exceed the amount of real property taxes payable in a 12-month period, and such abatement does not exceed 50% of real property taxes payable in a 12-month period for the following:
  - An eligible rental owned by a limited profit housing company
  - An eligible homeownership building
  - An eligible regulated homeownership building
- The abatement becomes effective within the first quarterly tax bill immediately following the date of issuance of the certificate of eligibility and reasonable cost

4. Application:

- An application for a certificate of eligibility and reasonable cost is made after the completion date and on or before the later of (i) four months from the effective date or (ii) four months after the completion date
- An application should include evidence for both eligibility for rehabilitation program benefits and reasonable cost by showing the cost of eligible construction that satisfies the local housing agency (HPD)
- The local housing agency (HPD) requires a non-fundable filing fee of $1,000 plus $75 per dwelling unit in excess of 6 dwelling units in an eligible building
- Any application missing any information from the rules and regulations of the local housing agency has 15 days to refile for the same construction. If the second application is also missing information, it will be denied and no application for the same eligible construction can be filed
- If the applicant does not respond to any checklist, a document requesting additional information that is necessary for an application for a certificate of eligibility and reasonable cost, within 30 days date of issuance by the local housing agency (HPD), results in a denial of the application and no other application submitted for the same eligible construction is permitted. The application for a certificate of eligibility and reasonable cost can be denied by the local housing agency when there is not sufficient evidence after the third checklist and they cannot submit another application for the same eligible construction.
- The certificate of eligibility and reasonable cost includes an affidavit of no harassment. The affidavit should include:
  - The name of every owner of record and substantial interest or entity owning the eligible building or sponsoring the eligible construction

    - A statement that none of such persons have been found to harass or unlawfully evict tenants by judgment or determination of a court agency
- No eligible building is eligible for an abatement if (i) an affidavit has not been filed (ii) an affidavit contains a misrepresentation of any material (iii) an owner of record and of substantial interest or entity owning the eligible building or sponsoring the eligible construction has been found to harass or unlawfully evict tenants by judgment or determination of a court agency
- New York City can take action to determine whether any owner of interest or entity owning the eligible building or sponsoring the eligible construction has harassed or unlawfully evicted tenants
- The local housing agency (HPD) may require that the application for a certificate of eligibility and reasonable cost be filed electronically

5. Additional Requirements:

- The following are additional requirements for eligible rentals other than one owned and operated by a limited profit housing corporation:
    - Market and affordable units that are subject to rent regulation can become deregulated if the following conditions are met: (i) unit is vacant after the expiration of the restriction period (15 years from the receipt of benefit or longer if violations are found) and (ii) the unit is not subject to rent regulation for reasons outside of the provisions of the Affordable Housing Rehabilitation Program
    - The owner shall not cause any harassment to the tenants or unlawfully evict their tenants during the restriction period
    - No dwelling shall be converted to a co-op or condo ownership during the restriction period
    - Any non-compliance of an eligible rental building shall permit the local housing agency (HPD) to take the following actions:
        - Extend the restriction period
        - Increase the number of affordable rental units in an eligible building
        - Impose a penalty of $1,000 per instance of non-compliance multiplied by the number of dwelling units in an eligible building
        - Terminate or revoke any rehabilitation program benefits
    - An eligible rental that is not owned or operated by a limited profit housing corporation and is not receiving substantial government assistance is subject to the following requirements:
        - No less than 50% of the dwelling units are designated as affordable rental units
        - The owner of the eligible building does not hold the affordable rental unit off the market longer than reasonably necessary
        - Shall waive the collection of any major capital improvement rent increases granted by the New York State Division of Housing and Community and Renewal
        - An affordable rental unit shall not be rented on a temporary, transient, or short-term basis
        - The local housing agency (HPD) may establish rules and regulations deemed necessary for designating affordable rental units such as designing the unit mix and distribution requirements of the affordable rental units in an eligible building
- Eligible buildings must comply with all applicable provisions of the law
- The local housing agency (HPD) shall be authorized to transmit the certificate of eligibility and reasonable cost to the local agency responsible for real property tax assessment (DOF)
- Outstanding taxes and charges. An eligible building is not qualified for the rehabilitation program benefits if (i) there are outstanding real estate taxes or water and sewer charges or PILOTs that are due or (ii) real estate taxes or water and sewer charges are due at any time during the benefit and remains unpaid for a year

6. Limitations on Eligibility:

- An eligible building cannot receive a tax exemption or abatement concurrently for rehabilitation or new construction with the exception of any eligible construction to an eligible building under the private housing finance law
- Rehabilitation program benefits are not allowed for an eligible building receiving a tax exemption or abatement for the same or a similar item of eligible construction as of December 31st before the date of application for certificate of eligibility and reasonable cost
- The assessed valuation and the cost of eligible construction shall be apportioned so that the rehabilitation program benefits shall only apply to construction made for dwelling purposes
- Rehabilitation program benefits shall not be applied to abate the taxes on the land portion of real property
- If the local housing agency (HPD) cannot verify the eligible construction by the applicant on the first inspection, the applicant is required to pay ten times the actual cost of any additional inspection needed to verify the eligible construction
- If the local agency (HPD) determines a material misstatement, they may reject the application and bar the submission of any application pursuant for up to three years. Any person who files more than six applications with a material misstatement within a 12-month period is barred from submitting a new application for up to 5 years
- The local agency (HPD) is authorized to:
    - Administer oaths and take the testimony of any person
    - Issue subpoenas requiring such persons and request any documents deemed necessary
    - Make preliminary estimates of the maximum reasonable costs of such eligible construction
    - Establish maximum allowable costs of specified units, fixtures, or work in the eligible construction
    - Require the submission of plans and specifications of such eligible construction before the commencement
    - Require physical access to inspect the eligible building
    - On an annual basis, require the submission of leases for any dwelling unit

7. Termination or Revocation of Benefits:

- Failure to comply may result in termination or revocation of any rehabilitation program benefits retroactive to the commencement. The termination or revocation does not exempt the eligible building from continued compliance
- In the event that the receipt of the rehabilitation program benefit uses any dwelling unit in an eligible building in violation of the requirements shall be guilty of an unclassified misdemeanor punishable by a fine in an amount equivalent to double the value of the gain of such recipient or imprisonment for at most 90 days or both
- Any prospective, present, or former tenant of an eligible building can sue to enforce the requirements and prohibitions in the Supreme Court of New York
- Any individual harmed by a violation of such requirements and prohibitions may sue in the Supreme Court of New York and shall recover threefold the damages sustained and the cost of the suit
- The local agency (HPD) may make an application for the appointment of a receiver
- The local law may restrict, limit, or condition the eligibility, scope, or amount of rehabilitation program benefits

Major Capital Improvements Abatement (Chapter 20 (Part A, § 65), NYS Laws of 2015)

Prior to 2015, landlords doing Major Capital Improvements (MCI) for rent stabilized apartments could pass on the cost to tenants by raising the rent over a period of seven years - using the amortization formula 1/84th of the costs of improvements per month in rent increase. In 2015, the law changed the amortization schedule to 1/96th - for buildings with 35 units or less and to 1/108th - for buildings with more than 35 units. This change impacted the landlords who cannot raise the rent and recover the costs as quickly as before. In order to mitigate the economic loss from the longer amortization schedule, property owners are granted a new abatement. At present, this abatement was only applied for landlords subject to amortization changes under the 2015 law.

Effective June 15th 2015, this new abatement for Class 2 buildings would subsidize the economic loss to building owners as a result of changes to the amortization period.

The abatement is calculated by multiplying the total cost of MCI by a fraction with the number of months added in the new amortization schedule as the numerator and the total number of months in the new amortization schedule as the denominator. This calculation is equivalent to providing an abatement of 12.5 percent of the MCI for buildings with 35 units or less and an abatement of 22.22 percent of the MCI for buildings with over 35 units.

It is a one-year abatement and may not be carried over to another tax year or offset by other benefits. The abatement is applied prior to the application of SCRIE or DRIE credits or the J-51 abatement. Eligible buildings would be subject to rent control law or rent and rehabilitation law. No local agency can make changes to the eligibility criteria of this program.

New Multiple Dwelling Exemption, 421-a Program (NYSRPTL, Section 421-a) & (NYC Administrative Code, Sections 11-245, 11-245.1, 11-245.1-a and 11-245.1-b)

The 421-a exemption is a tax incentive program that was originally created in 1971 to promote supply of multi-family residential buildings during a time when many developers were reluctant to invest in new housing in New York City. The program provides exemptions (which phase out over time) on the new value created by construction and substantial improvements (>=50%) made to create this new housing. The program was modified multiple times over the years, in part to address the need for additional affordable housing creation.

In response to sweeping changes in New York City's real estate market over the duration of the program, there were major modifications to 421-a in 1984, 2006-2008, 2015, and 2017. In 1984, 421-a created geographic exclusion areas, which required the development of affordable units (or negotiable certificates) as a prerequisite for receiving benefits for market rate units in neighborhoods where the market was stronger. These areas were expanded, among other modifications, during reforms taking place between 2006-2008. While the program was initially set to expire in June 2015, legislation extended the 421-a program for six months and amended the future benefits effective as of January 1, 2016 contingent on a successful agreement regarding wages between the real estate trade association and the trade labor association for construction workers. The two parties failed to reach an agreement, so the program option for new construction expired in January 1, 2016. However, per a component of the legislation which did not expire, buildings that were currently receiving benefits still had a new option to extend their benefit to 35 years in exchange for meeting certain affordability requirements.

In April 2017, the 421-a program was revived. It was amended and extended for six and a half years, retroactive to January 1, 2016. Newly established benefits are available to projects that start construction between January 1, 2016 and June 15, 2022, and complete on or before June 15, 2026. (Those completing construction July-December 2015 were able to opt into either the new or old iteration of the program.) The 421-a program is now referred to as Affordable New York.

2017 Program Changes for New Affordable New York Participants

Rental Projects

1. **Benefits:**
   - 35-year benefits: 25 years of 100% exemption and 10 years of exemption at the % of affordable units (Options A, B, and C).
   - Enhanced 35-year benefits: 35 years of 100% exemption (Options E, F, and G).
2. **Requirements for the basic 35-year benefits:**

   Projects with less than 300 units within the enhanced affordability areas and any projects outside the enhanced affordability areas have 3 options to choose from to meet the affordability requirements.

   Option A

   - 25% of the units to be affordable: 10% of the units at the 40% AMI level; 10% of the units at the 60% AMI level; and 5% of the units at the 130% AMI level.

- Projects cannot receive substantial government grants, loans or subsidies except for tax exempt bond proceeds and 4% tax credits.

Option B

- 30% of the units to be affordable: 10% of the units at the 70% AMI level and 20% of the units at the 130% AMI level.

Option C

- 30% of the units must be affordable units at the 130% AMI level.
- Projects cannot receive any substantial government grants, loans or subsidies.
- This option is not available in Manhattan south of 96th Street and any other areas excluded by the local law.

3. Requirements for the enhanced 35-year benefits:

Projects with 300 units or more within the enhanced affordability areas must comply with the requirements under Option E, F, or G. In addition, projects with 300 units or more located outside the enhanced affordability areas can opt into the enriched benefit if they meet all the other requirements including the minimum wage set for construction workers.

- Must contain at least 300 units
- Must meet the wage requirement for construction worker: $60/hour in the Manhattan enhanced affordability area and $45/hour in the Brooklyn or Queens enhanced affordability area; the wages are to increase 5% every 3 years.
- The enhanced affordability areas:

  Manhattan – South of 96th Street
  Brooklyn – Within Community Boards 1 and 2 but certain blocks are excluded
  Queens – Within Community Boards 1 and 2 but certain blocks are excluded

Option E

- 25% of the units to be affordable: 10% of the units at the 40% AMI level; 10% of the units at the 60% AMI level; 5% of the units at the 120% AMI level.
- Projects cannot receive substantial government grants, loans or subsidies except for tax exempt bond proceeds and 4% tax credits.

Option F

- 30% of the units to be affordable: 10% of the units at the 70% AMI level; and 20% of the units at the 130% AMI level.

Option G

- Within the enhanced affordability area in Brooklyn or Queens
- 30% of the units must be affordable units at the 130% AMI level.
- Projects cannot receive any substantial government grants, loans or subsidies.

4. Exceptions to the wage requirements for enhanced 35-year benefits:

- Projects with at least 50% of the units affordable at the 125% AMI level.
- Any portion of an eligible multiple dwelling which is owned and operated as a condominium or cooperative.
- Eligible sites subject to a project labor agreement.

5. The requirements must be maintained for 35 years from the completion for Options A, B, and C, and for 40 years for Options E, F and G

Of note, all affordable units must also remain rent stabilized for the duration of the affordability period (35 years for A, B, & C and 40 years for E, F, & G). After this period, affordable units may deregulate[5] upon the first vacancy.

[5] Affordable New York/421-a deregulation is tied to the conclusion of the tax program, so it is not subject to the termination of high income decontrol or high rent & vacancy decontrol enacted in the Housing Stability and Tenant Protection Act of 2019.

Under former iterations of the 421-a program, market rate units were also subject to stabilization during the affordability period. Meanwhile, market rate units in Affordable New York buildings may deregulate as provided by law before June 14, 2019.

Condo and Co-op Projects

Option D

1. **20-year benefits:** 14 years of 100% exemption and 6 years of 25% exemption. However, each unit's benefit is capped at $65,000 on assessed value (i.e. the portion above capped amount will be taxed).

2. **Eligibilities:**

   - Projects must be located outside Manhattan.
   - Average assessed value of all units must not exceed $65,000 upon the first assessment after completion
   - Each unit must remain the owner's primary residence for at least 5 years from the date of acquisition.
   - Projects must contain no less than 6 units and no more than 35 units.

3. **The requirements must be maintained for 20 years from the completion.**

2015 Program Reform:

In June 2015, the existing 421-a program iteration was extended for six months. In addition, the 421-a legislation was amended with a new set of options that were extended for four years. These amended benefit options were set to take effect on January 1, 2016, but required that the real estate trade association and the trade labor association for construction workers reach an agreement regarding wages on or before January 15, 2016. The two groups did not make a successful agreement before the deadline. However, the groups eventually made an agreement in April 2017, when the state passed a modified 421-a, Affordable New York. This legislation superseded the 2015 legislation and was enacted retroactive to January 1, 2016. Projects that began construction on or before December 31, 2015 that did not yet receive a 421-a benefit could choose between the prior version of 421-a and the modified, Affordable New York version.

In addition, the 2015 reform passed legislation offering an extended affordability option of 35 years in exchange for properties maintaining affordable units. This extended benefit did not depend on the aforementioned agreement.

Extended benefits to the current participants:

- Eligibility: Projects that commenced construction prior to July 1, 2008 and were granted 421-a benefits as of the effective date of the 2015 reform are eligible to extend their benefits to 35 years. This extended affordability option enables 20- and 25-year benefit properties to extend their benefits by 15 or 10 years, respectively, at fifty percent of their property taxation.
- Requirement: Projects must preserve the existing 20% of units affordable at the 80% AMI level (all units not exceeding 100% AMI or not exceeding an average of 80% AMI). In addition, they must set aside additional 5% of the units at the 130% AMI level. These AMI requirements must be maintained during the period the projects receive the benefits. After the expiration of the benefits, the affordable units will be subjected to rent regulation.
- Benefit Schedule: The 20-year benefit projects will receive 50% of exemption for an additional 15 years, while the 25-year benefit projects will receive 50% of exemption for an additional 10 years.

2008 Program Reform:

The following were the major programmatic changes under the 2008 reform (see the 421-a Geographic Exclusion Areas map in Appendix I.):

1. The existing GEA was further expanded - the new GEA includes:

   - In Manhattan: all of Manhattan was covered.
   - In the Bronx: portions of Claremont and Crotona Park.
   - In Brooklyn: all of downtown Brooklyn, portions of Red Hook, Sunset Park, East Williamsburg, Bushwick, East

New York, Crown Heights, Weeksville, Highland Park, Ocean Hill, Prospect Heights, Carroll Gardens, Cobble Hill, Boerum Hill and Park Slope.

- In Queens: Portions of Long Island City, Astoria, Woodside, Jackson Heights and the East River Waterfront.
- In Staten Island: Portions of St. George, Stapleton, New Brighton and Port Richmond.

2. Elimination of as-of-right 25-year benefits in NPP/REMIC areas: Under the old program, properties were eligible for a 25-year enhanced exemption if the developments were located in designated Neighborhood Preservation Program (NPP) areas or in locations eligible for Rehabilitation Mortgage Insurance Corporation (REMIC) insurance without having to include onsite affordable units. These benefits were eliminated for NPP and REMIC areas. Only developments that met on-site affordability requirements or received substantial governmental assistance pursuant to an affordable housing program were eligible to receive 25-year benefits. Projects located in the NPP/REMIC area were required to create 20 percent on-site affordable units.

3. Imposition of a cap on the total amount of 421-a tax benefits that any market rate unit may receive: The cap established a maximum per unit exempt building assessed value of $65,000. The assessed value above this threshold is ineligible to receive 421-a benefits. The $65,000 cap was increased by three percent compounded annually, on each taxable status date following the first anniversary of the effective date of the State law (August 17, 2008). Projects that qualify for extended benefits are not subject to the assessed value cap.

4. Elimination of the negotiable certificate program: Any property within the GEA must provide on-site affordable housing in order to receive any 421-a tax benefits. Effective December 28, 2007, no new written agreements for negotiable certificates projects have been issued. Existing certificates will not expire, and can still be used with some limitations.

5. Creation of a dedicated fund for affordable housing: The approximately $400 million affordable housing fund was established to finance the development and rehabilitation of affordable housing outside the GEA, targeting primarily the 15 highest poverty districts in New York City.

6. Limiting the 421-a tax benefits for buildings with a minimum of four units: Three-unit buildings were no longer eligible for 421-a benefits unless they are constructed with substantial governmental assistance pursuant to an affordable housing project.

7. Community preference for affordable units in GEA: Within the GEA, residents of the community board in which the building receiving benefits is located have priority for purchase or rental of 50 percent of the affordable units upon initial occupancy.

8. Specified unit and bedroom mix: Unless preempted by federal requirements, (a) affordable units must have a comparable number of bedrooms as market rate units and a unit mix proportional to the market rate units; or (b) at least 50 percent of the affordable units must have two or more bedrooms and the remaining 50 percent of the units cannot be smaller than one bedroom; or (c) the total floor area of affordable units must be no less than 20 percent of the total floor area of all dwelling units.

9. 35-year affordability and rent stabilization requirement: Affordable rental units within the GEA must be kept affordable for initial as well as subsequent rentals after vacancy and should remain rent-stabilized for 35 years after the completion of construction. After the 35 years, leases will remain rent-stabilized for the duration of the existing tenants' occupancy. Homeownership projects within the GEA must be affordable upon initial sale. In addition, rent registration forms must now be filed with HPD and DHCR.

10. Prevailing wage requirement: This requirement applies to all persons employed in care or maintenance work at a building receiving 421-a benefits who are regularly scheduled to work at least eight hours a week in the building. Exemptions apply to buildings with fewer than 50 dwelling units and buildings where at least 50 percent of the units are affordable to those at or below 125 percent of AMI and will remain affordable throughout the benefit period.

11. Creation of a boundary review commission: The Mayor and City Council appointed members to the boundary review commission to reassess the GEA every two years to determine whether the existing boundaries should be revised. The commission were to issue a biennial report to the Council and the Mayor with recommendations for changes to the GEA or an explanation as to why no recommendations are being made.

Retroactive to December 28, 2010, the deadline by which a construction must be commenced in order to qualify for 421-a benefits was extended from December 28, 2010 to June 15, 2015. In addition, the construction period for new dwellings that commenced between January 1, 2007 and June 30, 2009 was also extended from three years to six years. However, these projects will receive exemption benefits only for a total of three years during the construction. Any eligible construction that seeks to utilize the six-year period construction must apply for a preliminary certificate of eligibility within one year of the effective date.

Projects in the high density areas with a Floor Area Ratio (FAR) of greater than 15 (a figure determined by dividing the floor area of the several floors of all buildings on a lot by the area of such lot) are not eligible for the 421-a benefits after November 29, 1985 (enacted by the local law in 1984). However, this disallowance was later waived for three or four years at a time yet repeatedly, starting on October 1, 1993. The ban was first waived from October 1, 1993 until October 1, 1996, and subsequently until October 1, 1999, and then until October 1, 2003, and lastly until December 31, 2007.

Prior to the 2008 Reform:

Under the pre-2008 reform program, four different types of benefits with different exemption periods of 10, 15, 20 and 25 years were provided depending on the location of the project and the qualifying requirements. Properties except in the Manhattan Geographic Exclusion Area (GEA), defined roughly by an area south of 96th Street and north of Houston Street on the west side and north of 14th Street on the east side, were eligible for the as-of-right 421-a benefits. The original GEA was expanded in 2003 to include the Greenpoint-Williamsburg waterfront in Brooklyn and in 2006 to include parts of the far west side in Manhattan between 28th Street and 41st Street.

In order to qualify, the construction of multi-family buildings were required to have at least three dwelling units. In addition, the construction site had to be vacant or improved only with non-conforming use three years prior to the start of construction. All projects were eligible for exemption during the construction period for up to three years (see “Summary of Reform Changes” table on Appendix I.4).

In 2024, the completion deadline for the now-expired 421-a program was extended for projects that commenced construction on or before June 15, 2022 only for projects with affordability Options A, B, D, E, or F. Additionally, developers are required to file a Letter of Intent with HPD and this needs to be done 90 days of HPD issuance of the letter which is mandated to be made available by June 19, 2024.

Affordable Neighborhoods for New Yorkers, 485-x Program, (NYSRPTL, Section 485-x)

A new tax incentive program, 485-x replaces the expired 421-a program. The 485-x exemption provides a real property tax exemption for new or eligible converted multifamily rental projects with an affordable set-aside or ownership projects with an assessed value cap upon completion. This incentive is granted “as of right” and the benefit varies based on geographic location and by size, i.e. number of units. The projects are automatically eligible for the benefit if they meet specific eligibility qualifications and complete the appropriate legal and administrative requirements.

1. Benefits, Key Requirements, Affordability and Labor Requirements:

Option A: Very Large Rentals and Large Rental

- Very Large Rentals:

  Requirement:

  - 150 units or more
  - 25% set-aside at a weighted average of 60% AMI, no more than three income bands, and no income band exceeds 100% AMI
  - Located in Zone A or B
    - Zone A includes the following areas and NTAs:
      - Manhattan south of 96th street
      - Brooklyn NTAs: 0101 Greenpoint, 0102 Williamsburg, 0103 South Williamsburg,

0104 East Williamsburg

- Queens NTAs: 0201 Long Island City – Hunters Point
- Zone B includes the following NTAs:
  - Brooklyn NTAs: 0201 Brooklyn Heights, 0202 Downtown Brooklyn-DUMBO-Boerum Hill, 0203 Fort Greene, 0204 Clinton Hill, 0601 Carroll Gardens-Cobble Hill-Gowanus-Red Hook, 0602 Park Slope, 0801 Prospect Heights
  - Queens NTAs: 0201 Queensbridge-Ravenswood-Dutch Kills, 0102 Old Astoria-Hallets Point

- Subject to Construction Wage requirement (detail and exceptions in later bullet)
  - Zone A: lesser of $72.45 growing at 2.5% or 65% of greatest prevailing wage
  - Zone B: lesser of $63 growing at 2.5% or 60% of greatest prevailing wage

Benefit:

- Land exemption during construction: 100% full exemption on land, pre-existing structures, and improved values (this is new to 485x)
  - Zone A: up to 5 years
  - Zone B: up to 3 years
- 40-year exemption: 100% on improved values for the first 40 years, land and pre-existing values are subject to tax

○ Large Rentals:

Requirement:

- 100 units or more
- 25% set-aside at a weighted average of 80% AMI, no more than three income bands, and no income band exceeds 100% AMI
- No geographic restrictions
- Subject to construction wage requirement: $40 minimum wage growing at 2.5%

Benefit:

- Construction benefit: up to 3 years on improved values
- 35-year exemption: 100% exemption on improved values for the first 35 years

Option B: Modest Rentals

Requirement:

- At least 6 units and not to exceed 99 units
- 20% at a weighted average of 80% AMI, no more than three income bands, and no income band exceeds 100% AMI
- No geographic restrictions
- No construction wage requirements

Benefit:

- Construction benefit: up to 3 years on improved values
- 35-year exemption: Year 1-25: 100% exemption on improved values for the first 25 years, exemption % same as affordable set-aside, i.e. 20% for years 26 to 35

Option C: Small Rentals

Requirement:

- At least 6 units not to exceed 10 units, residential floor area not exceeding 12,500 square feet
- 50% stabilized (no income restrictions) upon initial rental
- Outside Manhattan
- No construction wage requirements

Benefit:

- Construction benefit: up to 3 years on improved values
- 10-year exemption: Year 1-10: 100% exemption on improved values for the first 10 years

Option D: Homeownership

- At least 6 units
- Outside Manhattan
- All units have an average assessed value per square foot to not exceed $89 upon the first assessment following the completion date and each owner of any such unit shall agree, in writing, to maintain such units as their primary residence for no less than 5 years from acquisition
- No construction wage requirements
- 20-year exemption: Year 1-14: 100% exemption on improved values in the first 14 years, Years 15-20: 25% exemption for years 15 to 20, capped at $89 AV/SF in each year

If the new or converted building contains multiple tax lots, an application may be submitted for one or more of these lots. HPD will then evaluate eligibility and determine the level of exemption based on the completion dates of the tax lots included in the application.

2. Other Requirements:

Commencement and Completion:

- Commencement date: between June 15th, 2022 and June 15th, 2034. The commencement date is the date upon which excavation and construction of the initial footings begins in good faith or for a conversion the date when the actual construction of conversion, alteration, or improvement of the pre-existing building begins in good faith.
- Completion date: before June 15th, 2038. The completion date is the date of the first temporary or permanent certificate of occupancy.
- The owner must notify the fiscal officer (comptroller or other analogous city official) and HPD at least three months prior to the commencement of construction work of the location of the project, the anticipated construction start date, and the anticipated construction end date.

Registration and Application (Registration is a new requirement to 485x)

- The owner must notify the fiscal officer (comptroller or other analogous city official) and HPD at least three months prior to the commencement of construction work of the location of the project, the anticipated construction start date, and the anticipated construction end date
- The applicant must file a registration form, which states the intention to file such benefits and includes the commencement date and the intended number of total and restricted units (if applicable), with the agency (HPD) within 6 months after the commencement date.
- The agency (HPD) is required to release the registration form within 90 days after the effective date of the law.
- Projects that already commenced before HPD releases the form have 6 months following the form release to file registration.
    - For projects with a commencement date before the effective date of the law, no later than 6 months after

the effective date or 6 months after the agency (HPD) promulgates the form, whichever is later.

  - For those projects with a commencement date on or after the effective date of this section, no later than 6 months after the commencement date or six months after the agency (HPD) promulgates the form, whichever is later.
  - The application must be filed no later than one year after the completion date.

Eligible Conversion is a conversion, alteration, or improved project with no more than 49% of the total floor area from the converted building can come from the pre-existing building.

Additional affordability requirements:

- Affordable units shall share the same entrance and common areas as market rate units.
- Bedroom type composition of the affordable units must be either (i) proportional to the market rate units or (ii) at least 50% of affordable units must have two or more bedrooms and no more than 25% of affordable units can have less than one bedroom.
- All affordable units will remain subject to rent stabilization both during and subsequent to the restriction period (benefit period), also regardless of whether the exemption has been terminated or revoked.
- Nothing prohibits a unit from being rented below the maximum allowed AMI.
- Affordable rental units cannot be converted into cooperative or condo ownership units.
- Must be leased on either a one- or two-year basis. Short term leases are not allowed.
- Following completion or each vacancy, a restricted unit cannot be rented out to a corporation, partnership, or other entity and cannot be held off the market for a period longer than is reasonable to prepare the unit for occupancy.
- Market units are not subject to stabilization.

Ineligible commercial space: If the aggregate floor area of the commercial, community facility, and accessory use space in the newly converted multifamily building exceeds 12% of the total floor area, then the exemption will be reduced by a percentage equal to such excess. If an eligible multiple dwelling contains multiple tax lots, the exemption reduction shall first be apportioned among any non-residential tax lots. After any such non-residential tax lots are fully taxable, the remainder of the reduction will be apportioned among the remaining residential tax lots.

Construction wage requirements for very large and large projects in Option A:

- For very large projects (150 units or more):
  - Zone A: minimum hourly wage is the lesser of $72.45 per hour with first growing at 2.5% on July 1st, 2025 and on July 1 in each year going forward, or 65% of the greatest prevailing wage within a classification
  - Zone B: minimum hourly wage is the lesser $63 per hour with first growing at 2.5% on July 1st, 2025 or and on July 1 in each year going forward, or 60% of the greatest prevailing wage within a classification
- For large projects (100 units or more):
  - Anywhere: minimum hourly wage is $40 per hour with first growing at 2.5% on July 1st, 2025 and on July 1 in each year going forward.
- An eligible site can waive construction wage requirements if all construction work is covered by a project labor agreement. A project labor agreement shall mean a pre-hire collective bargaining agreement between a contractor and a bona fide building and construction trade labor organization establishing the labor organization as the collective bargaining representative for all persons who will perform construction work on an eligible site, and which provides that only contractors and subcontractors who sign a pre-negotiated agreement with the labor organization can perform construction work on an eligible site.
- A contractor and owner may be excluded from the above wage requirements if only those construction employees of the contractor are performing work on an eligible site under a collective bargaining agreement or a job site agreement that expressly waives the above wage requirement. A job site agreement shall mean a collective bargaining agreement that only sets forth terms and conditions of employment for construction employees performing construction work under the agreement at one specific eligible site.
- The owner of an eligible site shall be responsible for retaining payroll records for six years from the completion date.

Minority and Women-Owned Business Enterprise (MWBE)

- Must make all reasonable efforts to spend at least 25% of design and construction cost on MWBEs. These enterprises and costs are defined in the rules of the agency (HPD).
- Contracts for design and construction should be comparable to the measures used by agencies for the City of New York.

Building Service Employees: Building service employees must receive the prevailing wage for the duration of the benefit regardless of whether the benefits are revoked or terminated. Buildings with less than 30 dwelling units (<30) or buildings where 100% of the dwelling units are affordable and at least 50% (>=50%) of these affordable units do not exceed 90% AMI are exempt from this requirement. The agency (HPD) shall annually publish a list of all eligible sites subject to the requirement.

Replacement Ratio: If the pre-existing site of the project contains any dwelling units three years prior to the commencement date, the new or converted building must have at least one affordable unit for each pre-existing dwelling unit that was demolished, removed, or reconfigured. For small rentals in Option C, this would be one stabilized unit for each pre-existing dwelling unit.

Concurrent Tax Benefits: A property receiving 485-x benefit shall not receive any exemption or abatement of real property tax.

HPD may require a filing fee of no less than $3,000 per dwelling unit. Projects that are carried out with substantial government assistance may be eligible for a smaller fee. HPD can also require a portion of the filing fee to be paid when the owner submits the information HPD requires in advance of approving the marketing of the converted building.

HPD Commissioner Reporting to State

- On or before June 30th each year, HPD shall issue a report to the governor, the temporary president of the senate, and the speaker of the assembly including the total number of projects, units created and their level of affordability, the cost of the program, and other factors deemed appropriate.

3. Enforcement of Requirements and Termination of Benefits:

- A fiscal officer (the comptroller or other analogous city official) has the power to investigate whether the wage requirements for construction and building service workers are met and can recapture the exemption and terminate future benefits if violations are found.
- HPD has the authority to establish rules as it relates to (i) marketing of the affordable units, (ii) compliance with the affordability requirements, (iii) the marketing bands for the affordable units, (iv) permitting requirements, and (v) the legal instrument (e.g. assigning a monitor) that will be used to enforce these requirements.
- HPD may terminate or revoke the exemption for failure to comply with the affordability requirements. HPD may also levy penalties in response to these affordability violations.
- The owner of a building is not entitled to voluntarily renounce or terminate the exemption unless authorized by HPD.

Affordable Housing from Commercial Conversions Tax Benefit, 467-m Program, (NYSRPTL, Section 467-m)

The 467-m exemption provides a real property tax exemption for the conversion of existing commercial buildings to multifamily housing with an affordable set-aside. This incentive is granted “as of right” and the benefit varies based on geographic location and the commencement date of construction. The projects are automatically eligible for the benefit if they meet specific eligibility qualifications and complete the appropriate legal and administrative requirements.

1. Affordability Requirements:

- 25% of the units are affordable
- An average of 80% AMI, minimum 5% units at 40% AMI, and maximum income band at 100% AMI, with at most three income bands

- Unit size composition of the affordable units must be either (i) proportional to the market rate units or (ii) at least 50% of affordable units must have two or more bedrooms and no more than 25% of affordable units can have less than one bedroom.
- Affordable units shall share the same entrance and common areas as market rate units.
- Cannot be converted into cooperative or condo ownership.
- Cannot be rented out to a corporation, partnership, or other entity.
- Must be leased on either a one- or two-year basis, shorter term leases are not allowed.
- Cannot be held off the market for a period longer than is reasonable to prepare the unit for occupancy and should be rented out to an eligible individual or household in a reasonable timeframe.
- Restriction period extends perpetuate: After the exemption expires, the affordable units are rent stabilized. All affordable units will remain subject to rent stabilization regardless of whether the exemption has been terminated or revoked.
- Market units are not subject to stabilization.

2. Benefit:

The level of benefit varies based on geographic area and the commencement date of construction. All projects regardless of geographic area and commencement date are eligible for a 3-year 100% exemption during construction.

Manhattan Prime Development Area (South of 96th Street):

- Projects that have a commencement date before June 30th, 2026 are eligible for a 35-year exemption. The project receives a 90% exemption from Year 1 – Year 30. In Years 31-35, the project is eligible for a phased-out exemption at 80%, 70%, 60%, 50%, and 40% respectively.
- Projects that have a commencement date before June 30th, 2028 are eligible for a 30-year exemption. The project receives a 90% exemption from Year 1 – Year 25. In Years 26-30, the project is eligible for a phased-out exemption at 80%, 70%, 60%, 50%, and 40% respectively.
- Projects that have a commencement date before June 30th, 2031 are eligible for a 25-year exemption. The project receives a 90% exemption from Year 1 – Year 20. In Years 21-25, the project is eligible for a phased-out exemption at 80%, 70%, 60%, 50%, and 40% respectively.

Outside Manhattan Prime Development Area:

- Projects that have a commencement date before June 30th, 2026 are eligible for a 35-year exemption. The project receives a 65% exemption from Year 1 – Year 30. In Years 31-35, the project is eligible for a phased-out exemption at 50%, 40%, 30%, 20%, and 10% respectively.
- Projects that have a commencement date before June 30th, 2028 are eligible for a 30-year exemption. The project receives a 65% exemption from Year 1 – Year 25. In Years 26-30, the project is eligible for a phased-out exemption at 50%, 40%, 30%, 20%, and 10% respectively.
- Projects that have a commencement date before June 30th, 2031 are eligible for a 25-year exemption. The project receives a 65% exemption from Year 1 – Year 20. In Years 21-25, the project is eligible for a phased-out exemption at 50%, 40%, 30%, 20%, and 10% respectively.

Ineligible space: If the aggregate floor area of the commercial, community facility, and accessory use space in the newly converted multifamily building exceeds 12% of the total floor area, then the exemption will be reduced by a percentage equal to such excess. If an eligible multiple dwelling contains multiple tax lots, the exemption reduction shall first be apportioned among any non-residential tax lots. After any such non-residential tax lots are fully taxable, the remainder of the reduction will be apportioned among the remaining residential tax lots.

If the newly converted multifamily building contains multiple tax lots, an application may be submitted for one or more of these lots. HPD will then evaluate eligibility and determine the level of exemption based on the completion dates of the tax lots included in the application.

3. Other Requirements:

- The existing commercial building cannot be a hotel or other class B multiple dwelling and the non-residential portion of the existing commercial building must be at least 90% of the aggregate floor area.
- An eligible building undergoing a conversion shall be considered a multiple residence during the construction period.
- The newly converted multifamily building must have at least six dwelling units, all dwelling units must be rentals, and the newly converted building cannot be a hotel.
- Commencement and Completion:
  - To receive the exemption, projects must have a commencement date between December 31st, 2022 and June 30th, 2031. The commencement date is the date a permit is issued for alterations that require a certificate of occupancy.
  - Completion date before December 31st, 2039. The completion date is the date of the first temporary or permanent certificate of occupancy covering all residential areas.
  - If the newly converted multifamily building contains multiple tax lots, an application may be submitted for one or more of these lots. HPD will then evaluate eligibility and determine the level of exemption based on the completion dates of the tax lots included in the application.
- Filing: The application for the exemption must be filed no earlier than the completion date and no later than one year after the completion date.
- Prevailing Wage: Building service employees must receive prevailing wage for the duration of the benefit regardless of whether the benefits are revoked or terminated. Buildings with <30 dwelling units or receiving grants, loans, or subsidies for the provision of affordable units are exempt from this requirement.
- Concurrent Tax Benefits: A property receiving 467-m shall not receive any exemption from or abatement of real property tax.

4. Enforcement of Requirements and Termination of Benefits:

- A fiscal officer (the comptroller or other analogous city official) has the power to investigate whether the prevailing wage requirements are met and can levy financial penalties if violations are found.
- HPD has the authority to establish rules as it relates to (i) marketing of the affordable units, (ii) compliance with the affordability requirements, (iii) the marketing bands for the affordable units, (iv) permitting requirements, and (v) the legal instrument (e.g. assigning a monitor) that will be used to enforce these requirements.
- HPD may terminate or revoke the exemption for failure to comply with the affordability requirements. HPD may also levy penalties in response to these affordability violations. This penalty is computed as a percentage of the capitalized value of the property's 467-m benefits, calculated as of the first year that benefits were granted, not to exceed 1000%. HPD will establish a schedule and method of calculation of such penalties. This penalty will be imposed against the owner of the property at the time the violation occurred even if the owner no longer owns the property at the time HPD issues the penalty. Failure to pay penalties may result in a misdemeanor punishable by imprisonment not to exceed six months. HPD processes applications to the 467-m exemption.
- HPD may require a filing fee of no less than $3,000 per dwelling unit. Projects that are carried out with substantial government assistance may be eligible for a smaller fee. HPD can also require a portion of the filing fee to be paid when the owner submits the information HPD requires an advance of approving the marketing of the converted building.
- The owner of a building is not entitled to voluntarily renounce or terminate the exemption unless authorized by HPD.

New Private One- and Two- Family Housing Exemption, 421-b Program (NYSRPTL, Section 421-b)

The 421-b program promotes new one- and two- family home construction by making home ownership more affordable to a larger segment of the population. To be eligible for the exemption, construction must begin on or after July

421-b Exemption Schedule
Number of Years New Value is Exempt

During Construction (up to 2 years) 100.0%
8-Year Exemption (Post Construction):

Year 1-2	100.0%
Year 3	75.0%
Year 4	62.5%
Year 5	50.0%
Year 6	37.5%
Year 7	25.0%
Year 8	12.5%

1, 2002 and before July 1, 2006 and be completed no later than July 1, 2011. This program expired on June 30, 2011.

This program offered a declining eight-year tax exemption applicable to the actual assessed value of the new construction. The property owner must continue to pay taxes on the full pre-construction assessment. Benefits under the 421-b program are not restricted by geographic location; however, the construction period is not to exceed two years. An existing one-to-three-family dwelling may qualify for an exemption if it has been improved to the extent of 40 percent of its pre-improvement assessed value.

Starting from 2005, these benefits are extended to newly constructed, reconstructed or converted owner-occupied multiple dwellings with no more than four dwelling units. To qualify, these multiple dwelling units must be developed in a government-assisted project, located on property acquired by the Federal government through foreclosure of a Federally insured mortgage, and conveyed to an approved owner for rehabilitation pursuant to an agreement with the Federal government.

Buildings receiving benefits under Section 421-b are not eligible for the following abatement/exemptions: Co-op/ Condo Property Tax Abatement, School Tax Relief, Senior Citizen Homeowner Exemption and Veterans' Exemption. This program was administered jointly by HPD and DOF.

Single Room Occupancy, 488-a Program (NYSRPTL, Section 488-a) & (NYC Administrative Code, Section 11-244)

This program provides owners of Single Room Occupancy (SRO) buildings with tax exemptions and abatements for improving and rehabilitating their properties. Eligible improvements include various renovations on heating systems, electrical systems, elevators, plumbing, sprinklers, fire escapes, roofs and other necessary work.

The exemption is effective for 32 years and is based on any increase in actual assessed value due to eligible improvements. In addition, the property will also be eligible for an abatement of real property taxes equal to 12.5 percent of either 150 percent of the certified reasonable cost of eligible improvements or the actual cost, whichever is less. The tax abatement cannot exceed a period of 20 years.

During the period of tax exemption and abatement, the dwelling units are subject to rent regulation. This program has been extended periodically, most recently to eligible improvements commenced before December 31, 2015 and completed within 36 months from commencement. In 2015, the program was extended by four more years to December 31, 2019.

Non-Profit Housing Development Fund Companies Providing Low-Income Housing Accommodation (NYSRPTL, Section 420-c)

The 420-c program was enacted in 1993 to assist non-profit organizations in providing affordable housing for low-income tenants. The program provides a complete exemption from real property taxes for the term of the regulatory agreement up to 30 years for qualifying low-income housing located in New York City. Eligible projects are owned or controlled by a not-for-profit Housing Development Fund company, subject to HPD regulatory agreement which requires properties to be used as low-income housing and to be financed in part with a loan from New York City or New York State in conjunction with federal low-income housing tax credits.

Loft[6] (MDW, Section 281) & (NYC Administrative Code, Section 29)

Loft law was enacted to address the non-compliance of conversions of commercial and manufacturing loft buildings to residential use in the 1980s. Such conversion projects were defined as "interim multiple dwellings" and many were without a certificate of occupancy for the residential tenants due to hardship in complying with the fire and health code. The law established a system whereby the rents on the residential rental portion in such buildings can be reasonably increased so that the residential tenants can assist in paying the cost of legalization of conversion without being forced to relocate. Even though loft buildings might be mixed use or entirely residential buildings, they all are classified under Class 4.

In 2019, the program was amended with the following changes:

1. Expanded the term "interim multiple dwelling" to include basements.
2. Among buildings excluded from the law, removed those buildings within a relevant North Brooklyn business zone that is district zoned M3.
3. Established a new eligibility period for units having residential occupants for at least twelve consecutive months beginning January 1, 2015, until December 31, 2016, and provided that they must obtain a certificate of occupancy within 36 months.

In 2013, the program was amended with the following changes:

1. The eligible square footage requirement was reduced to at least 400 sq.ft (from 550 sq.ft)
2. The "interim multiple dwelling" definition exclusion was expanded: Units that are deemed by loft board to be incompatible with residential use will be excluded.
   a. Currently buildings in certain area are excluded from this law, i.e. Williamsburg, Green point, Long Island City, etc.
   b. The law added a category of deemed incompatible units
3. Reduced the allowable rent surcharge in different phase of conversion process:
   a. Upon filing: an adjustment equal to 3% (from 6%) of the rent in effect at such time
   b. Upon obtaining an "alteration permit": an adjustment equal to 3% (from 8%) of the rent at such time
   c. Upon achieving compliance with safety/fire law: an adjustment equal to 4% (from 6%) of the rent
4. Loft board to grant hardship exemption for incompatible buildings/units: added a category of deemed incompatible units as discussed in No. 2.
5. Changes in the deadline for each phase of obtaining certificate of occupancy: The current law provides that owners of buildings, covered by the 1982 Loft Law, are required to obtain a residential Certificate of Occupancy on or before July 2, 2012.
   a. Filing an alteration: within 9 months
   b. Action to obtaining an alteration certificate: within 12 months
   c. Achieving compliance: within 18 months from obtaining alteration permit (previously two dates were allowed, the proposed change dropped the option of 18 months)
   d. Obtaining certificate of occupancy for class A conversion: within 30 months

[6] Entire building could be residential but it is class 4 even if classified as conrental.

C. INDIVIDUAL ASSISTANCE

School Tax (STAR) (NYSRPTL, Section 425) & (NYC Administrative Code, Section 11-239)

The New York State School Tax Relief (STAR) Program was enacted in 1997 in order to reduce school property taxes on the primary residences of New York residents. The property tax exemption was phased in over four years beginning in the 1998-99 school year. During the first year, the exemption was limited to properties owned by senior citizens who met the income eligibility requirement. All other homeowners became eligible in the 1999-2000 school year. Effective 2012, the STAR program eliminated exemptions for homeowners with affiliated[7] incomes above $500,000. Income is federal adjusted gross income minus the taxable amount of total distributions from individual retirement accounts or annuities. The program provides property tax relief to one-, two- and three-family homes, cooperatives and condominiums where the property serves as the primary residence of the owner who earns less than $250,000. Homeowners with an income of more than $250,000 must register with the New York State for a STAR credit. An enhanced exemption is available for senior citizens aged 65 or older (by December 31) with less than $93,200 in annual household income in 2022.[8] Beginning 2012, the basic and enhanced STAR benefits to the taxpayers are limited to a 2% increase over the prior year.

In 2016, the STAR program underwent more changes. Under the New STAR program, applicants must register with the New York State Tax Department to receive a STAR credit. New applicants who purchased their home after March 15, 2015 and who qualify for the program would receive a STAR credit in the form of a check from the state, instead of receiving a property tax exemption. In 2019, the income limit for the basic STAR exemption was lowered from $500,000 to $250,000 and the cap in annual growth in STAR exemption benefits was lowered from 2% to 0%. For purposes of the STAR credit, the $500,000 income limit and 2% cap would remain the same.

The exemption is based on a fixed market value exemption adjusted for differences between local and statewide median home prices, levels of assessment and the portion of the real estate tax that represents the school tax. Beginning in 2003, a modified STAR benefit became available for Mitchell-Lama cooperative apartments equal to one-third of the exemption amount for both basic and enhanced STAR.

The application must be submitted by March 15th in order to be eligible for the benefit in the following fiscal year beginning on July 1st.

Calculation of NYC STAR Exemption

Tax Exemption Amount = Market Value Exemption x Ratio of NYC Median Home Price to Statewide Median Home Price x Class Equalization Rate x Class Tax Rate x 50 percent.

The market value exemption for senior citizens with income less than $98,700 is $84,000. For non-seniors, the exemption was $10,000 beginning 2000, $20,000 in 2001 and is currently $30,000 since 2002. Based on this formula, single-family Class 1 taxpayers' estimated average tax saving is shown in the following table:

Fiscal Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015-16	2017-18	2019-20	2021-24
Senior Citizens	$326	$347	$383	$376	$373	$425	$375	$368	$473	$563	$574	$560	$580	$600	$646	$650	$650
Others	$195	$209	$229	$226	$225	$226	$189	$194	$236	$281	$287	$280	$290	$300	$316	$293	$290

[7] Affiliated income means the combined incomes of all the owners and their spouses for whom their home is their primary residence.
[8] Eligibility in 2024 is based on income information from 2022 tax year

Senior Citizen Homeowner Exemption Schedule

Household Income	Exempt Share of Assessed Value
Less than or equal to $50,000	50.0%
$50,000-$50,999	45.0
$51,000-$51,999	40.0
$52,000-$52,999	35.0
$53,000-$53,899	30.0
$53,900-$54,799	25.0
$54,800-$55,699	20.0
$55,700-$56,599	15.0
$56,600-$57,499	10.0
$57,500-$58,399	5.0
$58,400-and greater	0.0

Senior Citizen Homeowner Exemption (SCHE) (NYSRPTL, Section 467) & (NYC Administrative Code, Section 11-245.3)

The SCHE program provides a sliding scale tax exemption of assessed value to homeowners who are 65 years of age or older as of December 31 with an annual total household income of no more than $37,400. The property must serve as the owner's primary residence. The owner must have held the title to the property for at least 12 consecutive months before March 15th of the year when the SCHE benefits begin.

The program was expanded in 1995 to include cooperative apartments and raised the threshold to grant a five percent partial exemption. The maximum qualifying income has been changed periodically. It was $21,300 in 1992; $25,000 in 1994; $25,900 in 1995; $26,900 in 1996; $27,900 in 1999; $28,900 in 2002; $29,900 in 2003; $32,400 in 2004; $34,400 in 2006, $35,400 in 2007, and $36,400 in 2008. In 2009, the maximum qualifying income threshold was raised to $37,400. In 2017, the maximum qualifying income threshold was raised to $58,400.

In determining income eligibility under the Senior Citizen Homeowner Exemption Program, a deduction from income is allowed for unreimbursed medical and prescription drug expenses beginning with the assessment roll for 1999.

Beginning in 2000, veterans' disability compensation is excluded from the definition of income for purposes of determining eligibility and the level of exemption benefits. Effective January 1, 2002, localities are authorized to provide school tax exemption (which is typically not available along with SCHE benefits) if a child resides at a property that is granted SCHE benefits and attends a public elementary or secondary school.

In 2023, a bill was passed to standardize income definition with the STAR income definition of Federal AGI for SCRIE, DRIE, SCHE, and DHE.

The application must be submitted by March 15th in order to be eligible for the benefit in the following fiscal year beginning on July 1st. There is no sunset date for this program.

Disabled Homeowners Exemption (DHE) 459-c Program (NYSRPTL, Section 459-c) & (NYC Administrative Code, Section 11-245.4)

The 459-c program provides real property tax relief for property owners whose incomes are limited due to disability. In order to qualify for this program, the applicant must have a disability which is a physical or mental impairment with an annual total household income of no more than $37,400. The property must serve as the owner's primary residence. To be eligible, one of the following proofs of disability should be submitted: (1) Social Security Disability Insurance (2) Supplemental Security Income Benefits (3) Railroad Retirement Disability Benefits (4) Disability Pension from the U.S. Postal Service (5) Certificate from the New York State Commission for the Blind and Visually Handicapped.

Homeowners with Disability Exemption Schedule

Household Income	Exempt Share of Assessed Value
Less than or equal to $50,000	50.0%
$50,000-$50,999	45.0
$51,000-$51,999	40.0
$52,000-$52,999	35.0
$53,000-$53,899	30.0
$53,900-$54,799	25.0
$54,800-$55,699	20.0
$55,700-$56,599	15.0
$56,600-$57,499	10.0
$57,500-$58,399	5.0
$58,400-and greater	0.0

This program provided a maximum exemption of 50 percent to residential property owners with incomes less than $29,000. For disabled property owners with incomes between $29,000 and $37,399, the program allowed an exemption based on an exemption schedule.

The program commenced in 2000 with an income eligibility from $18,501 to $26,900. The eligible population was extended to include persons certified to receive a United States Postal Disability Pension effective in 2000.

Subsequently, the maximum household income for a 50 percent exemption was raised to $20,500 effective 2001, to $21,500 effective 2002, to $24,000 effective in 2004, to $26,000 effective in 2006, to $27,000 effective in 2007, and to $28,000 in 2008. In 2009, the maximum household income threshold was raised to $29,000. In 2017, the maximum qualifying income threshold was raised to $58,400.

In 2023, a bill was passed to standardize income definition with the STAR income definition of Federal AGI for SCRIE, DRIE, SCHE, and DHE.

Properties that are already receiving tax benefits under 421-a, 421-b or 421-g are not eligible to receive the benefits under this program. The application must be submitted by March 15th in order to be eligible for the benefits in the following fiscal year beginning on July 1st. There is no sunset date for this program.

Senior Citizen Rent Increase Exemption (SCRIE) (NYSRPTL, Section 467-b) & (NYC Administrative Code, Sections 26-405, 26-406, 26-509, 26-601 to 26-616)

The Senior Citizen Rent Increase Exemption program provides an exemption from future rent increases to tenants who are 62 years of age or older, earning limited income, residing in apartments that are regulated by the Division of Housing and Community Renewal (a rent-controlled, rent-stabilized apartments or hotel-stabilized apartment), Mitchell-Lama units and paying more than one-third of their household income in rent.

In order to qualify for the program, senior citizens must have a combined household income (excluding federal/state/local income taxes, Social Security taxes and Medicare taxes paid) of no more than $29,000 a year and pay more than one-third of the combined household income for rent. In 1988 this income ceiling was increased from $12,025 to $15,000; to $16,500 in 1992; to $20,000 in 1995; to $24,000 in 2004, to $25,000 beginning July 1, 2005 and thereafter increasing $1,000 a year to $29,000 starting July 1st, 2009. In 2014, the income threshold was raised to $50,000 effective July 1, 2014. The program was scheduled to sunset on June 30, 2016. In 2016, the sunset date was extended by four more years to June 30, 2022. In 2022, the sunset date was extended by two more years to June 30, 2024. In 2024, the sunset date was extended for two additional years, through June 30, 2026.

In 2023, a bill was passed to standardize income definition with the STAR income definition of Federal AGI for SCRIE, DRIE,SCHE, and DHE.

Payments made to individuals because of their status as victims of Nazi persecution are excluded from the definition of income. Also, since 1988, Social Security increases have been excluded from the household income once the senior citizen has qualified for the program.

Landlords are compensated by an abatement of their real property taxes equal to the amount of rent forgiven. If the total rent increase exemption applicable to a property exceeds the taxes due, a real estate tax refund is granted. Tenants are required to renew the benefit by reapplying, if the leases are up for renewal.

The administration of this program was transferred from the Housing Preservation and Development (HPD) to the Department for the Aging (DFTA) on June 17th, 1992. Again, effective September 18th, 2009, the SCRIE Program was transferred from DFTA to the Department of Finance (DOF).

Disability Rent Increase Exemption (DRIE) & (NYC Administrative Code, Sections 26-405, 26-406, 26-509, 26-601 to 26-616) (NYSRPTL, Section 467-b)

Disability Rent Increase Exemption (DRIE) program provides an exemption from future rent increases to tenants who are disabled renters, paying more than one-third of their household income in rent, and residing in apartments that are (a) regulated by the Division of Housing and Community Renewal (a rent-controlled, rent-stabilized apartments or hotel-stabilized apartments); (b) Mitchell-Lama units; (c) units owned by a limited dividend housing company, redevelopment company or housing development fund company incorporated under the private housing finance law; or (d) Section 213 Cooperative Housing Companies.

In order to qualify for the program, tenants must currently receive (a) the Supplemental Security Income (SSI), (b) the Social Security Disability Insurance (SSDI), (c) US Department of Veterans Affairs disability pension or compensation, or (d) disability-related Medicaid. The exemption applies to future rent increases to tenants once they qualify. Landlords are compensated for their lost rental income by means of a real property tax abatement. Tenants are required to reapply every two years. This benefit began on October 10th, 2005. In 2014, the income threshold was raised to $50,000 effective July 1, 2014. In addition, the program was scheduled to sunset on June 30, 2016. The income threshold matching the Federal limit for SSI benefits was removed as well. In 2016, the sunset date was extended by four more years to June 30, 2022. In 2022, the sunset date was extended by two more years to June 30, 2024. In 2024, the sunset date was extended for two additional years, through June 30, 2026.

In 2023, a bill was passed to standardize income definition with the STAR income definition of Federal AGI for SCRIE, DRIE,SCHE, and DHE.

Households currently receiving SCRIE benefits are not eligible for DRIE benefits.

Disability Rent Increase Exemption Schedule

Fiscal Year	Income Threshold - Single Household	Income Threshold - Household with Two or More Members
2006	$17,580	$25,212
2007	18,396	26,460
2009	19,284	27,780
2010	19,284	27,780
2011	19,284	27,780
2012	19,860	28,668
2013	20,148	29,100
2014	20,412	29,484
2015	50,000	50,000

Veterans' Exemptions (NYSRPTL, Sections 458 to 458-a) & (NYC Administrative Code, Sections 11-245.45, 11-245.5, 11-245.6 and 11-245.7)

The Veterans' Exemptions program provides property tax relief to qualified veterans in recognition of their service to the country. In order to qualify, the property must serve as the owner's primary residence. Other owners who are also eligible include: (1) spouse or registered domestic partner of a qualified veteran; (2) surviving spouse of a qualified veteran who has not remarried; and (3) Gold Star parent who is the parent of a child who died while serving in the armed forces during a period of war. Owners must have served in the armed forces during one of the following periods of conflict:

- Persian Gulf Conflict (Beginning August 2nd, 1990)
- Vietnam War (November 1st, 1955 to May 7th, 1975)
- Korean War (June 27th, 1950 to January 31st, 1955)
- World War II (December 7th, 1941 to December 31st, 1946)
- World War I (April 6th, 1917 to November 11th, 1918)
- Mexican Border Period (May 9th, 1916 to April 5th, 1917)

Qualified veterans are eligible to receive partial tax exemptions of assessed value under two programs.

The first program, originally enacted in 1958 under Section 458 of the Real Property Tax Law, grants tax exemptions to veterans who purchased real property using a bonus, pension, insurance or compensation received as a prisoner of war (eligible funds). The exemption equals the amount of eligible funds used for the purchase, up to $7,500 effective July 1, 2015 (previously $5,000), but the property is fully subject to tax for educational purposes. In 2017, the exemption was extended to school taxes as well. An additional exemption of up to $10,000 (all purposes) is provided for handicapped accessible housing required as a result of war-related disability. New applications for Section 458 benefits are no longer accepted, but alternative veterans' exemptions are granted under Section 458-a (enacted in 1984).

Generally, the Section 458-a program (alternative veterans' exemption) provides veterans who served during a period of war with an exemption of 15.0 percent of assessed value and an additional 10.0 percent granted to those who served in a combat zone. A disabled veteran is entitled to an additional exemption of up to 50.0 percent of the assessed value, based upon the veteran's disability rating.

In the 2005 governing legislation, these exemptions did not apply to school taxes, and were subject to caps specified in the table below. In 2017, the law was expanded to extend the exemption to school taxes effective July 1, 2017. The extension of exemption to school taxes will sunset on June 30, 2022. In addition the caps were reduced as specified in the table below.

In 1995, the programs were expanded to include those civilians who, during World War II, were employed by the American Field Service or Pan American Airways and served overseas under specific arrangements with military groups.

Exemptions were also extended to properties held in trust for the benefit of qualified veterans who do not hold legal title to the property but who are otherwise eligible for the exemptions. The programs were expanded further in 1997 to include cooperative apartments.

Veterans' Exemptions Schedule

Eligibility Requirement	Percentage Reduction on Assessed Value	Maximum AV Reduction Before 2018	Maximum AV Reduction After 2018	Maximum Reduction in AV, Before 2018	Maximum Reduction in AV, After 2018
Served during the specific period of war listed above	15%	$54,000	$48,000	$4,140 for Class 1; $24,300 for Classes 2 and 4	$2,880 for Class 1; $21,600 for Classes 2 and 4
Served in a Combat Zone	Additional 10%	$36,000	$32,100	$2,760 for Class 1; $16,200 for Class 2 and 4	$1,920 for Class 1; $14,400 for Class 2 and 4
Disabled	Assessed value multiplied by 50% of the Veteran's disability rating	$180,000	$160,000	$13,800 for Class 1; $81,000 for Class 2 and 4	$9,600 for Class 1; $72,000 for Class 2 and 4

Effective January 2001, the exemptions were extended to a Gold Star parent who is the parent of a child who died while serving in the armed forces during a period of war. The property must be the primary residence of the parent and is eligible for exemptions based on "period of war" and "combat zone" but not veteran's disability. This provision was enacted by the State Legislature in 2000 authorizing localities to adopt a local law to enact it, and it was enacted by the City Council in November 2000.

Co-op/Condo Abatement (NYSRPTL, Section 467-a)

Enacted in 1996, Section 467-a provides partial property tax relief to owners or tenant-shareholders of Class 2 condominiums or cooperatives to reduce the disparity in property taxation between residential real property in Class 1 and Class 2 residential property held in condominium or cooperative form of ownership.

In the case of properties where the average assessment was $15,000 or less per unit, a tax abatement of 4.0 percent, 16.0 percent, and 25.0 percent was granted in 1997, 1998 and 1999 respectively. For properties where the valuation was greater than $15,000 per unit on average, the tax abatement in 1997, 1998 and 1999 was 2.75 percent, 10.75 percent and 17.5 percent, respectively. The abatement is restricted to owners who own no more than three units held in the condominium or cooperative form of ownership.

The 1999 abatement levels were extended by an additional two years through June 30th, 2001, in 2001 by an additional three years through June 30th, 2004, in 2004 by an additional four years through June 30th, 2008, and in 2008 by an additional four years through June 30, 2012.

In January 2013, the program was amended retroactively back to July 1, 2012 and was also extended through June 30, 2015 with the following changes in 2015, the program was again extended for four more years through June 30, 2019;

1. Primary residence: In order to be eligible, the taxpayer must be the primary residence of the unit. All eligible taxpayers will receive an enhanced abatement from FY 2013 through FY 2015.
2. Limitation on the number of units: The abatement is restricted to owners who own no more than three units in the same building and one of those units should be the primary residence of the taxpayer. If the taxpayer owns more than four units in the same building none of the units would be eligible. If the taxpayer owns three or lesser units but none of them are the taxpayer's primary residence then none of the units are eligible.
3. The enhanced abatement schedule for primary residents;

Enhanced Abatement Schedule For Primary Residents

Average Assessed Value	FY 2013	FY 2014	FY 2015
$50,000 or less	25.00%	26.50%	28.10%
$50,001 to $55,000	22.50	23.80	25.20
$55,001 to $60,000	20.00	21.20	22.50
Over $60,000	17.50	17.50	17.50

4. Benefits for all non-primary residents were phased out over two years and eliminated completely on July 1, 2014. The phase out schedule for non-primary residents was:

Phase Out Schedule For Non-Primary Residents

Average Assessed Value	FY 2013	FY 2014	FY 2015
$15,000 or less	12.500%	6.250%	0.000%
Over $15,000	8.750	4.375	0.000

5. In addition, the new law allowed the Commissioner of Department of Finance to require the owner of the unit to submit an application to supplement information contained in the application submitted by the Co-op/Condo board.
6. The law also authorizes the Commissioner of Department of Finance to promulgate rules to deny or terminate or revoke the abatement benefits if the dwelling unit owes any real property tax, water and sewer charges or payments in lieu of taxes or other municipal charges above a certain threshold unless they are currently being paid in a timely manner under an installment agreement with New York City.

Properties that are already receiving tax benefits under 421-a, J-51 (exemptions only) or 421-b are not eligible to receive the benefits under the co-op/condo abatement. The application must be submitted by March 15th in order to be eligible for the benefit in the following fiscal year beginning on July 1st.

In 2019, the program was extended for two years until June 30, 2021.

In 2021, The program was also extended until June 30, 2023. Legislation was also enacted that required that beginning in fiscal year 2022, buildings seeking to qualify for the abatement must pay their building service employees the prevailing wage rate and supplemental benefits as determined annually by the City Comptroller. This requirement excludes buildings with average unit assessed value of up to $60,000 or more than $60,000 but no more $100,000, and fewer than 30 dwelling units.

In 2023, the program was extended to June 30, 2026.

Real Property Tax Rebate (NYSRPTL, Section 467-e)

Starting in 2005, owners of one-, two- and three-family homes and Class 2 cooperative and condominium apartments were eligible for an annual real property tax rebate of $400 or the annual real property tax, whichever is less. To qualify for the rebate, the dwelling unit must be the owner's primary residence and the delinquent taxes owed must not be more than $25. The deadline for filing the applications was September 1st following the end of the fiscal year for which the rebate was claimed. This program, which was scheduled to sunset in 2007, was extended for three additional years through 2010. No separate rebate application was necessary if the owner was already receiving the STAR benefit exemption or the exemption for veterans, senior citizens or disabled persons. In 2009, the Mayor and the City Council agreed to end the rebate program beginning in fiscal year 2010 in order to close the significant budget gaps in the out-years.

"Green Roof" Tax Abatement Program (NYSRPTL, Section 499-aaa – 499-ggg)

In an effort to help control and capture storm water and to reduce the burden on New York City's sewer system, the "green roof" abatement program provides a one-year real property tax abatement for construction of "green roof" on Class 1, 2, and 4 buildings. "Green roof" includes, among other characteristics, a growth medium or a vegetation layer of drought-resistant and hardy plant species covering at least 50 percent of the rooftop space. The abatement was $4.50 per square foot of green roof, limited to the lesser of $100,000 or the building's actual tax liability for the year in which the abatement is taken. In 2013, the abatement amount was increased to $5.23 per square foot of green roof from July 1, 2014 and the limit was increased to $200,000 or the building's annual tax. In addition, the aggregate of all abatements allowed was limited to $750,000 in FY 2015 and to $1 million in the following fiscal years. In 2019, an enhanced $15.00 abatement per square foot of green roof was made available for priority community districts on a rolling three-year basis. The $5.23 standard abatement remains for properties outside these priority districts, and the aggregate annual tax expenditure cap for the program remains at $1 million regardless of how many buildings receive the enhanced or standard abatement. All buildings are also still capped at a $200,000 total benefit, but have up to five years to expend this amount should it exceed their tax liability in any given year.

Properties that are already receiving tax benefits under ICAP, 421-a, 421-b, or 421-g or pay PILOTs are not eligible for this abatement.

The abatement is effective August 5th, 2008 and sunsets on June 30, 2024. The application must be submitted by March 15th in order to be eligible for the benefit in the following fiscal year beginning on July 1st.

In 2023, a proposal was passed in the Senate that would extend and modify the program. The proposal increases the abatement level to $10 per square foot from the current $5.23 per square foot, removes the 50% of rooftop area requirement, raises the total program cap to $4 million from $1 million, and changes the program to operate on a first come first serve basis.

Solar Electric Generating System and Electric Energy Storage Equipment Abatement (NYSRPTL, Section 499-aaaa – 499-gggg)

In an effort to reduce greenhouse emissions and provide cleaner energy, solar electric generating system abatement is offered for the construction of a solar electric generating system in Class 1, 2 and 4 buildings. The abatement is 5 percent of the eligible expenditures and will be applied to the property for four years starting on July 1st following the Department of Building's approval. The abatement in any year is limited to the lesser of 1) 5 percent of the eligible expenditures; 2) $62,500; or 3) the amount of the taxes payable on the building in that year.

In 2018, the program benefits were extended to electric energy storage equipment placed in service on or after January 1, 2019, and before January 1, 2021. In 2020, the program was extended to January 1, 2024. The abatement is offered for the construction of an electric energy storage system in Class 1, 2 and 4 buildings. The abatement is 10 percent of the eligible expenditures and will be applied to the property for four years starting on July 1st following the Department of Building's approval. The abatement in any year is limited to the lesser of 1) 10 percent of eligible expenditures; 2) $62,500; or 3) the amount of the taxes payable on the building in that year.

Eligible solar electric generating system expenditures includes eligible electric energy storage equipment expenditures that include material costs, labor costs and other costs directly related to the construction or installation of the system. The application must be submitted by March 15th in order to be eligible for the benefit in the following fiscal year beginning on July 1st.

In 2023, a proposal to modify and extend the solar abatement program was passed in both the Senate and Assembly. The new program would standardize the abatement level for both solar generation systems and energy storage equipment at 7.25 percent of eligible expenditures per year over four years (30 percent total). In addition, allows for the simultaneous abatement of both solar generation and energy storage equipment. If passed the new solar abatement program would expire in 2036.

Childcare Center Tax Abatement (NYSRPTL, Section 499-aaaaa – 499-fffff, Title 6)

In 2022, in order to increase the number of daycare centers in NYC, address childcare deserts, and make childcare more affordable, the Childcare Center Property tax abatement was enacted. The abatement is provided to building owners to retrofit space to accommodate childcare centers. The abatement is designed to allow building owners to recoup costs for the conversion, alteration, or improvement of space to comply with city and state facility regulations for childcare centers. It is available for owners of small multifamily residential and commercial property (Class 1 owners, Class 2 condominium owner of tax lot, Class 2 cooperative owner of tax lot, Class 4 owners). Construction, conversion, alteration or improvement must be completed on or after April 1, 2022. The five-year abatements begin July 1, 2023 to July 1, 2025 and benefits end on June 30, 2030. The application must be filed with designated agency by March 15 before the tax year commencing on July 1. Last application must be filed by March 15, 2025.

There are two types of abatements. The total program cost is capped at $25 million per year.

- Regular abatement:
  To qualify for the regular abatement, the building shall have an eligible childcare center space. For the regular abatement, the benefit is based on the cost of construction capped at $35 per square foot in total and the benefit amount will be capped at $7 per square foot for each year during the five-year benefit period. The maximum abatement benefit amount for a property (BBL) is capped at $20,000 per year or the property tax liability or $100,000 over five years.

- Enhanced abatement:
  To qualify for the enhanced abatement, the property should be in a "childcare desert" as defined by NYS Office of Children and Family Services (OCFS) and have an eligible childcare center space. (i.e. census tract where there are >=3 children under age 5 for each available childcare slot) and certified by designated agency. Benefit is based on the cost of construction and capped at $75 per square foot in total and the benefit amount will be capped at $15 per square foot for each year during the five-year benefit period. The maximum abatement benefit amount for a property (BBL) is capped at $45,000 or $225,000 over five years.

The property must continue to be used as a childcare center during the entire benefit period. DOF shall revoke benefits if the property ceases to be operational as a childcare center for a period exceeding 180 days of the abatement or if the documents submitted in the approved application contains any false or misleading statements, or if the owner has outstanding charges for property tax, water and sewer charges, PILOTs or any other municipal charges for a period of 6 months or more.

If the BAV of the eligible building is reduced, DOF will recalculate and reduce tax abatement accordingly.

Homeowner Tax Rebate (NYSRPTL, Section 467-l) & (NYC Admin Code 11-240.2)

For the fiscal year beginning July 1, 2021 and ending on June 30, 2022, residential primary homeowners with combined qualified gross incomes up to $250,000 (wherein the net amount of loss reported on Federal Schedule C, D, E, or F shall not exceed $3,000 per schedule) are eligible for a rebate of $150. Eligible homeowners who receive the STAR benefit will automatically receive the rebate other eligible homeowners can receive the benefit by applying for the benefit as long as they prove that they had the ownership of the property as of June 15, 2022.

APPENDIX I.
REAL PROPERTY TAX

4. Real Property Tax Detailed Schedules of Benefits

Schedules of Abatement Under ICAP

	Type of Project	Full Abatement[1]	Declining Abatement	Minimum Required Expenditures	Area Boundaries	Additional Provisions
INDUSTRIAL						
Industrial - Industrial + Retail use <= 10% of building - Total 25 yrs benefits	Manufacturing activities: 75% of total square footage (utility properties not included)	100% of abatement for 16 yrs	Phased out at 10% per year for years 17-25 Example Yr. 17 90% Yr. 18 80% Yr. 24 20% Yr. 25 10%	30% of the Initial assessed value	Projects throughout the City	“Inflation Protection”: Increases in taxable AV between Yr. 2 to Yr. 13 is added to the abatement base. If there are physical increases > 5%, then any increase in tax for that year shall not be added to the amount of the abatement base in any year.
Industrial - Retail use > 10% of building - Total 15 yrs benefits	The lower abatement benefit schedule is only applicable to excess retail space over 10%	100% of abatement for 11 yrs	Phased out at 20% Yr. 12 80% Yr. 13 60% Yr. 14 40% Yr. 15 20%	30% of the Initial assessed value	Projects throughout the City	“Inflation Protection”: Increases in taxable AV between Yr. 2 to Yr. 13 is added to the abatement base. If there are physical increases > 5%, then any increase in tax for that year shall not be added to the amount of the abatement base in any year.
Additional Industrial - Total 12 yrs benefits	Additional abatement of the initial tax	50% of the tax abatement for 4 years of the initial tax	Phased out at 10% every two years for years 5-12 Example Yr. 5 40% Yr. 6 40% Yr. 7 30% Yr. 12 10%	40% of the Initial assessed value	Projects throughout the City	“Inflation Protection” benefit is not available.
Industrial - “Peaking units” - Total 15 yrs benefits	“Peaking units” owned by utility companies[2]	100% of abatement for 15 yrs	Not Phased out	30% of the Initial assessed value	Projects throughout the City	“Inflation Protection”: Increases in taxable AV between Yr. 2 to Yr. 13 is added to the abatement base. If there are physical increases > 5%, then any increase in tax for that year shall not be added to the amount of the abatement base in any year.
COMMERCIAL						
Regular - Total 15 yrs benefits	Commercial construction work	100% of abatement for 11 yrs	Phased out at 20% Yr. 12 80% Yr. 13 60% Yr. 14 40% Yr. 15 20%	30% of the Initial assessed value	Projects within areas in Manhattan north of 96th Street, south of Murray, Frankfort and Dove street, and in The Bronx, Brooklyn, Queens and Staten Island.	“Inflation Protection” benefit is not available.
Special Abatement Area - Commercial + Retail use <= 10% of building - Total 25 yrs benefits	Commercial construction in special commercial abatement areas	100% of abatement for 16 yrs	Phased out at 10% per year for years 17-25 Example Yr. 17 90% Yr. 18 80% Yr. 24 20% Yr. 25 10%	30% of the Initial assessed value	Areas designed by the Boundary Commission.	“Inflation Protection”: Increases >5% in taxable AV between Yr. 2 to Yr. 13 is added to the abatement base. If there are physical increases > 5%, then any increase in tax for that year shall not be added to the amount of the abatement base in any year.
Special Abatement Area - Retail use > 10% of building - Total 15 yrs benefits	The lower abatement benefit schedule is only applicable to excess retail space over 10%	100% of abatement for 11 yrs	Phased out at 20% Yr. 12 80% Yr. 13 60% Yr. 14 40% Yr. 15 20%	30% of the Initial assessed value	Areas designed by the Boundary Commission.	“Inflation Protection”: Increases >5% in taxable AV between Yr. 2 to Yr. 13 is added to the abatement base. If there are physical increases > 5%, then any increase in tax for that year shall not be added to the amount of the abatement base in any year.
Renovation Areas - Total 10 yrs benefits	Renovation construction in renovation areas and benefit is restricted to the renovation of existing building only	100% of abatement for 5 yrs	Phased out at 20% per year for years 6-9,and year 10 is 20% Example Yr. 6 80% Yr. 7 60% Yr. 9 20% Yr.10 20%	30% of the Initial assessed value	In Manhattan South of 59th Street, excluding lower Manhattan and Garment District.	“Inflation Protection” benefit is not available. The construction expenditure in the retail portion of the building >5% of its area do not enter the minimum requirement expenditure calculation. If >5% used for retail purposes, no abatement shall be granted for the retail portions of such building or structure in excess of 5%.
Renovation Areas - Total 12 yrs benefits	Renovation construction in renovation areas and benefit is restricted to the renovation of existing building only	100% of abatement for 8 yrs	Phased out at 20% per year for years 9-12 Example Yr. 9 80% Yr. 10 60% Yr. 11 40% Yr. 12 20%	30% of the Initial assessed value	Garment District.	“Inflation Protection: benefit is not available. The construction expenditure in the retail portion of the building >5% of its area do not enter the minimum requirement expenditure calculation. If >5% used for retail purposes, no abatement shall be granted for the retail portions of such building or structure in excess of 5%.
Renovation Areas - Total 12 yrs benefits	Renovation construction in renovation areas and benefit is restricted to the renovation of existing building only	100% of abatement for 8 yrs	Phased out at 20% per year for years 9-12 Example Yr. 9 80% Yr. 10 60% Yr. 11 40% Yr. 12 20%	30% of the Initial assessed value	In lower Manhattan.	“Inflation Protection: benefit is not available. The abatements are available for all buildings regardless of the % requirement for retail purposes.
SMART BUILDING[3]						
New Construction Benefits - Total 8 yrs benefits		100% of abatement for 4 yrs	Phased out at 20% per year for years 5-8 Example Yr. 5 80% Yr. 6 60% Yr. 7 40% Yr. 12 20%	30% of the Initial assessed value	Manhattan south of Murray, Frankfort and Dover Street excluding the areas held by the Battery Park City Authority and the World Trade Centre Site.	“Inflation Protection”: benefit is not available. Smart buildings should meet certain construction standards as detailed below.

[1] The abatement applies to the increased assessed value due to physical change. The full abatement = initial tax rate * $(AV^{Construction\ End} - 1.15 * AV^{Construction\ Initial})$

[2] "Peaking units" is define as utility properties used in connection with generation of electricity and any facilities used to interconnect the peaking units with the electric transmission or distributing system, but exclude any facilities that are part of electric transmission or distribution system.

[3] Smart Buildings (Definition): the building should meet requirements a & b and any two of the remaining five requirements below:

a. The height of at least 40 percent of the floors in such building or structure should be not less than 12 feet, 9 inches;
b. Such building or structure should be served by fiber-optic telecommunications wiring and should contain vertical penetrations for the distribution of fiber optic cabling to individual tenants on each floor;
c. The total square footage of such building or structure is not less than 500,000 sq. ft;
d. A minimum of 200,000 sq. ft or 25 percent of such building or structure is comprised of floors of not less than 40,000 sq.ft each.
e. At least 10 percent of the gross square footage of the building should be comprised of floors that contain no more than eight structural columns.
f. The electrical capacity of such building should not be less than six watts per net sq. ft.
g. The building should have emergency backup power sufficient to accommodate a need of six watts per net sq. ft. in at least 200,000 sq. ft. or 25 percent of the building.

Schedule of Tax Incentives Under the Commercial Revitalization Program

Program	Eligibility Requirement	Tax Benefits	Additional Provisions	Further Amendment
Real Property Tax Abatement	• Pre -1975 buildings located in the abatement zone. • Minimum lease periods of three years for small tenants (125 or fewer employees) with leases commencing on or after April 1, 1997; five years for small tenants with leases commencing before April 1, 1997; and ten years for large tenants (more than 125 employees). • Minimum expenditure of $5 per sq. ft. ($2.50 for 4-A) for small tenants with new, renewal or expansion leases commencing on or after April 1, 1997; $10 per sq. ft. ($5 for 4-A) for small tenants with new or expansion leases commencing before April 1, 1997; $35 per sq. ft. ($25 for 4-A) for large tenants with new or expansion leases. • Minimum expenditure of $10 per sq.ft. ($5 for 4-A) for small tenants with renewal leases commencing before April 1, 1997, and for large tenants with renewal leases, when the premises have been previously occupied; for premises not previously occupied, the amounts range between $5 per sq. ft. ($2.50 for 4-A) and $35 per sq. ft. ($25 for 4-A) depending upon the term length and commencement date of the initial lease.	Leases commencing prior to April 1,1997: Tax abatement for five years • Yrs. 1 to 3 - 50% of the property tax liability of the initial year (but not exceeding $2.50 per sq. ft.). • Yr. 4 - 2/3 of the initial abatement. • Yr. 5 - 1/3 of the initial abatement. Leases commencing on or after April 1, 1997: For three-year leases (tax abatement for three years) • Yr. 1 - The lesser of $2.50 per sq. ft. or 100% of the property tax liability per sq. ft. of the initial year. • Yr. 2 - 2/3 of the initial abatement. • Yr. 3 - 1/3 of the initial abatement. For leases of five or more years (tax abatement for five years). • Yrs. 1 to 3 - The lesser of $2.50 per sq. ft. or 100% of the property tax liability per sq. ft. of the initial year. • Yr. 4 - 2/3 of the initial abatement. • Yr. 5 - 1/3 of the initial abatement.	• Eligibility period: April 1, 1995 to March 31, 2010. • Benefit Period: No later than March 31, 2015. • Expenditures on eligible building should be made between April 1, 2005 and September 30, 2010. • Benefits are not available for tenants who relocate to lower Manhattan from north of 96th Street in Manhattan or from the other boroughs. • Tenants in government-owned buildings, including Port Authority buildings, are not eligible.	• Eligibility period: April 1, 2010 to March 31, 2014. • Benefit Period: No later than March 31, 2020. • Expenditures on eligible building should be made betweenApril 1, 2005 and September 30, 2014. **2014 Amendments** • Eligibility period: April 1, 2010 to March 31, 2016. • Benefit Period: No later than March 31, 2022. • Expenditures on eligible building should be made between April 1, 2005 and September 30, 2016. **2015 Amendments** • Eligibility period: April 1, 2016 to March 31, 2018. • Benefit Period: No later than March 31, 2024. • Expenditures on eligible building should be made between April 1, 2005 and September 30, 2018. **2017 Amendments** • Eligibility period: April 1, 2016 to March 31, 2021. • Benefit Period: No later than March 31, 2027.
Commercial Rent Tax Special Reduction	• Pre-1975 buildings located in the Title 4 abatement zone. • Minimum lease periods of three years for small tenants (125 or fewer employees) with leases commencing on or after April 1,1997; five years for small tenants with leases commencing before April 1, 1997; and ten years for large tenants (more than 125 employees). • Minimum expenditure of $10 per sq. ft. for leases with a required lease term of at least five years and $35 per sq.ft. for leases with a required lease term of at least ten years for leases with new or expansion tenants. • Minimum expenditure of $10 per sq.ft. for renewal tenants irrespective of the lease period. • No minimum expenditure requirement in government-owned buildings.	**Special reduction on the taxable base rent for leases of five or more years:** • Yr. 1 (Base year) - 100% of the base rent. • Yrs. 2 to 3 - 100% of the lesser of the base rent in these years or the base year amount. • Yr. 4 - 2/3 of the lesser of the base rent during the fourth year or the base year amount. • Yr. 5 - 1/3 of the lesser of the base rent in the fifth year or the base year amount. **Special reduction on the taxable base rent for three-year leases:** • Yr. 1 (Base year) - 100% of the base rent. • Yr. 2 - 2/3 of the lesser of the base rent in the second year or the base year amount. • Yr. 3 - 1/3 of the lesser of the base rent in the third year or the base year amount.	Eligibility Requirement Expansion • Post-1975 buildings located in the Title 4 abatement zone • Beginning August 30, 2005, all tenants located in World Trade Center Areas are exempted • Beginning December 1, 2005, retail space located south of Murray Street is exempted from CRT Tax Benefit Expansion **Special reduction on the taxable base rent for leases of five or more years:** • Yr. 1 (Base year) - 100% of the base rent. • Yrs. 2 to 5 - 100% of the lesser of the base rent in these years or the base year amount. **Special reduction on the taxable base rent for three-year leases:** • Yr. 1 (Base year) - 100% of the base rent. • Yrs. 2 to 3 - 100% of the lesser of the base rent in these years or the base year amount. • Eligibility period: July 1, 2005 to June 30, 2009. • Benefit period: No special reduction is allowed after March 31, 2016.	**Further Amendment.** • Eligibility period: July 1, 2005 to June 30, 2013. • Benefit period: No special reduction is allowed after March 31, 2020 **2014 Amendments** • Eligibility period: July 1, 2005 to June 30, 2015. • Benefit period: No special reduction is allowed after March 31, 2022. **2015 Amendments** • Eligibility period: July 1, 2005 to June 30, 2017. • Benefit period: No special reduction is allowed after March 31, 2024. **2017 Amendments** • Eligibility period: July 1, 2005 to June 30, 2020. • Benefit period: No special reduction is allowed after March 31, 2027.
Electricity Rebate	• Buildings located in the Title 4 abatement zone are eligible. • Expenditure on construction or improvement must be at least 20.0 percent of the assessed value of the building • Building must be eligible for ICIP/ICAP or mixed-use.	Discount off delivery portion: • Yrs 1-8 45.0% • Yrs 11 22.5% • Yrs 9 37.5% • Yrs 12 15.0% • Yrs 10 30.0% Designated landmark buildings get an additional year of rebate at the 45 percent level.	• Eligibility period: July 1, 1995 to April 1, 2010. • Benefits are not available for tenants who relocate to lower Manhattan from north of 96th Street in Manhattan or from the other boroughs.	**Further Amendment** • Eligibility period: July 1, 1995 to July 1, 2013 **2014 Amendments** • Eligibility period: July 1, 1995 to July 1, 2015. **2015 Amendments** • Eligibility period: July 1, 1995 to June 30, 2017 **2017 Amendments** • Eligibility period: July 1, 1995 to June 30, 2017
Residential Conversion 421-g (Expired)	• Buildings located in the abatement zone are eligible. • All class A multiple dwellings, except hotels, are eligible if resulting from conversion of a non-residential building. • The floor area of commercial, community facility and accessory use space cannot exceed 25 percent of the aggregate floor area after conversion.	Tax exemption for 12 years on the increased assessed values due to physical improvements: • Yrs 1-8 100% • Yrs 11 40% • Yrs 9 80% • Yrs 12 20% • Yrs 10 60% In addition, a tax abatement on the existing real estate taxes relating to the pre-construction assessment value for 14 years: • Yrs 1-10 100% • Yrs 13 40% • Yrs 11 80% • Yrs 14 20% • Yrs 12 60% Designated landmarks will receive an additional year of both abatement and exemption at the 100 percent level. The 100 percent exemption also applies to increases in assessed value during the first year of construction, provided that the proposed project is completed by the second year.	• Eligibility period: July 1, 1995 to June 30, 2006. • Dwelling units receiving benefits under this program will be subject to rent stabilization during the benefit period. • For non-residential buildings of less than 100,000 sq. ft. of aggregate floor area, conversion of at least 75 percent of the floor area must take place within three years of commencement of conversion and for buildings of more than 100,000 sq. ft. at least 50 percent of the aggregated floor area should be converted within three years and at least 75 percent converted within five years.	
Mixed Use (Expired)	• Buildings located in the abatement zone are eligible. • Expenditure on construction or improvement must be at least 20 percent of the initial assessed value of the building. • Must file a preliminary application prior to the receipt of the final building permit. If no permit is required, the preliminary application must be filed prior to commencement of construction.	Tax exemption for 12 years on the increased assessed values due to physical improvements: • Yrs 1-8 100% • Yrs 11 40% • Yrs 9 80% • Yrs 12 20% • Yrs 10 60% Designated landmarks will receive an additional year of exemption at the 100 percent level.	• Eligibility period: July 1, 1995 to July 31, 1999. • At least half of the minimum required expenditure must be made within 18 months, and 100 percent of the minimum required expenditure should be made within 36 months. • Dwelling units receiving benefits under this program will be subject to rent stabilization during the benefit period.	

Abatement Zone Definitions:
Title 4: Area bounded by Murray Street and Frankfort Street on the north, South Street on the east, Battery Place on the south and West Street on the west.
Title 4-A: Area in Manhattan north of 96th Street or in the boroughs of The Bronx, Brooklyn, Queens or Staten Island.

421-A Tax Exemptions - Summary of Reform Changes

	2017 Reform (Affordable New York)			2015 Reform (Extended Affordability Option[2])		2008 Reform	Pre-2008
	Options A, B and C	Option D (Small Homeownership)	Options E, F, and G	10-Yr Extension for Pre-2008 25-Year	15-Yr Extension for Pre-2008 20-Year		
Zone	Citywide	Outside Manhattan	Enhanced Affordability Area	Citywide		Extended GEA and Non-GEA (See below table for details)	GEA and Non-GEA (See next page for details)
As-of-Right Benefit	—	—	—	—	—	15 Yr for Outer Borough Non-GEA	10/15 Yr for Non-GEA
Negotiable Certificate Program	—	—	—	—	—	—	10 Yr Benefit in GEA
Affordability Requirement	75/25 or 70/30[1]	Assessed Value in completion year cannot exceed $65k/unit	75/25 or 70/30[1]	75/25 (keep 20% at 80% AMI, add 5% at 130% AMI)		80/20	80/20
Tax Exemption Benefit	35 Yr Benefit	20 Yr Benefit	35 Yr Benefit	+10 Yrs @ 50% Benefit	+15 Yrs @ 50% Benefit	20/25 Yr Benefit	20/25 Yr Benefit
Cap on Exemption	—	No exemption above $65k/unit	—	—	—	$65K on Market Rate Units	—
Units Requirement	>= 6 Units	6 =< Units <=35	> 300 Units	>= 3 Units (Pre 2008 Project)	>= 3 Units (Pre 2008 Project)	>= 4 Units	>= 3 Units
Size Requirement for Affordable Units	a) Proportional to market rate, or b) At least 50% two bedrooms and max 25% studios			—	—	Comparable to market rate	—
Prevailing Wage Requirement	For all building service employees during Restriction Period			—	—	For large market rate building	—
NPP and REMIC	—	—	—	—	—	—	25 Yr
Affordability Extension	35 Yrs after completion	20 Yrs after completion	40 Yrs after completion	+10 Preservation Yrs	+15 Preservation Yrs	35 Years after completion	—

[1] For more details see Schedule of 421-a Exemptions Program (Affordable New York) Under 2017 Law.
[2] Extended Affordability Option was available for properties that commenced construction prior to 2008 and started receiving Pre-2008 421-a benefits prior to 2015.

	2008 Reform GEA and Non-GEA					
	Manhattan			Other Boroughs		
	Between 110th St and 14th St / Canal St	South of 14th St / Houston St	North of 110th St	Waterfront in Brooklyn	Designated Areas in the 2008 Reform	Other Areas
Zone	GEA	GEA	GEA	GEA	GEA	Non-GEA
As-of-Right Benefit	—	—	—	—	—	15 Yr Benefit
80/20 Enhanced Benefit	20 Yr Benefit	20 Yr Benefit	25 Yr Benefit	25 Yr Benefit	25 Yr Benefit	25 Yr Benefit

	Prior To the 2008 Reform GEA and Non-GEA					
	Manhattan			Other Boroughs		
	Between 110th St and 14th St / Canal St	South of 14th St / Houston St	North of 110th St	Waterfront in Brooklyn	Designated Areas in the 2008 Reform	Other Areas
Zone	GEA	Non-GEA	Non-GEA	GEA	Non-GEA	Non-GEA
As-of-Right Benefit	—	10 Yr Benefit	15 Yr Benefit	—	15 Yr Benefit	15 Yr Benefit
Negotiable Certificate Program	10 Yr Benefit	—	—	10 Yr Benefit	—	—
80/20 Enhanced Benefit	20 Yr Benefit	20 Yr Benefit	25 Yr Benefit	25 Yr Benefit	25 Yr Benefit	25 Yr Benefit

As-of -Right Benefit: Developers receive 15-year tax exemptions for a newly constructed multi-unit market rate residential building.
Negotiable Certificate Program: When market rate developers contribute to financing construction of off-site affordable housing units outside GEA by purchasing negotiable certificates, the market rate housing units they create inside GEA receive the 421-a tax exemption. Each affordable unit they finance provides four to six certificates, depending on the income requirement of the affordable housing unit. In turn, each certificate offers a ten- to 15-year tax benefit for one market rate unit of up to 1,200 square feet.
80/20 Enhanced Benefit: The construction of 80/20 buildings are financed by tax-exempt bonds, which significantly reduce costs. In exchange for the low-cost financing, 20 percent of the apartment units are reserved for low-income tenants earning no more than 50 percent of the area median income. The buildings also receive extended tax exemptions for the entire property under the 421-a program.

Schedule of 421-a Exemptions Program (Affordable New York) Under 2017 Law

New Rental Participants

Regular 35 Year Benefits (Options A, B, and C)

General Requirements

- Outside the Enhanced Affordability Areas or must have less than 300 units if inside the Enhanced Affordability Areas
- Affordability requirements must be maintained for 35 years after completion.

Eligibility Type	Restrictions	Benefit Type and Schedule	
Option A 25% affordable units with: - 10% at the 40% AMI level; - 10% at the 60% AMI level; - 5% at the 130% AMI level	- Projects cannot receive substantial government grants, loans or subsides except for tax exempt bond proceeds and 4% tax credits	35 Year Exemption Year 1-25 Year 26-35	 100% 25%
Option B 30% affordable units with: - 10% at the 70% AMI level; - 20% at the 130% AMI level		35 Year Exemption Year 1-25 Year 26-35	 100% 30%
Option C 30% affordable units with: - 30% at the 130% AMI level	- Not available in Manhattan south of 96th Street and any other areas excluded by the local law - Projects cannot receive substantial government grants, loans or subsides	35 Year Exemption Year 1-25 Year 26-35	 100% 30%

Enhanced 35 Year Benefits (Options E, F, and G)

General Requirements

- Must contain at least 300 units
- Must meet the wage requirement for construction workers: $60/hour in the Manhattan Enhanced Affordablility Area and $45/hour in the Brooklyn and Queens Enhanced Affordability Area. Wage are to increase 5% every three years
- The Enhanced Affordability Areas are:
  - Manhattan: South of 96th Street
  - Brooklyn: Within Community Boards 1 and 2 but certain blocks excluded
  - Queens: Within Community Boards 1 and 2 but certain blocks excluded
- Affordability requirements must be maintained for 40 years after completion.

Eligibility Type	Restrictions	Benefit Type and Schedule	
Option E 25% affordable units with: - 10% at the 40% AMI level; - 10% at the 60% AMI level; - 5% at the 120% AMI level	- Projects cannot receive substantial government grants, loans or subsides except for tax exempt bond proceeds and 4% tax credits	35 Year Exemption Year 1-35	 100%
Option F 30% affordable units with: - 10% at the 70% AMI level; - 20% at the 130% AMI level		35 Year Exemption Year 1-35	 100%
Option G 30% affordable units with: - 30% at the 130% AMI level	- Within the Enhanced Affordability area in Brooklyn or Queens - Projects cannot receive substantial government grants, loans or subsides	35 Year Exemption Year 1-35	 100%

New Condo / Co-op Participants

Eligibility	Restrictions	Benefit Type and Schedule	
Option D 100% of units must have an average assessed value of no more than $65,000 upon the first assessment following the completion date	- Must be located outside Manhattan; - Must not contain more than 35 units; - All units must remain the owners' primary residence for at least 5 years - No exemption shall be given for any portion of a unit's assessed value that exceeds $65,000 - Affordability requirements must be maintained for 20 years from the completion	20 Year Exemption Year 1-14 Year 15-20	 100% 25%

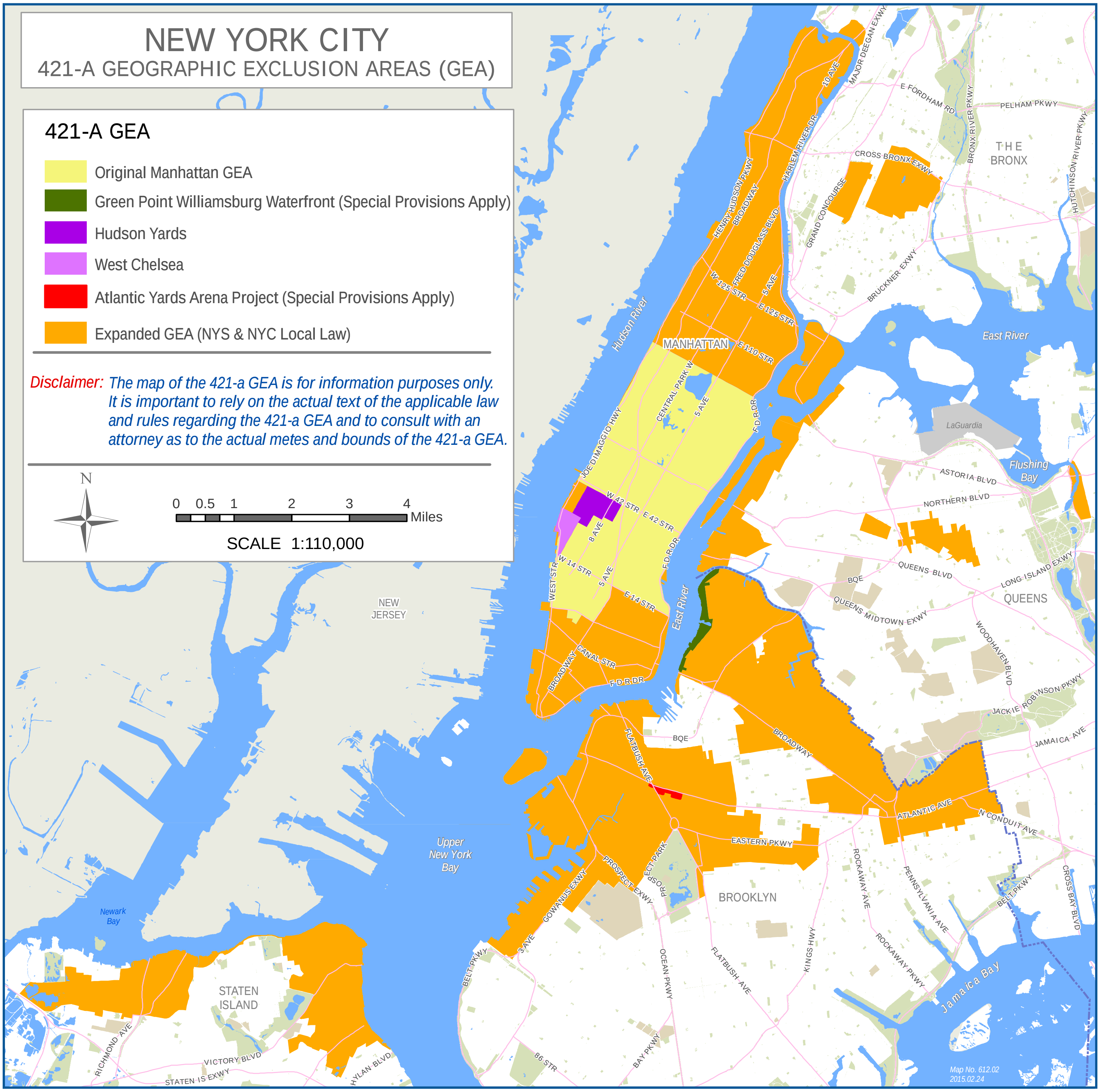
Extended Benefit for Recipients Granted Benefits Prior to the 2015 Reform

Eligibility		
- Projects that commenced construction prior to 7/1/2008	15 Year Exemption for 20-Year Rental	
- Granted 421-a benefit as of the effective date of the 2015 reform	Year 1-15	50%
- Must preserve existing affordable units (20%) at less than 100% AMI per unit and 80% AMI on average	10 Year Exemption for 25-Year Rental	
- Must set aside additional 5% of the units at the 130% AMI level	Year 1-10	50%

Schedule of Exemptions Under 2008 Law 421-a Program

Geographic Areas	As-of-Right Benefit		80/20 Extended Benefit	
Manhattan south of 110th Street, north of Houston Street on the West Side and north of 14th Street on the east side			20 Year Exemption	
			Year 1-12	100%
			Year 13	80%
			Year 14	80%
			Year 15	60%
			Year 16	60%
			Year 17	40%
			Year 18	40%
			Year 19	20%
			Year 20	20%
Manhattan south of Houston Street on the west side and south of 14th Street on the east side			20 Year Exemption	
			Year 1-12	100%
			Year 13	80%
			Year 14	80%
			Year 15	60%
			Year 16	60%
			Year 17	40%
			Year 18	40%
			Year 19	20%
			Year 20	20%
Manhattan north of 110th Street			25 Year Exemption	
			Year 1-21	100%
			Year 22	80%
			Year 23	60%
			Year 24	40%
			Year 25	20%
Brooklyn waterfront in Greenpoint and Williamsburg			25 Year Exemption	
			Year 1-21	100%
			Year 22	80%
			Year 23	60%
			Year 24	40%
			Year 25	20%
Various designated areas in all four boroughs			25 Year Exemption	
			Year 1-21	100%
			Year 22	80%
			Year 23	60%
			Year 24	40%
			Year 25	20%
Other boroughs outside Exclusion Zones	15 Year Exemption		25 Year Exemption	
	Year 1-11	100%	Year 1-21	100%
	Year 12	80%	Year 22	80%
	Year 13	60%	Year 23	60%
	Year 14	40%	Year 24	40%
	Year 15	20%	Year 25	20%

As-of-Right Benefit: Developers receive 15-year tax exemptions for a newly constructed multi-unit market rate residential building.
80/20 Extended Benefit: Developers receive extended tax exemptions for 20 to 25 years for a newly constructed multi-unit residential building when 20% or more of the total units are designated to be affordable units.


NEW YORK CITY
421-A GEOGRAPHIC EXCLUSION AREAS (GEA)
421-A GEA
Original Manhattan GEA
Green Point Williamsburg Waterfront (Special Provisions Apply)
Hudson Yards
West Chelsea
Atlantic Yards Arena Project (Special Provisions Apply)
Expanded GEA (NYS & NYC Local Law)
Disclaimer: The map of the 421-a GEA is for information purposes only. It is important to rely on the actual text of the applicable law and rules regarding the 421-a GEA and to consult with an attorney as to the actual metes and bounds of the 421-a GEA.
N
0 0.5 1 2 3 4 Miles
SCALE 1:110,000
MANHATTAN
THE BRONX
QUEENS
BROOKLYN
STATEN ISLAND
NEW JERSEY
Hudson River
East River
Upper New York Bay
Newark Bay
Flushing Bay
Jamaica Bay
LaGuardia
Map No. 612.02
2015.02.24

J-51 Exemption & Abatement Program

		Exemption[6]		Abatement[7]		
Section of RCNY	**Renovation Categories[1]**	**Number of Years Exempt**	**Amount of Improvement Exempt**	**Amount of CRC Allowed to be Abated**	**Maximum Amount of Tax Liability Allowed to be Abated Annually**	**Maximum Amount of Years for the Abatement[8]**
§5-03(a)(1)	▪ **Conv:** Class A/B[2] Mult Dwlg used for Single Room Occupancy Class A Mult Dwlg (w/ SGA)	14 year exemption Years 1-10 Year 11 Year 12 Year 13 Year 14	 100% 80% 60% 40% 20%	90% (50% on/below 96th St in Manhattan)	8.33% of the total CRC	20
§5-03(a)(5) §5-03(a)(8) §5-03(a)(11)	▪ **Alt/Improv or Conv:** Landmark Bldg (must be Class A Mult Dwlg or converted to Class A Mult Dwlg) ▪ **Alt/Improv:** Energy conservation for existing Dwlg ▪ **Alt/Improv or Conv:** Alt/Improv to Private Dwlg or Conv of Private Dwlg ↔ Class A Mult Dwlg (w/ SGA)			90% (50% in Manhattan if non-residential conversion)		
§5-03(a)(2) §5-03(a)(3) & (4)	▪ **Conv:** Conversion of lofts to those meeting NYC Loft Board standardsor obtaining a Class A Mult Dwlg Cert. of Occupancy ▪ **Conv:** Non-residential Bldg → Class A Mult Dwlg (w/ SGA + must be completed prior to Dec 31, 2011)			90% (50% in Manhattan)		
§5-03(a)(7) §5-03(a)(10)	▪ **Alt/Improv:** Remediation of unhealthy or dangerous conditions ▪ **Conv:** Nonprofit w/ sleeping accommodations → Class A Mult Dwlg (w/ SGA)			90%		
§5-03(a)(6)	▪ **Alt/Improv:** Moderate[3] Rehabilitation of substantially occupied[4] Class A Mult Dwlg	34 year exemption Years 1-30 Year 31 Year 32 Year 33 Year 34	 100% 80% 60% 40% 20%	100%		
§5-03(a)(6) §5-03(a)(9)	▪ **Alt/Improv:** Moderate Rehabilitation of substantially occupied Class A Mult Dwlg (w/ SGA) ▪ **Alt/Improv or Conv:** Substantial[5] Rehabilitation of Class A Mult Dwlg or Conversion to Class A Mult Dwlg (w/ SGA)			150%	12.5% of the total CRC	

Alt/Improv: Alterations/Improvements
Bldg: Building
Conv: Conversion
CRC: Certified Reasonable Cost of eligible work (as determined by HPD)
Mult Dwlg: Multiple Dwelling
RCNY: Rules of the City of New York
SGA: Substantial governmental assistance

¹ Major capital improvements (MCI's) may be done within multiple renovation categories. MCI's refer to the type of item rehabilitated, converted, etc. and must be designated as an MCI under the itemized cost breakdown listed in the Rules of the City of NY.
² Class A dwellings refer to permanent residential occupancy (e.g. tenements, flat houses, apartment houses) Class B dwellings refer to transient occupancy (e.g. hotels, lodging houses, boarding houses, college and school dormitories).
³ Moderate Rehabilitation must have a scope of work with at least one of five RCNY §5-03(a)(6) MCI categories and an average CRC of at least $2,500 per unit.
⁴ Substantially occupied means at least 60% of units occupied by permanent residential tenants immediately before and after rehabilitation, as well as during rehabilitation.
⁵ Substantial Rehabilitation must have scope of work with at least four of five RCNY §5-03(a)(6) MCI categories, and must include substantial governmental assistance.
⁶ Average assessed value per unit may not exceed $38,000 at completion for exemptions in Manhattan South of 110th St. (subject to exceptions, e.g. SGA). If the post-rehab assessment value is less than $18,000, 100% of increased assessment value is exempt; between $18,001 and $22,000, 75% of increased assessment value is exempt; between $22,001 and $26,000, 50% of increased assessment value is exempt; between $26,001 and $30,000, 25% of increased assessment value is exempt; between $30,001 and $38,000, 0% of increased assessment value is exempt. The exemption on the pre-rehab assessment value + allowable proportion of increased assessment value is only available if the entire post-rehab assessment value is less than $38,000 per unit.
⁷ Average assessed value per unit may not exceed $40,000 at commencement of alteration for abatements (subject to exceptions, e.g. condo/coop, SGA).
⁸ Any portion of the CRC which has not been abated after 20 years is lost, and no abatement may exceed taxes payable in any twelve month period.

Schedule of Exemptions Under 485-x (Affordable Neighborhoods for New Yorkers) Program

New Rental Participants

General Requirements

- Multifamily rental or ownership projects with >=6 units from new construction or conversion
- Commence after June 15th, 2022 and on or before June 15th, 2034
- Complete by June 15th, 2038

Eligibility Type	Geographic Area	Benefit Type and Schedule
Option A		
Very Large Rentals Zone A • >=150 Units • 25% at 60% AMI • Construction wage: lesser of $72.45 increasing by 2.5% each year starting on July 1, 2025 or 65% greatest prevailing wage	**Zone A** Manhattan south of 96th Street Brooklyn NTAs: 101 Greenpoint, 102 Williamsburg, 103 South Williamsburg, 104 East Williamsburg, Queens NTAs: 201 Long Island City – Hunters Point	40 Year Exemption 5 Year Exemption on land & building 100% Year 1 - 40 on building 100%
Very Large Rentals Zone B • >=150 Units • 25% at 60% AMI • Construction wage: lesser of $63 increasing by 2.5% each year starting on July 1, 2025 or 60% greatest prevailing wage	**Zone B** Brooklyn NTAs: 201 Brooklyn Heights, 202 Downtown Brooklyn-DUMBO-Boerum Hill, 203 Fort Greene, 204 Clinton Hill, 601 Carroll Gardens -Cobble Hill- Gowanus-Red Hook, 602 Park Slope,801 Prospect Heights Queens NTAs: 105 Queensbridge-Ravenswood-Dutch Kills, 102 Old Astoria-Hallets Point	40 Year Exemption 3 Year Exemption on land & building 100% Year 1 - 40 on building 100%
Large Rentals • >=100 Units • 25% at 80% AMI • Construction wage: $40 minimum wage increasing by 2.5% each year starting on July 1, 2025	No geographic restrictions	35 Year Exemption Year 1 - 35 100%
Option B		
Modest Rentals • 6-99 Units • 20% at 80% AMI • No construction wage requirements	No geographic restrictions	35 Year Exemption Year 1 - 25 100% Year 26-35 20%
Option C		
Small Rentals • 6-10 Units, residential floor area <=12,500 square feet • 50% stabilized (no income restrictions) upon initial rental • No construction wage requirements	Outside of Manhattan	10 Year Exemption Year 1 - 10 100%
Option D		
Home Ownership • >=6 Units • All units have an average assessed value that does not exceed $89/SF upon the first assessment following the completion date • No construction wage requirements	Outside of Manhattan	20 Year Exemption Year 1 - 14 100% Year 15-20 25%*

* capped at $89 AV/SF in each year

Note: Except for Very large projects in Zone A and B, all other projects receive a 3-year 100% exemption on improved value during the construction period. Land and pre-existing values are subject to tax.
Construction wage requirements can be waived if all construction work is covered by a project labor agreement or if there is a collective bargaining agreement or a jobsite agreement.

Schedule of Exemptions Under 467-m
Affordable Housing for Commercial Conversions (AHCC) Program

General Requirements

- The existing commercial building cannot be a hotel or other class B multiple dwelling
- The newly converted multifamily building must have at least six dwelling units, all dwelling units must be rentals, and the newly converted building cannot be a hotel
- 25% of the units are set-aside with a weighted average affordability not exceeding 80% AMI. A minimum of 5% of the units at 40% AMI, maximum at 100% AMI, with at most three income bands
- Must meet prevailing wage requirements for building staff
- Commence date between December 31st, 2022 and June 30th, 2031
- Complete by December 31st, 2039

Geographic Areas	Commencement Date	Exemption Schedule	
Manhattan Prime Development Area (South of 96th Street)	On or Before 6.30.2026	35 Year Exemption	
		Year 1-30	90%
		Year 31	80%
		Year 32	70%
		Year 33	60%
		Year 34	50%
		Year 35	40%
	On or Before 6.30.2028	30 Year Exemption	
		Year 1-25	90%
		Year 26	80%
		Year 27	70%
		Year 28	60%
		Year 29	50%
		Year 30	40%
	On or Before 6.30.2031	25 Year Exemption	
		Year 1-20	90%
		Year 21	80%
		Year 22	70%
		Year 23	60%
		Year 24	50%
		Year 25	40%
Outside Manhattan Prime Development Area	On or Before 6.30.2026	35 Year Exemption	
		Year 1-30	65%
		Year 31	50%
		Year 32	40%
		Year 33	30%
		Year 34	20%
		Year 35	10%
	On or Before 6.30.2028	30 Year Exemption	
		Year 1-25	65%
		Year 26	50%
		Year 27	40%
		Year 28	30%
		Year 29	20%
		Year 30	10%
	On or Before 6.30.2031	25 Year Exemption	
		Year 1-20	65%
		Year 21	50%
		Year 22	40%
		Year 23	30%
		Year 24	20%
		Year 25	10%

Note: All projects receive a 3-year 100% exemption on improved value during the construction period.

APPENDIX I.
REAL PROPERTY TAX

5. Legislative History

REAL PROPERTY TAX: LEGISLATIVE HISTORY

A number of changes have been made to the tax base and to assessment practices since the implementation of S.7000-A.

2025

In 2025, the state halved the amount of taxes that Mitchell-Lama (a state assisted affordable housing program) properties must pay. Previously these buildings were to pay no less than 10% of their “shelter rent”, as defined as a building’s total rents received less the cost of providing electricity , gas, heat, and other utilities. These buildings now need only pay no less than 5% of their shelter rent. This change takes effect immediately.

In 2025, the Industrial and Commercial Abatement Program (ICAP) eliminated parking facilities from eligibility except for parking next to HPD projects (not including as-of-right-benefits) which are carved out and eligible for ICAP. The program also confirmed the definition of self-storage and storage warehouses as a non-permissible use, which is already excluded from ICAP. The definition is deemed retroactive from July 1, 2020. Additionally, Governor’s Island was designated to be a Special Abatement Area from January 1, 2026. The application filing deadline was not extended and remains March 1, 2029.

2024

In 2024, the city reauthorized its property tax enforcement mechanism from July 1, 2024, to December 31, 2028. DOF will begin sending early “past due” notices to owners who miss their payments. The program also includes enhanced outreach efforts between the time 90-day notices are issued and the lien sale itself. Additionally, impracticable vacant land was excluded from the lien sale and the threshold for subsequent liens was raised to $5,000(from $3,000) remaining unpaid for 3 years (from 1 year).

Additionally, the new “Easy Exit” program allows low- to moderate-income homeowners to request up to three exemptions from the lien sale, giving them an extra three years to resolve their debt. The income threshold for the Property Tax and Interest Deferral (PTAID) program has been raised to align with the Enhanced STAR income limit, and a new income-based PTAID plan enables homeowners to defer property taxes exceeding 10% of their annual income. If homeowners fail to resolve their debt before a lien sale, they can apply for eligible tax exemptions up to 90 days after the sale to remove the lien, and qualifying homeowners can have the 5% surcharge on the sold lien waived. For those who cannot resolve their debt through other means, the “Preservation Track” allows them to remain in their homes by entering into a 99-year lease (with qualified preservation purchaser or QPP) while retaining equity.

In 2024, interest rates for late payments were increased to 6.0 percent for properties with actual assessed values of less than $250,000, 9.0 percent for properties with actual assessed values greater than $250,000 but less than or equal $450,000, and 16.0 percent for properties with actual assessed values greater than $450,000. For properties that has entered into an installment payment agreement, the interest rate has increased to 2.5 percent.

The green roof abatement was extended for three years, through June 30, 2027. The abatement is enhanced to $10.00 per square foot, from the standard $5.23 per square foot. In addition to these changes, the new bill removes the required rooftop coverage percentage and decreases soil depth needed for a green roof to qualify.

Two bills that amend Real Property Tax Law section 459-c, or the Disabled Homeowners’ Exemption, passed in 2024. First, municipalities can opt-in to establish an adjustment percentage to be applied to the exemption percentage schedule for certain exemptions based upon permanent partial disabilities. Secondly, the program eligibility for partial exemption is expanded to persons whose primary residence is in a special needs trust and real property owners who have a tenant with a disability whose lease provides them with a life interest in the property, so long as the tenant remains in residence.

SCRIE and DRIE programs were extended for two additional years, through June 30, 2026.

421-a Extension and Audit: In 2024, legislation passed to extend the completion deadline to June 15, 2031 for eligible projects that have commenced by June 15,2022 and have used 421-a Options A, B, D, E or F (options C & G are omitted) and have submitted required documentation including a letter of intent to apply.

485-x Incentive: Legislation passed to create 485-x for multiple dwelling to replace the expired 421-a program. To qualify for the benefit that is granted “as of right”, projects are required to allocate 20%-25% of the units to permanent affordable housing at a weighted average of 60% or 80% AMI, depending on various factors such as project size (number of units) and location. Units that are free market will not be subject to rent stabilization. Additionally, certain projects are required to pay construction wages and all projects must solicit from M/WBE firms for construction trades. Contrary to the 421-a program, the 485-x application filing fee depends on a project size and can vary between $3,000 and $5,000.

467-m: In 2024, the 467-m exemption was created to provide a real property tax exemption for the conversion of existing commercial buildings to multifamily housing with affordable set-aside.

The Industrial and Commercial Abatement Program (ICAP) extended the application filing deadline from March 1, 2025 to March 1, 2029.

In December 2024, the city opted-in the extension of J-51 abatement for qualifying renovations completed between June 29, 2022 and June 30, 2026. Eligible properties include condos or co-ops with average assessed value under $45,000 per unit, and rental buildings where at least 50% of units are affordable, operated by limited-profit housing companies or receiving substantial public assistance. The program allows owners to recover up to 70% of certified rehabilitation costs, dispersed annually at 8.3% per year for up to 20 years, based on HPD’s certified reasonable cost schedule. HPD is empowered to define eligible work and maintain compliance rules, including tenant protections and possible revocation of benefits for violations.

2023

In 2023, the Affordable Housing Rehabilitation Program (AHRP) was passed to reform J-51 into an abatement-only program for eligible buildings. In 2023, SCRIE and DRIE programs were expanded to former Mitchell Lama properties and Battery Park City properties that paid PILOTs (Payments in Lieu of Taxes). A local law that expands the Senior Citizen Rent Increase Exemption (SCRIE) and Disability Rent increase Exemption (DRIE) program eligibility was enacted. It will authorize rent increase exemptions/tax abatements for tenants of former Mitchell-Lama apartments that meet certain conditions and authorize exemptions to payment in lieu of taxes (PILOT) for tenants of certain Battery Park City apartments through the amendment of certain provisions of chapter 7 of title 26 of the Administrative Code. It will make the effective date of the rent increase exemption order/tax abatement May 31, 2022 for tenants of former Mitchell-Lama apartments who are found eligible during a determination period, as prescribed by state law.

In 2023, a bill was to standardize income definition with the STAR income definition of Federal AGI for SCRIE, DRIE, SCHE, and DHE.

In 2023, interest rates increased to 5.0 percent for under $250,000, 7.0 percent for between $250,000 and $450,000, and 15.0 percent for properties for over $450,000.

The Commercial Revitalization Program (CRP) was extended until March 31, 2028.

The Commercial Expansion Program (CEP) was extended until June 30, 2028.

The Solar Electric Generating System Abatement was modified and extended in 2023. The abatement level was standardized at 7.25% per year of eligible expenditures over four years (30% total) for both solar energy generating systems and energy storage systems. Also, The language of the bill now allows for the joint abatement of energy generation and storage systems. The cap remains at the lesser of 62,500 per year (total $250,000) or the building’s annual amount payable in taxes. These changes are in effect as of January 1st, 2024. In addition to the modifications, the program was extended to 2036.

2022

The Childcare Center property tax abatement was enacted in 2022. It allows building owners to recoup costs for conversion, alteration or improvement of space to be used as a childcare center. There are two types of abatements and the total program cost is capped at $25 million per year. The properties not located in childcare deserts are eligible for the regular benefit based on construction costs capped at $35 per square foot, with maximum benefit amount capped at $20,000 per year or $100,000 over five years. Properties located in childcare deserts are eligible for the enhanced benefit based on construction costs capped at $75 per square foot for each year, with maximum abatement capped at $45,000 or $225,000 over five years. The five-year abatements begin July 1, 2023 to July 1, 2025 and benefits end on June 30, 2030. The application must be filed with designated agency by March 15 before the tax year commencing on July 1 and the last application must be filed by March 15, 2025.

Effective for the tax year 2022, the state passed legislation for a one year refundable tax credit against personal income tax for homeowners based on income and if property is already receiving Basic STAR or Enhanced STAR. The amount of credit varies for NYC residents and Rest of State (ROS) residents. For those receiving Basic STAR exemptions: Income not over $75,000 credit = 163% ROS of the 2021 STAR savings // NYC 125% ; Income between $75,000 - $150,000 credit = 115% ROS // 115% NYC; Income between $150,000 - 200,000 credit = 66% ROS // 105% NYC ; Income between $200,000 - $250,000 = 18% ROS // 100 % NYC. For those getting Enhanced STAR exemptions, the benefit is 66% of the 2021 STAR Savings for ROS and 110% in NYC. No credit is given to those with income over $250,000 and no credit is given where the calculated benefit is less than $100.

Effective for fiscal year 2022, a $150 property tax rebate is available for eligible homeowners. The rebate would be for primary resident homeowners of Class 1, Class 2 cooperative or Class 2 condominium properties with combined qualified gross incomes not over $250,000.

SCRIE and DRIE programs were extended for two additional years to June 30, 2024.

In 2022, interest rates for late payments were increased to 4.0 percent for properties with actual assessed values of less than $250,000. 7.0 percent for properties with actual assessed values greater than $250,000 but less than or equal $450,000, and 14.0 percent for properties with actual assessed values greater than $450,000.

2021

The lien sale program was extended for an additional year to February 27, 2022. The reauthorization legislation changed the qualifying criteria. It raised the property charge threshold from $1,000 to $5,000 for Tax Class 1 properties, residential condos, and cooperatives. It also increased the water charge threshold from $2,000 to $3,000 for Tax Class 1 properties. This legislation also created a new interest rate bracket for properties with an assessed value between $250,000 and $450,000. This new bracket came into effect in Spring 2021. The rate for this new bracket is 6.0 percent.

The reauthorization legislation created an exemption for residential properties owner affected by the COVID-19 pandemic. Anyone who owns ten or less residential units, with one of those units being the owner's primary residence, can qualify. Owners must submit a "hardship declaration" affirming they qualify for the exemption and are unable to pay due to one of multiple COVID related issues (loss of income, increased childcare costs, loss of rental income, etc.) For owners that qualify, their properties are removed from the lien sale eligibility list. This exemption expires December 31, 2021.

As of January 2021, the income threshold for PT Aid Hardship installment agreements was raised from $58,399 to $86,400.

In December 2021, the J-51 program was extended to June 30, 2022.

In July 2021, the Coop condo abatement was extended to June 30, 2023 and in September 2021, a prevailing wage and supplemental benefit requirement was added for buildings with Average Assessed Unit Value up to $100,000 and fewer than 30 dwelling units.

2020

J-51 was extended for one year to June 30, 2021.

SCRIE and DRIE programs at $50,000 were extended for two additional years, or through June 30, 2022.

The Commercial Revitalization Program (CRP) was extended until March 31, 2024.

The Commercial Expansion Program (CEP) was extended until June 30, 2024.

The Industrial and Commercial Abatement Program (ICAP) extended the application filing deadline from March 1, 2022 to March 1, 2025.

The solar electric generating and energy storage equipment program was extended from January 1, 2021 to January 1, 2024.

The interest rate was reduced for late payments of property taxes due July 1, 2020 (first quarter payments), for eligible property owners who had been impacted by COVID-19. The late payment interest was reduced from 3.25% to 0% from July 1 through September 30, 2020, for primary resident homeowners who are billed quarterly and own property with an assessed value of $250,000 or less and have a combined income less than $150,000 and filed by September 30, 2020. The interest rate for late quarterly payments reverted back to 5% after the first quarter. The late payment interest was also reduced from 18% to 7.5% from July 1 through October 15, 2020, for eligible property owners who were billed semi-annually and own property with an assessed value of more than $250,000 for owners of a Class 2 building with <=30 residential units of which at least 50% are rent-regulated who have seen 25% reduction in income from March 7 through June 30, 2020, compared to the same period in 2019, due to COVID-19; or a tax class 4 commercial building with an assessed value under $750,000 which has seen a decrease in business income from the property of at least 50% from March 7 through June 30, 2020, compared to the same period in 2019 due to COVID-19. The deadline to file was September 30, 2020. The interest rate for late semi-annual payments reverted back to 18% after the first quarter.

2019

J-51 was extended for one year to June 30, 2020, and the AV threshold limitation for condominiums and cooperatives remained subject to inflation while ultimately capped at $40,000, an increase from $35,000.

The Co-op and Condo abatement was extended until June 30, 2021.

The green roof abatement was extended for five years to June 30, 2024. An enhanced abatement of $15.00 per square foot (in comparison to the standard $5.23 per square foot) was made available for priority community districts on a three-year basis. All buildings remain subject to a $200,000 benefit cap, and the annual tax expenditure for all buildings remains capped at $1 million.

The income threshold for basic STAR exemption was lowered from $500,000 to $250,000 and the STAR exemption benefits cap was lowered from 2% to 0%. For the STAR credit, the $500,000 income limit and 2% cap remains unchanged.

In June 2019, new rent regulations eliminated common deregulation options (high rent and vacancy deregulation, high income deregulation); prohibited certain rent increases in stabilized units (made preferential rent the base from which landlords can increase stabilized rent, repealed vacancy and longevity bonuses); and reduced permissible rent increases for building improvements (decreased maximum annual rent increases for Major Capital Improvements from 6% to 2%, capped the amount by which a landlord can increase rents for Individual Apartment Improvements).

In February 2019, PT Aid or hardship installment agreements were created for resident homeowners with federal adjusted gross incomes below $58,399. Each agreement laid out the terms of frequency of repayment, payment schedule, payment amount and the percentage of total taxes and fees or total combined income that are the bases for required payments. There were three different types of eligibility: (1) senior low income for 65 years and older, (2) fixed length income based, and (3) extenuating circumstances income based.

2018

The deadline for property tax exemption applications for certain improved properties affected by Superstorm Sandy was extended from March 1, 2018 to March 1, 2020.

The solar electric generating program was extended for two years through January 1, 2021. In addition, the program benefits were extended to electric energy storage equipment placed in service on or after January 1, 2019, and before January 1, 2021. For each year of the compliance period, a property is eligible to receive a property tax abatement that shall be the lesser of 1) 10% of eligible electric energy storage equipment expenditures; 2) the amount of taxes payable in such tax year; or 3) $62,500.

2017

421-a legislation passed (known as Affordable New York) which continued to offer developers property tax breaks to build affordable housing but now requires some larger developments to pay a “fair wage” to construction workers. The exemption benefits for full property exemption could be up to 35 years if they set aside 25 to 30 percent of units for low- and moderate-income tenants. The program was effective for construction beginning January 1, 2016 to June 15, 2022 and ending on or before June 15, 2026. Those project which began construction prior to December 31, 2015 were also eligible to opt in if they had not yet received 421-a benefits.

SCHE (Senior Citizen Homeowners Exemption) and DHE (Low-income Disabled Homeowners Exemption) programs increased the threshold for the 50% exemption from $29,000 to $50,000.

The Alternative Veterans exemption was expanded to include the school portion of the property taxes that veterans were previously required to pay.

The Eligible Funds veterans exemption was expanded to include the school portion of the property taxes that veterans were previously required to pay.

The cap on the allowable amount of the Alternative Veterans exemption was increased to $48,000, or the product of $48,000 multiplied by the latest class ratio, whichever is less.

The Commercial Revitalization Program (CRP) was extended until March 31, 2021.

The Commercial Expansion Program (CEP) was extended until June 30, 2021.

The Industrial and Commercial Abatement Program (ICAP) extended the application filing deadline from March 1, 2017 to March 1, 2022.

The lien sale program was extended to December 31, 2020. The reauthorization legislation changed the lien sale qualification rules, which allowed emergency repair charges of at least $1,000 that had remained unpaid for at least one year, to qualify for the sale independently on 1-3 family homes that are not owners’ primary residences. Previously, ERP charges could qualify for the sale on their own only on non-owner occupied 3-family homes in the Alternative Enforcement Program.

The renewal legislation also conformed the interest rates applied for liens sold under the program to the rates applied for the unsold delinquent charges. Going forward, changes made to the rates for unsold delinquent charges will be reflected automatically on the lien sale rates with a one year lag. In addition, the legislation allowed those who have defaulted a payment agreement previously to enter into another payment plan without having to wait for five years.

2016

STAR program technical and conformity changes and transformation into a State PIT credit were passed.

SCRIE and DRIE programs at $50,000 were extended for four additional years, or through July 1, 2020. This was not extended with a reimbursement from the state.

J-51 benefit eligibility was increased from $30,000 to $32,000, plus indexed to SSA's COLA calculation thereafter up to a $35,000 cap.

Cold War veterans RPT exemption for the education portion of the property tax should the City Council vote to opt-in.

The 488-A program for Single Room Occupancy (SRO), which enables tax exemptions for increases in assessed valuation of eligible real property resulting from eligible improvements, was extended through December 31, 2019.

2015

Assessment increases for Class one, two or four properties damaged during Hurricane Sandy will be subject to limitations. To be eligible, a.) the property's assessed value in FY 2014 should be lower than the assessed value in FY 2013 as a result of damage caused by Hurricane Sandy and b.) the property's assessed value should have gone up as a result of reconstruction of the damage caused by Hurricane Sandy for the assessment rolls from FY 2015 to FY 2021.

For properties that satisfy the above conditions, the increase to their assessed value from physical increase (as a result of repair or reconstruction) will be limited to the physical decrease reflected on the assessment roll in FY 2014. Any increase in assessed value in excess of that physical decrease will be treated as an equalization change and will be subject to the same limitations that are applicable for equalization increases. For large Class 2 and Class 4 properties, the limitation on physical increases will apply to the lower of the actual or transitional assessed value.

If the total square footage of a building in a given assessment roll exceeds the square footage reflected on the assessment roll in FY 2013, then the physical increase subject to the cap is calculated by multiplying the physical increase as result of addition or improvement of the existing property by a fraction (total sq.footage of the building on the current roll/total square footage of the building in FY 2013).

Industrial and Commercial Abatement Program (ICAP) was extended until March 1, 2019.

The 421-a exemption for multiple dwelling was amended and extended until June 15, 2019 conditional on a prevailing wage agreement.

The J-51 program was extended until June 30, 2019.

The Co-op and Condo abatement was extended until June 30, 2019.

The Commercial Revitalization Program (CRP) was extended until March 31, 2018.

The Commercial Expansion Program (CEP) was extended until June 30, 2018.

SCRIE and DRIE programs were extended to June 30, 2016.

Prepayment discount on property tax was lowered for taxpayers starting in FY 2016. If the entire amount due for the year is prepaid by the July due date (or grace period due date for quarterly payers), taxpayers would receive a 0.5 percent discount on the full amount of the property tax paid. If the remainder of the full year tax is paid by the October due date, they would receive a 0.25 percent discount on the remainder of the full year balance paid. If the remainder of the balance due for the year is paid by the January due date, they would receive a 0.125 percent discount on the balance paid. In addition, the law was amended to add a new provision. If the Council doesn't adopt a discount percentage before the statement of account or bill are due to be prepared, then the default discount percentage would be the annualized interest rate on 6 month US treasury bill (as reported by the Board of Governors of the Federal Reserve System in its H.15 report or similar statistical report detailing selected interest rates on the last business day of April preceding the fiscal year for which the discount rate is being determined), plus seventy five basis points the sum of which shall be divided by four.

The lien sale program was extended by two years to December 31, 2016.

2014

The income threshold limit under the Senior Citizen Rent Increase Exemption (SCRIE) program was increased from $29,000 to $50,000 beginning July 1st, 2014. The income threshold limit under the Disability Rent Increase Exemption (DRIE) which was previously based on the maximum income eligibility for cash supplemental security income benefits under federal law was also increased to $50,000.

Owners of Class one, two or four properties that were damaged or destroyed during Hurricane Sandy were eligible for partial rebate of property tax in FY2014.

The Lower Manhattan Commercial Revitalization Program extended the eligibility period from March 31, 2014 to March 31, 2015 and the end of the benefit period during which the abatement is made available was extended from March 31, 2020 to March 31, 2022. The deadline for certain expenditures on common area improvements was extended from September 30, 2014 to September 30, 2016.

The Industrial and Commercial Abatement Program (ICAP) extended the application filing deadline from March 1, 2015 to March 1, 2017.

The City's Commercial Expansion Program extended the eligibility period deadline from June 30, 2014 to June 30, 2016 and extended the deadline for certain expenditures for improvements on common area improvements from December 31, 2014 to December 31, 2016.

The Solar Electric Generating System Abatement extended the application filing deadline from March 15, 2015 to March 15, 2017. The allowable abatement was also increased from 2.5 percent of eligible generating system expenditures to 5 percent.

Exemption covering certain solar, wind and farm waste energy systems was extended to cover systems constructed prior to January 1, 2025 instead of January 1, 2015.

Effective July 1, 2015, for Section 458 benefits, the maximum exemption value of $5,000 of the assessed valuation for veterans was raised to $7,500.

Certain multiple dwellings with less than four units (Shore Haven condos in the Bronx) were made eligible for Section 421-a benefits.

Owners of Class one, two or four properties that were damaged or destroyed during Hurricane Sandy and were later rebuilt are eligible for a partial property tax abatement in FY 2015. To be eligible, a). the property's assessed value in FY 2014 should be lower than FY 2013 as a result of damage caused by Sandy and b.) the property's assessed value in FY 2015 must be higher than the assessed value in FY 2014 and c.) the property's assessed value in FY 2015 must be higher than in FY 2013.

In general, the abatement is equal to property's annual tax in FY 2015 minus the property's annual tax in FY 2013. For large Class 2 and Class 4 properties, the abatement is equal to the portion of the increase in assessed value attributable to the reconstruction work multiplied by FY 2015 tax rate. If the total square footage of a property in FY 2015 exceeds that in FY 2013, the abatement is reduced to reflect the increase in square foot.

2013

Coop/Condo abatement was extended for three more years and set to expire on June 20, 2015. In addition, the abatement was also revised, resulting in benefit increases for many owners.

Effective June 1, 2012, a unit that is held in trust can qualify for coop/condo abatement if the trust is solely for the benefit of a person who would qualify for the abatement as if owing the property directly.

J-51 program was revised and extended to June 30, 2015.

Owners of Class one, two or four properties that were damaged or destroyed during Hurricane Sandy were eligible for partial rebate of property tax in FY2013.

“Green roof” abatement was modified and extended through FY 2019.

Beginning in 2014, the filing deadline for owners of income-producing property to file annual income and expense statement was changed from September 1 to June 1.

Effective January 1, 2015, The NYS Department of Taxation and Finance will be required to determine annual assessment ceilings for local public utility mass real property, which comprises certain locally assessed property used in the transmission and distribution of telephone or telegraph services and electromagnetic voices, video and data signals. The measure is set to expire on January 1, 2019.

Veterans’ exemption is permitted to transfer the exemption on a prorated basis where the residence already receiving the exemption is sold and a new residence is purchased during the year.

Effective January 2, 2014, property owned by veterans’ organization is exempt from taxation but if a portion of the space is leased to a non-exempt entity, that portion is taxable.

The real property tax exemption under Article 5 of the New York Private Housing Finance Law was extended for 50 additional years. During the additional exemption period, the legislation required such projects to pay taxes equal to the greater of 1) 10 percent of the project’s annual rent or carrying charges (less utilities), or 2) the taxes payable by the project immediately prior to the expiration of the initial exemption period.

NYS law of 2012 authorized localities to adopt local legislation to provide property tax exemptions for property improvements meeting certification standards for “green building”. Legislation adopted in 2013 permits a locality granting the exemption to establish by local law a maximum exemption amount. (To date, the city has not acted to allow the “green building” exemption).

NYS Department of Taxation and Finance has implemented a registration program to eliminate the improper use of STAR exemptions. Under this program all property owners applying or receiving a basic STAR exemption must register with the state by April 1, 2014. Following this registration, the state will review the personal income tax returns and confirm the applicant’s continuing eligibility.

2012

Class 1 or Class 2 properties, determined by NYC Department of building, were demolished or damaged so as to be unsafe to enter or occupy as a result of Hurricane Sandy, the installment associated with those properties were granted interest free extension from January 1, 2013 until April 1, 2013.

The application filing deadline for solar electric generating system abatement was extended from March 15, 2013 to March 15, 2015. In addition, the allowable annual abatement is equal to 2.5 percent of eligible generating system expenditures.

New York State authorized real property tax declining exemption up to 10 years for property improvements that meet “Green Building” certification standards.

2011

The deadline for construction completion to be eligible for section 421-b benefits was extended from July 1st, 2010 to July 1st, 2011. However, the requirement that construction work must have commenced prior to July 1st, 2006 in order to be eligible, remains unchanged.

Retroactive to December 28, 2010, the deadline by which construction must be commenced in order to qualify for New Multiple Dwelling Exemption (421-a) benefit was extended from December 28th, 2010 to June 15th, 2015. In addition, the construction period for new dwellings that commenced between January 1st, 2007 and June 30th, 2009 was extended from three years to six years. However, eligible projects are exempt only for a total of three years during the construction. Any eligible construction that seeks to utilize the six-year period construction must apply for a preliminary certificate of eligibility within one year of the effective date.

In 2011, the application deadline for Industrial and Commercial Abatement Program (ICAP) was extended from March 1st, 2011 to March 1st, 2015. In addition, the program was also amended to extend the benefits to new peaking power plants of the utility properties with 15 years of full property tax abatement.

2010

The lien sale was reauthorized and expanded in 2010. The reauthorization is set to expire on December 31st, 2014. The expansion of lien sale includes the sale of water and sewer liens from Class 1 (two to three family homes only), the sale of Emergency Repair Program (ERP) charges and Alternative Enforcement Program (AEP) charges, and the sale of any delinquent charges on Housing Development Fund Corporation (HDFC) rentals. In addition, the lien law changed the interest rate charged on the tax liens after they have been sold, and authorized the city to offer pre-sale payment plans to delinquent taxpayers.

The real property tax abatement under the Lower Manhattan Commercial Revitalization Program was extended for four more years. The deadline by which the eligible lease term must begin was extended from March 31st, 2010 to March 31st, 2014. The deadline by which certain expenditures on common area improvements must be made was extended from September 30th, 2010 to September 30th, 2014. The end of the benefit period during which the abatement is available was also extended from March 31st, 2016 to March 31st, 2020.

The Commercial Expansion Program was extended for four years. The deadline by which the eligible lease term must begin was extended from March 31st, 2010 to March 31st, 2014. The deadline by which expenditures on common area improvements must be made was also extended from December 31st, 2010 to December 31st, 2014.

The deadline for construction completion for the section 421-b benefit was extended from July 1st, 2009 to July 1st, 2010. Partial property tax exemptions for up to 10 years are available to newly constructed or converted owner occupied one- and two-family homes. Construction work must have commenced prior to July 1st, 2006 to be eligible, which remained unchanged.

Effective November 24th, 2009, the eligibility definition was expanded for the partial property tax exemptions for homeowners with disability and limited income. The program benefit was extended to include people who are certified to receive a US Department of Veterans Affairs disability pension.

Effective July 1st, 2009, the green roof tax abatement program was available to provide incentives to Class 1, 2 and 4 building owners to construct a “green roof” on their properties in exchange for a one-year property tax abatement. The abatement amount is the lesser of $4.50 per square foot of green roof (capped at $100,000) or the building’s total tax liability for the year. Applications must be filed by March 15th of each year. This program is scheduled to sunset at the end of fiscal year 2014.

Effective July 1st, 2009, a solar electric generating system abatement program was enacted to provide a four-year tax abatement for the construction of a solar electric generating system in a Class 1, 2 or 4 building. Applications must be filed by the March 15th deadline. The program is scheduled to sunset after fiscal year 2014.

Effective 2010, the definition of Class 1 vacant land was restricted to Manhattan above 110th Street. For non-residential vacant land to be included in Class 1 in this area, it must have been included in Class 1 on the 2009 roll and the owner must have entered into an agreement with a governmental entity by December 31st, 2008, requiring construction of affordable housing. Prior to the change, non-residential vacant land that is 10,000 square feet or less and adjacent to a Class 1 parcel could be classified as Class 1 if the vacant land and the Class 1 property are both owned by the same owner and they are located above 110th Street in Manhattan or in the other boroughs.

Prepayment discount on property tax was lowered for taxpayers starting in FY 2010. If the entire amount due for the year is prepaid by the July due date (or grace period due date for quarterly payers), they receive a 1.0 percent discount on the full amount of the property tax paid. If the remainder of the full year tax is paid by the October due date, they receive a 0.66 percent discount on the remainder of the full year balance paid. If the remainder of the balance due for the year is paid by the January due date, they receive a 0.33 percent discount on the balance paid.

2009

In response to the national and local economic slowdown and declining tax revenues, the seven percent real property tax rate reduction enacted in 2008 was repealed effective January 1st, 2009. The average tax rate was raised to $12.283 from $11.423 per $100 of assessed value.

As part of a budget agreement with the Mayor, the City Council passed a local law that allowed more homeowners to pay property taxes on a quarterly basis. Effective January 1st, 2009, the actual assessed value threshold for quarterly payments was increased from $80,000 to $250,000. Owners of all residential and commercial properties (including houses, condominiums, and cooperatives) with an actual assessed value of $250,000 or less (for co-ops, a per-unit actual assessed value of $250,000 or less) were allowed to pay quarterly installments. Owners of properties with an actual assessed value of more than $250,000 pay semi-annually.

Effective fiscal year 2010, the $400 homeowner rebate program was repealed. The homeowner rebate program had originally been set to expire after fiscal year 2007 but was extended for three more years until fiscal year 2010. However, due to the national and local economic slowdown, the rebate was repealed in 2009, saving the City $256 million in fiscal year 2010.

The co-op/condo partial tax abatement program was extended for four years through June 30th, 2012. The abatement had been scheduled to expire at the end of fiscal year 2008.

Effective July 1st, 2008, the Industrial and Commercial Incentive Program (ICIP) has been reformed and replaced by the Industrial and Commercial Abatement Program (ICAP). Under the new program, tax abatements are available for qualifying commercial or industrial construction work for up to 25 years. Utility properties are not eligible for any abatements and properties used partly for retail purposes are subject to limited benefits. Non-retail commercial activities in Manhattan south of 59th street would see a reduction in benefit period from 12 years to 10 years. The minimum required expenditure was raised to 30.0 percent after the initial taxable assessed value of the project. (The property tax after the construction or improvements must exceed the original tax by more than 15 percent. Benefit applications must have been filed no later than March 1st, 2011).

The deadline for construction completion for section 421-b benefit was extended from July 1st, 2008 to July 1st, 2009. Partial property tax exemptions for up to 10 years are provided to newly constructed or converted owner occupied one- and two-family homes. Construction work must have commenced prior to July 1st, 2006 to be eligible, which remained unchanged.

Effective fiscal year 2009, the state-wide school tax relief (STAR) exemption calculation was modified. STAR exemptions are granted to residential properties used as owner's primary residence. The percentage decline by which the current year's exempt amount can fall below the prior year's amount was reduced to 90 percent for 2009 from the previous years' 95 percent. This percentage was also set to be reduced further to 89 percent for the subsequent years.

Effective July 21st, 2008, an assessed value based restriction on the availability of the J-51 benefits was eliminated for mutual redevelopment companies established under Article 5 of the Private Housing Finance Law (PHFL). They no longer need to meet the regular J-51 abatement program requirement for the pre-rehabilitation average assessed value of $40,000 or less per unit as long as they maintain the status until the earlier of 15 years from the commencement of J-51 benefits or the expiration of certain tax benefits under the PHFL. The only beneficiary of this law at the time of the passage of the law was the Penn South Housing Development.

The special commercial rent reduction under the commercial revitalization program for premises used for retail sales in lower Manhattan and the World Trade Center area, which expired on June 30th, 2009, has now been extended for four more years until June 30th, 2013.

2008

The reform bill of 421-a tax incentive program was signed into law by the Governor in February 2008. Under the new law, the Geographic Exclusion Area was expanded, the exemption amount was capped for market rate units (a $65,000 cap imposed on the exempt assessed value which increases by three percent annually), the negotiable certificate program was eliminated, and four- to five- unit buildings were excluded from the program. The law also established a dedicated fund for affordable housing. The program was extended for three additional years by resetting the deadline to December 28th, 2010, by which construction must commence for projects to be eligible for the benefits. While projects that commenced construction prior to July 1st, 2009 remained eligible for the pre-reform benefits, projects that started construction on or after July 1st, 2009 are eligible for the benefits defined under the new law.

Effective July 1st, 2007, the mayor and the City Council agreed to reduce the real property tax rate by seven percent in an effort to reduce homeowner's tax burden. As a result, the average tax rate was decreased from $12.283 to $11.423 per $100 of assessed value.

The $400 homeowner rebate program was extended for three years until the end of fiscal year 2010. The deadline for filing the rebate application is September 1st, following the end of the fiscal year for which the rebate is claimed.

Effective August 1st, 2007, non-profit organizations acquiring real property in New York City are exempt from the real estate taxes from the date of the title transfer. Prior to this change, the exemption status was determined for the entire fiscal year based on the ownership on the taxable status date (January 5th).

The deadline by which renovation work must be completed in order to qualify for J-51 benefits was extended from December 30th, 2007 to December 30th, 2011.

The Industrial and Commercial Incentive Program (ICIP) was extended for one year, by resetting the application deadline to June 30th, 2008 and the deadline for building permits to be issued to July 31st, 2008.

The deadline for starting rehabilitation on multiple dwellings used for single room occupancy program was extended from December 30th, 2007 to December 30th, 2011.

2007

The Lower Manhattan Commercial Revitalization Program was extended for three more years by extending the end of eligibility period from March 31st, 2007 to March 31st, 2010. The benefit period for real property tax abatement was extended from March 31st, 2013 to March 31st, 2016. The benefit period for commercial rent tax special reduction was also extended from March 31st, 2013 to March 31st, 2016.

The tax lien sale program was extended until December 31st, 2010, which was originally scheduled to expire on August 31st, 2006. The new law also allowed water and sewer liens on Class 2 rental and Class 4 properties to be sold on their own independent of whether or not there is a qualifying real property lien on the property. In order for the liens to be sold, the water and sewer charges have to be delinquent for at least one year and equal or exceed $1,000 in arrears. The law also restricted the city's authority to sell real property tax and water and sewer liens for certain low-income homeowners who are receiving senior citizen homeowner exemption or disabled homeowners exemption or NYS PIT circuit breaker credit. In addition, the city's authority to sell water and sewer liens on any Class 1 single-family homes was also restricted. The new law also extended the initial notification period from 60 days to 90 days.

Effective April 2007, the eligibility requirements for Mitchell-Lama developments under the J-51 program were eased. Mitchell-Lama properties whose repairs are financed with grants or loans from federal, state or local government agencies became eligible for the J-51 benefits. Previously, the repairs had to be financed with private loans. To be eligible, however, these housing companies must sign a binding agreement to remain in the Mitchell-Lama program for an additional 15 years. In addition, the assessed value requirement was eliminated for Mitchell-Lama cooperative buildings. The average assessed value per unit should be $40,000 or less for other cooperative buildings to be eligible for the J-51 benefits. The J-51 tax abatement program has also been modified to extend the benefits to lead remediation work in buildings both vacant and occupied.

Effective July 26th, 2006, real property tax abatement under Commercial Revitalization Program was extended to eligible buildings occupied or used as private elementary or secondary schools.

The income eligibility ceiling under the Disabled Homeowner Exemption Program was increased from $24,000 to $26,000 beginning July 1st, 2006. The income ceiling was set to increase by $1,000 per year for the following three years, to $27,000 beginning July 1st, 2007, to $28,000 beginning July 1st, 2008, and to $29,000 beginning July 1st, 2009. The sliding scale of exemption schedule was also revised to reflect the increases in income eligibility.

The income eligibility ceiling under the Senior Citizen Homeowner Exemption Program was increased from $24,000 to $26,000 beginning July 1st, 2006. The income ceiling was set to increase by $1,000 per year for the following three years, to $27,000 beginning July 1st, 2007, to $28,000 beginning July 1st, 2008, and to $29,000 beginning July 1st, 2009. The sliding scale of exemption schedule was also revised to reflect the increases in income eligibility.

The absentee landlord surcharge was originally scheduled to take effect on July 1st, 2003. The effective date was later postponed to July 1st, 2006 which has now been effectively repealed by reducing the surcharge rate from 2.5 percent to zero percent as of July 1st, 2006.

2006

The income threshold limit under the Senior Citizen Rent Increase Exemption (SCRIE) program was increased from $24,000 to $25,000 beginning July 1st, 2005 and by $1,000 per year for the next four years to $29,000 beginning July 1st, 2009. A new benefit program referred to as Disability Rent Increase Exemption (DRIE) for disabled renters living in rent controlled or rent stabilized apartments with limited income regardless of their age allows them to qualify for a rent increase exemption if they currently receive the Supplemental Security Income (SSI), the Social Security Disability Insurance (SSDI), or medical benefits from the United States Veterans Administration on a disability-related Medicaid. The exemption applies to rent increases that would cause the eligible tenant's rent to exceed one-third of household income. Landlords are compensated for their lost rental income by means of real estate tax abatements. The new benefit began on October 10th, 2005.

Commercial rent tax special reduction under Commercial Revitalization program was expanded on August 31st, 2005 to provide exemption from the commercial rent tax for all tenants in the "World Trade Center Area". In addition, the current benefit was liberalized for leases that commerce on or after July 1st, 2005 but before July 1st, 2009 with a lease term at least five years.

Section 421-a of the Real Property Tax Law was amended to expand the current exclusion zone in Manhattan to parts of the far west side of Manhattan between 28th Street and 41st Street. In addition, the law created a new exclusion zone in Brooklyn, known as the Greenpoint-Williamsburg Waterfront Area effective June 21st, 2005.

Commercial Expansion Program was modified with a number of amendments, retroactive to July 1st, 2005.

A new method became effective in calculating the discount for prepayment of real estate taxes. The discount amount is determined by multiplying the prepaid amount by the discount percentage. The discount percentage would be fixed by the City Council each year; if not set by the Council, a statutory percentage of 1.5 percent will apply.

For quarterly payers: if the full year's tax is paid by July 15th, the discount percentage of 1.5% is applied to the total tax paid; if the final three installments are paid by October 15th, two-thirds of the discount percentage (1.0%) is applied to the total of the three installments paid; and if the last two installments are paid by January 15th, one third of the discount percentage (0.5%) is applied to the total of the two installments paid. For semiannual payers, a discount is allowed only if the full year's tax is paid by July 1; in that case, the discount percentage is applied to the total tax for the year.

2005

Effective July 1st, 2005, all properties with an actual assessed value of $80,000 or less were allowed to pay in quarterly installments. All other properties with actual assessed value of more than $80,000 were paid semi-annually. The actual assessed value threshold previously was $40,000.

The city enacted a three-year property tax rebate program for fiscal years 2005, 2006 and 2007 to provide owners of Class 1 properties and Class 2 cooperatives and condominiums with a $400 rebate or the annual real estate tax on the property, whichever was less. To qualify for this rebate, the dwelling unit must be the owners' primary residence and the delinquent taxes owed must not be more than $25.

2004

The legislation authorizing the lien sale expired on October 31st, 2003 and was extended through March 1st, 2006 by the City Council on March 24th, 2004.

Coop/Condo abatement was extended for four more years up to June 30th, 2008.

2003

The state passed legislation in 2003 giving the city the authority to levy a 25.0 percent surcharge on Class 1 non-owner occupied properties effective July 1st, 2003, the absentee landlord surcharge. This surcharge was intended to equalize the tax burden between Class 1 income-generating properties and small Class 2 properties. Local legislation passed by the City Council on April 1st, 2004 delayed the effective date of the absentee landlord surcharge until July 1st, 2006.

As part of the effort to balance the budget for the fiscal year 2003, a local law was adopted to increase the real property tax rates for the second half of fiscal year 2003, covering the period from January 1st to June 30th, 2003. The average tax rate was raised to $12.283 from $10.366 per $100 of assessed value.

Industrial and Commercial Incentive Program was extended for four years, and the applications for the benefits could be filed no later than July 1st, 2007.

Single-Room-Occupancy Dwelling program extended its benefits period to December 31st, 2007.

J-51 exemption program was extended until December 30th, 2007.

2001

Coop/Condo abatement was extended for four years through fiscal year 2004.

The public housing exemption providing the 60-year exemption period for applicable federal projects was extended for another 60 years.

Beginning with the 2001 property tax assessments roll, the progress assessment for commercial structures was extended from one to three years. This amendment applies to seven commercial structures other than hotels. Progress assessment is an exemption from taxation for increases in value resulting from new construction that remains incomplete as of the taxable status date (January 5th).

1999

The Senior Citizen Homeowner Exemption (SCHE) program, which provides a sliding scale tax exemption to homeowners over age 65, was altered in 1999 to: (1) exclude veteran's disability compensation from the definition of income for purposes of determining eligibility and the level of exemption benefits beginning in 2000 and (2) allow a deduction from income for unreimbursed medical and prescription drug expenses in determining eligibility.

Industrial and Commercial Incentive Program was extended for another four years until June 30th, 2013.

1998

Section 459-c of the real property tax law was amended establishing a new tax exemption for disabled homeowners with limited income. The program, which offers a 50.0 percent exemption to residential property owners, commenced in 2000. In addition, state legislation was passed to allow localities to expand the exemption with a property tax credit retroactive to fiscal year 1999. The credit would be applied to fiscal year 2000 tax bills of disabled homeowners who are approved for the exemption.

Co-op/Condo Abatement was increased from 16.0 percent to 25.0 percent in 1998 for properties with assessment less than $15,000 per unit. For properties with assessment more than $15,000, the tax abatements were raised from 10.75 percent to 17.5 percent.

Industrial and Commercial Incentive Program was established in 1996 and was scheduled to expire on December 31st, 1998. The new law extended this program for an additional two years through December 31st, 2000.

1997

The state enacted the School Tax Relief program (STAR) legislation. A property tax exemption was phased in over four years beginning in the 1998-99 school year. The program provides property tax relief to one-, two-, and three-family homes, cooperatives and condominiums where the property serves as the primary residence of the owner. An enhanced exemption is available for senior citizens with less than $67,850 in household income.

Amendments to the administrative code allowed the city to sell real property tax liens for Class 1 and Class 2 property where the real property tax component of the tax liens remained unpaid for three years and one year, respectively.

Co-op/Condo Abatement was increased from 4.0 percent to 16.0 percent in 1997 for properties with assessment less than $15,000 per unit. For properties with assessment more than $15,000, the tax abatements were raised from 2.75 percent to 10.75 percent.

1996

Co-op/Condo abatement program was enacted which was designed to reduce the disparity in property tax burden between owners of cooperatives and condominiums (Class 2) and single-family homes (Class 1). For properties with assessment less than $15,000 per unit, the tax abatements were 4.0 percent. For properties with assessment more than $15,000, the tax abatements were 2.75 percent.

1995

Beginning with the fiscal year 1997 roll, telephone company central office and station equipment (except public telephones) installed in public rights-of-way would be exempted from real property taxation.

1994

The assessment percentages for special franchise and REUC properties were equalized at 45.0 percent. For Class 2, assessment cap increases for cooperatives and condominiums with two to ten units were restricted to eight percent annually and 30 percent over five years including properties that were shifted either into Class 1 (if not more than three units) or into Class 2 (if more than three units). One-family homes on cooperatively-owned land ("bungalows") were also reclassified from Class 2 to Class 1. Almost 1,500 summer cottages in Queens and The Bronx were affected by this shift.

1992

In further reclassification, mixed-use residential/commercial buildings (with “Mom and Pop” stores), formerly in Class 4, were assessed as residential if more than 50 percent of the building was residential.

Class 3 land and buildings were transferred to Class 4, leaving in Class 3 only plant and equipment. Class 2 condominiums with no more than three residential units, provided such property had previously been classified as Class 1, were transferred back from Class 2 to Class 1.

1991

Vacant land zoned as residential or adjacent to residential property with the same owner was transferred from Class 4 to Class 1 (except in Manhattan below 110th Street).

1990

For Class 3, state legislation implemented a four-year phase-out of taxation on central office and telecommunication equipment at 25.0 percent per year, beginning in 1990.

For Class 2 rental units, and cooperatives and condominiums of less than 11 units, assessment increases were restricted to eight percent annually and 30.0 percent over five years.

Statements need not be filed for condominium or cooperative properties which are completely residential, or for properties which are wholly tax exempt or completely owner-occupied and operated. Cooperatives and condominiums with professional or commercial space must file income and expense statements for that space. Most Class 4 properties and Class 2 properties with more than 10 residential units (or 6 residential units and one retail store) were affected. Affected taxpayers (except those who purchase property on or after August 1st) must file annual income and expense statements with the DOF by September 1st. Failure to file means denial of a Tax Commission hearing and a possible penalty assessment.

1987

The State Court of Appeals unanimously upheld Local Law No. 63 of 1986 which required owners of income-producing properties with actual assessed values in excess of $40,000 to file annual income and expenditure statements.

1986

The 1985 telecommunication utilities (Class 3) amendments expired. Condominiums of three stories or less were reclassified from Class 2 to Class 1.

Telephones and other station equipment were removed from the tax base to reflect the increasing volume of privately owned equipment. For Class 2, assessment increases for rental properties of four-to-six units were restricted to eight percent annually and 30.0 percent over five years.

1985

Telecommunication utilities (Class 3) were affected by legislation which changed the definition of taxable property to include central office equipment of competitors of New York Telephone (now part of Verizon) and AT&T which had previously been exempt or taxed at lower effective rates.

APPENDIX II
PERSONAL INCOME TAX

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APPENDIX II.
PERSONAL INCOME TAX

1. Personal Income Tax Liability: 2024

2024 NYC Personal Income Tax Liability

File Type	NY Adjusted Gross Income	Total Tax[1]
Single	$15,000	$215
	25,000	557
	40,000	1,125
	50,000	1,507
	75,000	2,472
	100,000	3,441
	125,000	4,410
	500,000	18,945
	525,000	19,914
Married, 2 Dependents	$15,000	$—
	25,000	214
	40,000	678
	50,000	1,054
	75,000	2,001
	85,000	2,383
	100,000	2,956
	150,000	4,890
	175,000	5,859
	500,000	18,456
	525,000	19,425
Head of Household, 2 Dependents	$15,000	$55
	25,000	363
	40,000	909
	50,000	1,290
	75,000	2,246
	85,000	2,633
	100,000	3,215
	125,000	4,184
	150,000	5,153
	500,000	18,719
	525,000	19,688

[1] Assumes the standard deductions only. Tax is before credits.

APPENDIX II.
PERSONAL INCOME TAX

2. History of Tax Rate Schedules: 2000-2024

2017-24 Rate Schedule[1]

Rate Schedule for Single Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$12,000	$0	2.700%	$0	$0	0.378%	$0	3.078%	$0
12,000	25,000	369	3.300	12,000	45	0.462	369	3.762	12,000
25,000	50,000	858	3.350	25,000	105	0.469	858	3.819	25,000
50,000		1,813	3.400	50,000	223	0.476	1,813	3.876	50,000

Rate Schedule for Joint Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$21,600	$0	2.700%	$0	$0	0.378%	$0	3.078%	$0
21,600	45,000	665	3.300	21,600	82	0.462	665	3.762	21,600
45,000	90,000	1,545	3.350	45,000	190	0.469	1,545	3.819	45,000
90,000		3,264	3.400	90,000	401	0.476	3,264	3.876	90,000

Rate Schedule for Head of Household Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$14,400	$0	2.700%	$0	$0	0.378%	$0	3.078%	$0
14,400	30,000	443	3.300	14,400	54	0.462	443	3.762	14,400
30,000	60,000	1,030	3.350	30,000	127	0.469	1,030	3.819	30,000
60,000		2,176	3.400	60,000	267	0.476	2,176	3.876	60,000

[1] The STAR rate cut was eliminated for all filers effective January 1, 2017.

2015-16 Rate Schedule[1]

Rate Schedule for Single Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$12,000	$0	2.550%	$0	$0	0.357%	$0	2.907%	$0
12,000	25,000	306	3.100	12,000	43	0.434	349	3.534	12,000
25,000	50,000	709	3.150	25,000	99	0.441	808	3.591	25,000
50,000	500,000	1,497	3.200	50,000	209	0.448	1,706	3.648	50,000
500,000		16,891	3.400	500,000	2,365	0.476	19,256	3.876	500,000

Rate Schedule for Joint Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$21,600	$0	2.550%	$0	$0	0.357%	$0	2.907%	$0
21,600	45,000	551	3.100	21,600	77	0.434	628	3.534	21,600
45,000	90,000	1,276	3.150	45,000	179	0.441	1,455	3.591	45,000
90,000	500,000	2,694	3.200	90,000	377	0.448	3,071	3.648	90,000
500,000		16,803	3.400	500,000	2,352	0.476	19,155	3.876	500,000

Rate Schedule for Head of Household Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$14,400	$0	2.550%	$0	$0	0.357%	$0	2.907%	$0
14,400	30,000	367	3.100	14,400	52	0.434	419	3.534	14,400
30,000	60,000	709	3.150	30,000	119	0.441	970	3.591	30,000
60,000	500,000	1,497	3.200	60,000	251	0.448	2,047	3.648	60,000
500,000		16,869	3.400	500,000	2,362	0.476	19,231	3.876	500,000

[1] The STAR rate cut at 5.87 percent for taxable income under $500,000 effective for tax year 2010. The entire STAR rate cut was eliminated for filers earning over $500,000 effective January 1, 2015.

2010-14 Rate Schedule[1]

Rate Schedule for Single Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$12,000	$0	2.550%	$0	$0	0.357%	$0	2.907%	$0
12,000	25,000	306	3.100	12,000	43	0.434	349	3.534	12,000
25,000	50,000	709	3.150	25,000	99	0.441	808	3.591	25,000
50,000	500,000	1,497	3.200	50,000	209	0.448	1,706	3.648	50,000
500,000		15,897	3.400	500,000	2,226	0.476	18,123	3.876	500,000

Rate Schedule for Joint Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$21,600	$0	2.550%	$0	$0	0.357%	$0	2.907%	$0
21,600	45,000	551	3.100	21,600	77	0.434	628	3.534	21,600
45,000	90,000	1,276	3.150	45,000	179	0.441	1,455	3.591	45,000
90,000	500,000	2,694	3.200	90,000	377	0.448	3,071	3.648	90,000
500,000		15,814	3.400	500,000	2,214	0.476	18,028	3.876	500,000

Rate Schedule for Head of Household Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$14,400	$0	2.550%	$0	$0	0.357%	$0	2.907%	$0
14,400	30,000	367	3.100	14,400	52	0.434	419	3.534	14,400
30,000	60,000	709	3.150	30,000	119	0.441	970	3.591	30,000
60,000	500,000	1,497	3.200	60,000	251	0.448	2,047	3.648	60,000
500,000		15,897	3.400	500,000	2,223	0.476	18,099	3.876	500,000

[1] STAR rate cut at 5.87 percent for taxable income under $500,000 effective for tax year 2010.

2006-2009 Rate Schedule[1,2]

Rate Schedule for Single Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$12,000	$0	2.550%	$0	$0	0.357%	$0	2.907%	$0
12,000	25,000	306	3.100	12,000	43	0.434	349	3.534	12,000
25,000	50,000	709	3.150	25,000	99	0.441	808	3.591	25,000
50,000		1,497	3.200	50,000	209	0.448	1,706	3.648	50,000

Rate Schedule for Joint Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$21,600	$0	2.550%	$0	$0	0.357%	$0	2.907%	$0
21,600	45,000	551	3.100	21,600	77	0.434	628	3.534	21,600
45,000	90,000	1,276	3.150	45,000	179	0.441	1,455	3.591	45,000
90,000		2,694	3.200	90,000	377	0.448	3,071	3.648	90,000

Rate Schedule for Head of Household Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$14,400	$0	2.550%	$0	$0	0.357%	$0	2.907%	$0
14,400	30,000	367	3.100	14,400	52	0.434	419	3.534	14,400
30,000	60,000	851	3.150	30,000	119	0.441	970	3.591	30,000
60,000		1,796	3.200	60,000	251	0.448	2,047	3.648	60,000

[1] Effective January 1, 2006, the temporary personal income tax rate schedule expired and the legislated 2002 base rates and 14 percent additional tax were reinstated.

[2] STAR rate cut at 5.87 percent across-the-board.

2005 Rate Schedule[1,2]

Rate Schedule for Single Filers

If net income is:

Over	But Not Over	Pay	Plus	Of Amt Over
$0	$12,000	$0	2.907%	$0
12,000	25,000	349	3.534	12,000
25,000	50,000	808	3.591	25,000
50,000	100,000	1,706	3.648	50,000
100,000	500,000	3,530	4.050	100,000
500,000		19,730	4.450	500,000

Rate Schedule for Joint Filers

If net income is:

Over	But Not Over	Pay	Plus	Of Amt Over
$0	$21,600	$0	2.907%	$0
21,600	45,000	628	3.534	21,600
45,000	90,000	1,455	3.591	45,000
90,000	150,000	3,071	3.648	90,000
150,000	500,000	5,260	4.050	150,000
500,000		19,435	4.450	500,000

Rate Schedule for Head of Household Filers

If net income is:

Over	But Not Over	Pay	Plus	Of Amt Over
$0	$14,400	$0	2.907%	$0
14,400	30,000	419	3.534	14,400
30,000	60,000	970	3.591	30,000
60,000	125,000	2,047	3.648	60,000
125,000	500,000	4,418	4.050	125,000
500,000		19,606	4.450	500,000

[1] Effective January 1, 2003 through December 31, 2005, a temporary personal income tax rate schedule was imposed which superseded the existing base rate schedule and the 14 percent additional tax. This temporary rate schedule combined the base rate with the 14 percent additional tax, at the existing brackets, and added two new upper income brackets and rates.

[2] STAR rate cut at 5.87 percent across-the-board.

2004 Rate Schedule[1,2]

Rate Schedule for Single Filers

If net income is:

Over	But Not Over	Pay	Plus	Of Amt Over
$0	$12,000	$0	2.907%	$0
12,000	25,000	349	3.534	12,000
25,000	50,000	808	3.591	25,000
50,000	100,000	1,706	3.648	50,000
100,000	500,000	3,530	4.175	100,000
500,000		20,230	4.450	500,000

Rate Schedule for Joint Filers

If net income is:

Over	But Not Over	Pay	Plus	Of Amt Over
$0	$21,600	$0	2.907%	$0
21,600	45,000	628	3.534	21,600
45,000	90,000	1,455	3.591	45,000
90,000	150,000	3,071	3.648	90,000
150,000	500,000	5,260	4.175	150,000
500,000		19,873	4.450	500,000

Rate Schedule for Head of Household Filers

If net income is:

Over	But Not Over	Pay	Plus	Of Amt Over
$0	$14,400	$0	2.907%	$0
14,400	30,000	419	3.534	14,400
30,000	60,000	970	3.591	30,000
60,000	125,000	2,047	3.648	60,000
125,000	500,000	4,418	4.175	125,000
500,000		20,074	4.450	500,000

[1] Effective January 1, 2003 through December 31, 2005, a temporary personal income tax rate schedule was imposed which superseded the existing base rate schedule and the 14 percent additional tax. This temporary rate schedule combined the base rate with the 14 percent additional tax, at the existing brackets, and added two new upper income brackets and rates.

[2] STAR rate cut at 5.87 percent across-the-board.

2003 Rate Schedule[1,2]

Rate Schedule for Single Filers

If net income is:

Over	But Not Over	Pay	Plus	Of Amt Over
$0	$12,000	$0	2.907%	$0
12,000	25,000	349	3.534	12,000
25,000	50,000	808	3.591	25,000
50,000	100,000	1,706	3.648	50,000
100,000	500,000	3,530	4.250	100,000
500,000		20,530	4.450	500,000

Rate Schedule for Joint Filers

If net income is:

Over	But Not Over	Pay	Plus	Of Amt Over
$0	$21,600	$0	2.907%	$0
21,600	45,000	628	3.534	21,600
45,000	90,000	1,455	3.591	45,000
90,000	150,000	3,071	3.648	90,000
150,000	500,000	5,260	4.250	150,000
500,000		20,135	4.450	500,000

Rate Schedule for Head of Household Filers

If net income is:

Over	But Not Over	Pay	Plus	Of Amt Over
$0	$14,400	$0	2.907%	$0
14,400	30,000	419	3.534	14,400
30,000	60,000	970	3.591	30,000
60,000	125,000	2,047	3.648	60,000
125,000	500,000	4,418	4.250	125,000
500,000		20,356	4.450	500,000

[1] Effective January 1, 2003 through December 31, 2005, a temporary personal income tax rate schedule was imposed which superseded the existing base rate schedule and the 14 percent additional tax. This temporary rate schedule combined the base rate with the 14 percent additional tax, at the existing brackets, and added two new upper income brackets and rates.

[2] STAR rate cut at 5.87 percent across-the-board.

2002 Rate Schedule[1,2]

Rate Schedule for Single Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$12,000	$0	2.550%	$0	$0	0.357%	$0	2.907%	$0
12,000	25,000	306	3.100	12,000	43	0.434	349	3.534	12,000
25,000	50,000	709	3.150	25,000	99	0.441	808	3.591	25,000
50,000		1,497	3.200	50,000	209	0.448	1,706	3.648	50,000

Rate Schedule for Joint Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$21,600	$0	2.550%	$0	$0	0.357%	$0	2.907%	$0
21,600	45,000	551	3.100	21,600	77	0.434	628	3.534	21,600
45,000	90,000	1,276	3.150	45,000	179	0.441	1,455	3.591	45,000
90,000		2,694	3.200	90,000	377	0.448	3,071	3.648	90,000

Rate Schedule for Head of Household Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$14,400	$0	2.550%	$0	$0	0.357%	$0	2.907%	$0
14,400	30,000	367	3.100	14,400	52	0.434	419	3.534	14,400
30,000	60,000	851	3.150	30,000	119	0.441	970	3.591	30,000
60,000		1,796	3.200	60,000	251	0.448	2,047	3.648	60,000

[1] Effective January 1, 2002, the full 14 percent additional tax was reinstated.

[2] STAR rate cut at 5.87 percent across-the-board.

2001 Rate Schedule[1,2]

Rate Schedule for Single Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$12,000	$0	2.550%	$0	$0	0.134%	$0	2.684%	$0
12,000	25,000	306	3.100	12,000	16	0.163	322	3.263	12,000
25,000	50,000	709	3.150	25,000	37	0.166	746	3.316	25,000
50,000		1,497	3.200	50,000	79	0.392	1,576	3.592	50,000

Rate Schedule for Joint Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$21,600	$0	2.550%	$0	$0	0.134%	$0	2.684%	$0
21,600	45,000	551	3.100	21,600	29	0.163	580	3.263	21,600
45,000	90,000	1,276	3.150	45,000	67	0.166	1,343	3.316	45,000
90,000		2,694	3.200	90,000	141	0.392	2,835	3.592	90,000

Rate Schedule for Head of Household Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$14,400	$0	2.550%	$0	$0	0.134%	$0	2.684%	$0
14,400	30,000	367	3.100	14,400	19	0.163	386	3.263	14,400
30,000	60,000	851	3.150	30,000	44	0.166	895	3.316	30,000
60,000		1,796	3.200	60,000	94	0.392	1,890	3.592	60,000

[1] Full STAR rate cut at 5.87 percent across-the-board.

[2] Rate cut and restructure of the 14 percent additional tax.

2000 Rate Schedule[1]

Rate Schedule for Single Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$12,000	$0	2.650%	$0	$0	0.371%	$0	3.021%	$0
12,000	25,000	318	3.215	12,000	45	0.450	363	3.665	12,000
25,000	50,000	736	3.265	25,000	104	0.457	840	3.722	25,000
50,000		1,552	3.315	50,000	219	0.464	1,771	3.779	50,000

Rate Schedule for Joint Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$21,600	$0	2.650%	$0	$0	0.370%	$0	3.021%	$0
21,600	45,000	572	3.215	21,600	29	0.450	653	3.665	21,600
45,000	90,000	1,326	3.265	45,000	67	0.457	1,511	3.722	45,000
90,000		2,795	3.315	90,000	141	0.464	3,186	3.779	90,000

Rate Schedule for Head of Household Filers

If net income is:

		Base Tax			14% Increase		Combined Tax		
Over	But Not Over	Base Amt.	Plus	of Amt. Over	Base Amt.	Incr. Rate	Base Amt.	Comb. Rate	Of Amt Over
$0	$14,400	$0	2.650%	$0	$0	0.371%	$0	3.021%	$0
14,400	30,000	383	3.215	14,400	52	0.450	435	3.665	14,400
30,000	60,000	885	3.265	30,000	121	0.457	1,006	3.722	30,000
60,000		1,865	3.315	60,000	258	0.464	2,123	3.779	60,000

Note: For years prior to 2000 please refer to archive methodology tax year 2024 and earlier.

[1] Across-the-board STAR rate cut at 2.5 percent.

APPENDIX II.
PERSONAL INCOME TAX

3. Summary Tables

Table 1.
New York City Top Personal Income Tax Rates[1]

	SINGLE FILERS		JOINT FILERS		HEAD OF HOUSEHOLD FILERS	
Tax Year	Taxable Income Over	Top Rate	Taxable Income Over	Top Rate	Taxable Income Over	Top Rate
2024[2,4,9]	$50,000	3.88%	$90,000	3.88%	$60,000	3.88%
2023[2,4,9]	50,000	3.88	90,000	3.88	60,000	3.88
2022[2,4,9]	50,000	3.88	90,000	3.88	60,000	3.88
2021[2,4,9]	50,000	3.88	90,000	3.88	60,000	3.88
2020[2,4,9]	50,000	3.88	90,000	3.88	60,000	3.88
2019[2,4,9]	50,000	3.88	90,000	3.88	60,000	3.88
2018[2,4,9]	50,000	3.88	90,000	3.88	60,000	3.88
2017[2,4,9]	50,000	3.88	90,000	3.88	60,000	3.88
2016[2,4,8]	500,000	3.88	500,000	3.88	500,000	3.88
2015[2,4,8]	500,000	3.88	500,000	3.88	500,000	3.88
2014[2,4,8]	500,000	3.88	500,000	3.88	500,000	3.88
2013[2,4,8]	500,000	3.88	500,000	3.88	500,000	3.88
2012[2,4,8]	500,000	3.88	500,000	3.88	500,000	3.88
2011[2,4,8]	500,000	3.88	500,000	3.88	500,000	3.88
2010[2,4,8]	500,000	3.88	500,000	3.88	500,000	3.88
2009[2,4]	50,000	3.65	90,000	3.65	60,000	3.65
2008[2,4]	50,000	3.65	90,000	3.65	60,000	3.65
2007[2,4]	50,000	3.65	90,000	3.65	60,000	3.65
2006[2,4]	50,000	3.65	90,000	3.65	60,000	3.65
2005[3,4]	100,000	4.45	150,000	4.45	125,000	4.45
2004[3,4]	100,000	4.45	150,000	4.45	125,000	4.45
2003[3,4]	100,000	4.45	150,000	4.45	125,000	4.45
2002[4,6]	50,000	3.65	90,000	3.65	60,000	3.65
2001[4,5]	50,000	3.59	90,000	3.59	60,000	3.59
2000[4]	50,000	3.78	90,000	3.78	60,000	3.78
1999[4]	50,000	3.83	90,000	3.83	60,000	3.83
1998	50,000	4.46	90,000	4.46	60,000	4.46

Note: For years prior to 1972 please refer to 2024 and prior years tax methodology book.
[1] For complete rate schedules refer to History of Rate Schedules.
[2] Reflects the termination of the temporary tax increase and the two upper income brackets and rates.
[3] Reflects the top rate applied to the new higher income bracket of the temporary rate schedule for tax years 2003 through 2005.
[4] Reflects the expiration of the 12.5 percent surcharge and the state-sponsored STAR reductions.
[5] Reflects both the reductions of the 14 percent additional tax enacted for tax year 2001 and the last installment of the STAR program rate cut, effective January 1, 2001.
[6] Reflects the re-instatement of the 14 percent additional tax effective January 1, 2002.
[7] 1982 and 1984 taxpayers with AGI from $15,000-$20,000 paid a 2.5 percent surcharge. A five percent surcharge was levied on taxpayers with AGI over $20,000. For 1983, the surcharge rates were doubled.
[8] Reflects the expiration of the STAR rate cut for taxable income over $500,000 effective January 1, 2010.
[9] Reflects the expiration of the STAR rate cut for all income levels effective January 1, 2017.

Table 1.
New York City Top Personal Income Tax Rates[1] continued

	SINGLE FILERS		JOINT FILERS		HEAD OF HOUSEHOLD FILERS	
Tax Year	Taxable Income Over	Top Rate	Taxable Income Over	Top Rate	Taxable Income Over	Top Rate
1997	$50,000	4.46%	$90,000	4.46%	$60,000	4.46%
1996	60,000	4.46	108,000	4.46	72,000	4.46
1995	60,000	4.46	108,000	4.46	69,000	4.46
1994	60,000	4.46	108,000	4.46	66,000	4.46
1993	60,000	4.46	108,000	4.46	66,000	4.46
1992	60,000	4.46	108,000	4.46	66,000	4.46
1991	60,000	4.46	108,000	4.46	66,000	4.46
1990	60,000	3.91	108,000	3.91	66,000	3.91
1989	60,000	3.40	108,000	3.40	66,000	3.40
1988	60,000	3.50	108,000	3.50	66,000	3.50
1987	60,000	4.10	99,000	4.10	66,000	4.10
1986	25,000	4.30	25,000	4.30	25,000	4.30
1985	25,000	4.30	25,000	4.30	25,000	4.30
1984[7]	25,000	4.30	25,000	4.30	25,000	4.30
1983[7]	25,000	4.30	25,000	4.30	25,000	4.30
1982[7]	25,000	4.30	25,000	4.30	25,000	4.30
1981	25,000	4.30	25,000	4.30	25,000	4.30
1980	25,000	4.30	25,000	4.30	25,000	4.30
1979	25,000	4.30	25,000	4.30	25,000	4.30
1978	25,000	4.30	25,000	4.30	25,000	4.30
1977	25,000	4.30	25,000	4.30	25,000	4.30
1976	25,000	4.30	25,000	4.30	25,000	4.30
1975	30,000	3.50	30,000	3.50	30,000	3.50
1974	30,000	3.50	30,000	3.50	30,000	3.50
1973	30,000	3.50	30,000	3.50	30,000	3.50
1972	30,000	3.50	30,000	3.50	30,000	3.50

Note: For years prior to 1972 please refer to 2024 and prior years tax methodology book.
[1] For complete rate schedules refer to History of Rate Schedules.
[2] Reflects the termination of the temporary tax increase and the two upper income brackets and rates.
[3] Reflects the top rate applied to the new higher income bracket of the temporary rate schedule for tax years 2003 through 2005.
[4] Reflects the expiration of the 12.5 percent surcharge and the state-sponsored STAR reductions.
[5] Reflects both the reductions of the 14 percent additional tax enacted for tax year 2001 and the last installment of the STAR program rate cut, effective January 1, 2001.
[6] Reflects the re-instatement of the 14 percent additional tax effective January 1, 2002.
[7] 1982 and 1984 taxpayers with AGI from $15,000-$20,000 paid a 2.5 percent surcharge. A five percent surcharge was levied on taxpayers with AGI over $20,000. For 1983, the surcharge rates were doubled.
[8] Reflects the expiration of the STAR rate cut for taxable income over $500,000 effective January 1, 2010.
[9] Reflects the expiration of the STAR rate cut for all income levels effective January 1, 2017.

Table 2.
New York City Exemptions, 1972-2024

	EXEMPTION			EXEMPTION	
Tax Year	Filer	Each Dependent	Tax Year	Filer	Each Dependent
2024	None	$1,000	1997	None	$1,000
2023	None	1,000	1996	None	1,000
2022	None	1,000	1995	None	1,000
2021	None	1,000	1994	None	1,000
2020	None	1,000	1993	None	1,000
2019	None	1,000	1992	None	1,000
2018	None	1,000	1991	None	1,000
2017	None	1,000	1990	None	1,000
2016	None	1,000	1989	None	1,000
2015	None	1,000	1988	None	1,000
2014	None	1,000	1987	900	900
2013	None	1,000	1986	850	850
2012	None	1,000	1985	850	850
2011	None	1,000	1984	800	800
2010	None	1,000	1983	800	800
2009	None	1,000	1982	800	800
2008	None	1,000	1981	750	750
2007	None	1,000	1980	750	750
2006	None	1,000	1979	700	700
2005	None	1,000	1978	650	650
2004	None	1,000	1977	650	650
2003	None	1,000	1976	650	650
2002	None	1,000	1975	600	600
2001	None	1,000	1974	600	600
2000	None	1,000	1973	600	600
1999	None	1,000	1972	600	600
1998	None	1,000			

Note: For years prior to 1972 please refer to 2024 and prior years tax methodology book.

Table 3.
New York City Standard Deductions, 1972-2024

Tax Year	STANDARD DEDUCTION Single Filer	Joint Filer	Head of Household	Dependent Taxpayer
2024	$8,000	$16,050	$11,200	$3,100
2023	8,000	16,050	11,200	3,100
2022	8,000	16,050	11,200	3,100
2021	8,000	16,050	11,200	3,100
2020	8,000	16,050	11,200	3,100
2019	8,000	16,050	11,200	3,100
2018	8,000	16,050	11,200	3,100
2017	8,000	16,050	11,200	3,100
2016	7,950	15,950	11,150	3,100
2015	7,900	15,850	11,100	3,100
2014	7,800	15,650	10,950	3,100
2013	7,700	15,400	10,800	3,050
2012	7,500	15,000	10,500	3,000
2011	7,500	15,000	10,500	3,000
2010	7,500	15,000	10,500	3,000
2009	7,500	15,000	10,500	3,000
2008	7,500	15,000	10,500	3,000
2007	7,500	15,000	10,500	3,000
2006	7,500	15,000	10,500	3,000
2005	7,500	14,600	10,500	3,000
2004	7,500	14,600	10,500	3,000
2003	7,500	14,600	10,500	3,000
2002	7,500	14,200	10,500	3,000
2001	7,500	13,400	10,500	3,000
2000	7,500	13,000	10,500	3,000
1999	7,500	13,000	10,500	3,000
1998	7,500	13,000	10,500	3,000
1997	7,500	13,000	10,500	3,000
1996	7,400	12,350	10,000	2,900
1995	6,600	10,800	8,150	2,800

Note: For years prior to 1972 please refer to 2024 and prior years tax methodology book.

Table 3.
New York City Standard Deductions, 1972-2024 continued

		STANDARD DEDUCTION			
Tax Year		Single Filer	Joint Filer	Head of Household	Dependent Taxpayer
1994		$6,000	$9,500	$7,000	$2,800
1993		6,000	9,500	7,000	2,800
1992		6,000	9,500	7,000	2,800
1991		6,000	9,500	7,000	2,800
1990		6,000	9,500	7,000	2,800
1989		6,000	9,500	7,000	2,800
1988		5,000	8,500	6,000	2,800
1987		3,600	5,300	4,600	2,800
1986		2,600	3,000	3,000	None
1985		2,500	2,750	2,750	None
1984	17% of AGI subject to a minimum of	1,500	2,000	1,500	None
	and a maximum of	2,500	2,500	2,500	None
1983	17% of AGI subject to a minimum of	1,500	2,000	1,500	None
1982	17% of AGI subject to a minimum of	1,500	2,000	1,500	None
	and a maximum of	2,500	2,500	2,500	None
1981	17% of AGI subject to a minimum of	1,500	2,000	1,500	None
	and a maximum of	2,500	2,500	2,500	None
1980	16% of AGI subject to a minimum of	1,400	1,900	1,400	None
	and a maximum of	2,400	2,400	2,400	None
1979	16% of AGI subject to a minimum of	1,400	1,900	1,400	None
	and a maximum of	2,400	2,400	2,400	None
1978	16% of AGI subject to a minimum of	1,400	1,900	1,400	None
	and a maximum of	2,400	2,400	2,400	None
1977	15% of AGI subject to a minimum of	1,000	1,500	1,000	None
	and a maximum of	2,000	2,000	2,000	None
1976	15% of AGI subject to a minimum of	1,000	1,500	1,000	None
	and a maximum of	2,000	2,000	2,000	None
1975	Lesser of 10% of AGI or,	1,000	1,000	1,000	None
1974	Lesser of 10% of AGI or,	1,000	1,000	1,000	None
1973	Lesser of 10% of AGI or,	1,000	1,000	1,000	None
1972	Lesser of 10% of AGI or,	1,000	1,000	1,000	None

Note: For years prior to 1972 please refer to 2024 and prior years tax methodology book.

Table 4.
The Income Thresholds Below Which No Tax is Owed[1]

Tax Year	Single Filer	Joint Filer w/2 dependents	Head of Household w/2 dependents
2024	$8,000	$18,050	$13,200
2023	8,000	18,050	13,200
2022	8,000	18,050	13,200
2021	8,000	18,050	13,200
2020	8,000	18,050	13,200
2019	8,000	18,050	13,200
2018	8,000	18,050	13,200
2017	8,000	18,050	13,200
2016	7,950	17,950	13,150
2015	10,067	22,150	15,267
2014	9,967	21,950	15,117
2013	9,867	21,717	14,967
2012	9,667	21,317	14,667
2011	9,667	21,317	14,667
2010	9,667	21,317	14,667
2009	9,667	21,317	14,667
2008	12,505	26,993	17,505
2007	12,505	26,993	17,505
2006	11,473	24,929	16,473
2005	9,667	20,917	14,667
2004	9,667	20,917	14,667
2003	9,667	20,917	14,667
2002	9,667	20,517	14,667
2001	9,847	20,076	14,847
2000	9,006	17,830	14,006
1999	8,500	16,164	13,500
1998	7,906	15,406	12,906

Note: For years prior to 1972 please refer to 2024 and prior years tax methodology book.

[1] Refers to the NYAGI threshold below which no tax is owed. This occurs as NYAGI reduced by standard deductions and exemptions for dependents leads to maximum taxable income at which tax liability equals available credit resulting in $0 tax owed.

NY AGI = Fed AGI adjusted for NY additions and subtractions; Taxable Income = NY AGI - Standard Deduction - Exemptions;
Tax Liability = Taxable Income * Tax Rate; Tax Owed = Tax Liability - Credit.

Assumes use of the non-senior STAR Credit for 1997 through 2005, non-senior middleclass STAR Credit for 2006, 2007 and 2008, and STAR Credit for 2009-2015, and no use of the NYC EITC, the axe the tax for the working class credit, resident UBT credit, the NYC household credit, or the childcare credit.

Table 4.
The Income Thresholds Below Which No Tax is Owed[1] continued

Tax Year	Single Filer	Joint Filer w/2 dependents	Head of Household w/2 dependents
1997	$7,516	$15,016	$12,516
1996	7,417	14,367	12,017
1995	6,617	12,817	10,167
1994	6,020	11,520	9,020
1993	6,020	11,520	9,020
1992	6,020	11,520	9,020
1991	6,020	11,520	9,020
1990	6,023	11,524	9,025
1989	6,023	11,524	9,025
1988	5,034	10,535	8,036
1987	4,534	8,035	7,336
1986	3,506	5,506	5,506
1985	3,406	5,356	5,356
1984	2,356	4,456	3,956
1983	2,356	4,456	3,956
1982	2,356	4,456	3,956
1981	2,306	4,306	3,806
1980	2,206	4,206	3,706
1979	2,156	4,056	3,556
1978	2,106	3,906	3,406
1977	1,706	3,506	3,006
1976	1,706	3,506	3,006
1975	1,672	2,872	2,872
1974	1,672	2,872	2,872
1973	1,672	2,872	2,872
1972	1,672	2,872	2,872

Note: For years prior to 1972 please refer to 2024 and prior years tax methodology book.

[1] Refers to the NYAGI threshold below which no tax is owed. This occurs as NYAGI reduced by standard deductions and exemptions for dependents leads to maximum taxable income at which tax liability equals available credit resulting in $0 tax owed.

NY AGI = Fed AGI adjusted for NY additions and subtractions; Taxable Income = NY AGI - Standard Deduction - Exemptions;
Tax Liability = Taxable Income * Tax Rate; Tax Owed = Tax Liability - Credit.

Assumes use of the non-senior STAR Credit for 1997 through 2005, non-senior middleclass STAR Credit for 2006, 2007 and 2008, and STAR Credit for 2009-2015, and no use of the NYC EITC, the axe the tax for the working class credit, resident UBT credit, the NYC household credit, or the childcare credit.

Table 5.
Low Income NYC Tax Credits

NYC CHILD CARE CREDIT

A refundable city personal income tax credit is allowed for child care expenses of those up to the age of four. For taxpayers whose NYS AGI are below $25,000, the applicable percentage is 75 percent of eligible expenses, and this percentage declines to zero as household gross income approaches $30,000.

NYS AGI	Maximum NYC Credit* Tax Year 2024
$29,999 and below	$1,733
$30,000 and over	0

* Numbers may not add due to rounding

NYC EARNED INCOME CREDIT:

For tax years beginning on or after January 1, 2004, NYC residents are allowed a credit against their personal income tax equaling five percent of the Federal earned income tax credit allowed under section 32 of the Internal Revenue Code (IRC) for the same taxable year (New York City Local Law 39). Beginning in 2022 the NYC resident earned income tax credit was expanded to up to thirty percent of the Federal earned income tax credit (see legislative Appendix for additional detail).

Tax Year 2023 Average Credit Estimate	Qualifying Children			
Filer Type	None	One	Two	More Than Two
Single	$95	$712	$953	$1,081
Married Joint	101	546	779	900
Head of Household	91	544	760	856

NYC HOUSEHOLD CREDIT

For tax years beginning on or after January 1, 1987, NYC filers are allowed a nonrefundable low-income credit known as the NYC Household Credit against their city personal income tax for the same tax year. The credit allowed equals a fixed amount per federal exemption based on household gross income level.

Single Filers

If Household Gross Income Is:	1987-95	1996-24
Not over $7,500	$15	$15
Over $7,500 but not over $10,000	10	15
Over $10,000 but not over $12,500	0	10

All Other*

If Household Gross Income Is:	1987	1988	1989-95	1996-24
Not over $12,500	$30	$50	$50	$30
Over $12,500 but not over $15,000	20	40	50	30
Over $15,000 but not over $17,500	10	20	25	25
Over $17,500 but not over $20,000	0	15	15	15
Over $20,000 but not over $22,500	0	0	0	10

* Credit amount for each dependent plus one for the filer and one for their spouse if a joint filer.

Table 6.
Other NYC Tax Credits

STAR CREDIT

As part of New York State's budget for fiscal year 1997-98, the state enacted the STAR program to provide education aid and tax relief to localities. In addition to reductions in the property tax, the STAR program reduced city personal income tax liability through both a rate cut and a refundable credit. The credit is effective in tax year 1998 and increased according to the below schedule.

The STAR rate cut was an across the board reduction in tax rates starting in tax year 1999 and increasing through tax year 2001 according to the schedule shown in the table. The state reimbursed the city for the foregone personal income tax revenue. As part of New York State's budget for fiscal year 1998-99, the state accelerated the STAR program credit for senior citizens. Beginning in tax year 1998, senior citizen resident personal income tax filers were eligible for the full STAR credit. The New York State enacted budget for fiscal year 2015-16 included a provision to eliminate the entire STAR rate cut for filers in New York City earning over $500k, retroactive to January 1, 2015. The New York State fiscal year 2017-18 budget included a provision which eliminated the STAR rate cut for all filers retroactive to Jaunary 1, 2017. This completed the repeal of the STAR rate cut, which no longer exists.

Beginning in tax year 2016, the New York City STAR credit was eliminated and replaced by a New York State STAR credit in the same amount.

Tax Year		2000	2001-05	2006	2007-08	2009[1]	2010-12[2]	2013-14[2]	2015[3]	2016[4]	2017 and beyond[5]
Credit	Filer Type										
	Joint Filers	$85.00	$125.00	$230.00	$290.00	$125.00	$125.00	$125.00	$125.00	$0.00	$0.00
	All Other	45.00	62.50	115.00	145.00	62.50	62.50	63.00	63.00	0.00	0.00
Rate Cut	All Filers	(2.50%)	(5.87%)	(5.87%)	(5.87%)	(5.87%)	(5.87%)	(5.87%)	(5.87%)	(5.87%)	0.00%

[1] Only for taxpayers with gross income less than $250,000.
[2] Credit only for taxpayers with gross incomes less than $250,000, and rate cut only for income under $500,000.
[3] Rate cut completely eliminated for taxpayers with gross incomes more than $500,000.
[4] NYC STAR credit replaced by New York State STAR credit
[5] Rate cut completley eliminated for all taxpayers.

NYC UNINCORPORATED BUSINESS TAX CREDIT

In 1997, the state enacted legislation enabling the city to establish a credit against the personal income tax for owners of unincorporated businesses for a portion of their distributive share of unincorporated business tax liability, effective beginning of tax year 1997. The credit is based on a sliding scale, and ranges from a high of 100 percent of unincorporated business tax liability for taxpayers with NYS AGI of $42,000 or less, to 23 percent of liability for taxpayers with NYS AGI of $142,000 or more.

		Credit as % of UBT Paid	
Taxable Income	Range	1997-07	2008-24
Not over $42,000	Maximum	65%	100%
$142,000 and above	Minimum	15%	23%

NYC S-CORPORATION CREDIT

Effective for tax year 2014, the city provides a credit against the personal income tax for owners of S corporations for a portion of their distributive share of general corporation tax liability. The credit is based on a sliding scale, and currently ranges from a high of 100 percent of GCT liability for taxpayers with NYS AGI of $35,000 or less, to 0 percent of GCT liability for taxpayers with NYS AGI of $100,000 or more.

		Credit as % of UBT Paid	
Taxable Income	Range	1997-07	2014-20
Not over $35,000	Maximum	65%	100%
$100,000 and above	Minimum	15%	0%

Table 7.
Temporary Personal Income Tax Increase

The temporary rate schedule set the new brackets at $100,000 in taxable income for single, $150,000 for joint and $125,000 for head of household filers and at $500,000 for all filers. A tax table benefit recapture provision was also imposed. The two higher rates were 4.25 percent and 4.45 percent in tax year 2003. The increase was phased out by dropping the first additional rate to 4.175 percent in 2004 and to 4.05 percent in 2005. The tax table benefit recapture provision applied a supplemental tax to adjusted gross incomes over $150,000 which recaptured the benefit that upper income taxpayers received because lower tax rates were applied to the lower taxable incomes. The supplemental tax recaptured a fraction of the benefit previously afforded taxpayers with adjusted gross incomes of between $150,000 and $200,000, and would recapture all of the benefit for taxpayers with over $200,000 of adjusted gross income (a taxpayer of any filing status with adjusted gross income over $200,000 would be taxed at the top rate on all of his or her income).

TWO ADDITIONAL TAX RATES AND BRACKETS WERE ADDED EFFECTIVE TAX YEARS 2003 THROUGH 2005

2003 Rate Schedule		Over	But Not Over	Pay	Plus	Of the Amount Over
Single Filers	If net income is:	$100,000	$500,000	$3,530	4.250%	$100,000
		500,000		20,530	4.450	500,000
Joint Filers	If net income is:	150,000	500,000	5,260	4.250	150,000
		500,000		20,135	4.450	500,000
Head of Household Filers	If net income is:	125,000	500,000	4,418	4.250	125,000
		500,000		20,356	4.450	500,000

2004 Rate Schedule		Over	But Not Over	Pay	Plus	Of the Amount Over
Single Filers	If net income is:	$100,000	$500,000	$3,530	4.175%	$100,000
		500,000		20,230	4.450	500,000
Joint Filers	If net income is:	150,000	500,000	5,260	4.175	150,000
		500,000		19,873	4.450	500,000
Head of Household Filers	If net income is:	125,000	500,000	4,418	4.175	125,000
		500,000		20,074	4.450	500,000

2005 Rate Schedule		Over	But Not Over	Pay	Plus	Of the Amount Over
Single Filers	If net income is:	$100,000	$500,000	$3,530	4.050%	$100,000
		500,000		19,730	4.450	500,000
Joint Filers	If net income is:	150,000	500,000	5,260	4.050	150,000
		500,000		19,435	4.450	500,000
Head of Household Filers	If net income is:	125,000	500,000	4,418	4.050	125,000
		500,000		19,606	4.450	500,000

Table 8.
Personal Income Tax Income and Liability Distribution: Tax Year 2023

	FILERS				NYC PIT LIABILITY	
	COUNT		NYS AGI, TOTAL			
NYS AGI RANGE	N	% N	SUM	% SUM	SUM	% SUM
Less or equal to 0	180,327	4.27%	($4,185,423,851)	(0.92%)	($1,655,839)	(0.01%)
$1 - $4,999	310,786	7.36	585,289,985	0.13	(6,140,363)	(0.04)
$5,000-$9,999	248,964	5.90	1,875,490,799	0.41	(23,732,692)	(0.16)
$10,000-$14,999	272,433	6.45	3,398,424,631	0.75	(53,942,165)	(0.37)
$15,000-$19,999	243,384	5.77	4,239,320,482	0.94	(31,864,781)	(0.22)
$20,000-$24,999	215,013	5.09	4,827,004,937	1.07	20,370,472	0.14
$25,000-$29,999	198,168	4.69	5,441,445,417	1.20	62,902,130	0.43
$30,000-$39,999	367,796	8.71	12,820,666,903	2.83	238,003,238	1.63
$40,000-$49,999	308,753	7.31	13,853,546,550	3.06	345,750,716	2.36
$50,000-$74,999	593,938	14.07	36,610,413,825	8.08	1,058,080,237	7.23
$75,000-$99,999	365,741	8.66	31,631,279,220	6.98	984,698,352	6.73
$100,000-$249,999	662,177	15.69	99,685,803,184	22.01	3,310,556,207	22.63
$250,000-$499,999	160,903	3.81	54,807,437,719	12.10	1,914,837,676	13.09
$500,000-$999,999	57,519	1.36	39,114,653,936	8.64	1,405,546,823	9.61
$1,000,000 & Up	35,819	0.85	148,152,906,447	32.72	5,403,996,941	36.94
ALL	**4,221,721**	**100.00%**	**$452,858,260,184**	**100.00%**	**$14,627,406,952**	**100.00%**

Data Source: PIT Study File, Distributed by NYS Office of Taxation and Finance, NYC OMB

Definitions:

Taxpayers: full-year or part-year resident taxpayers (IT 201 and 203) with positive or negative tax liability after all credits (includes refundable credits NYC EITC and NYC CHILDCARE)

Filers: full-year or part-year resident filers (IT 201 and 203) with positive or negative tax liability after all credits and filers with tax liability equal to zero.

NYC PIT Liability: equals liability of filers, includes positive tax liability (refundable credits less than tax paid) and negative tax liability (refundable credits greater than tax paid)

NYC PIT Liability: NYC_NET_TX_AMT - NYC_EITC_CR_AL_AMT - NYC_CHLD_CR_AL_AMT

Note: Data Source: PIT Study File, Distributed by NYS Office of Taxation and Finance, NYC OMB

Table 9.
History of New York City Personal Income Tax Rates 1989-2024

- **Elimination of the STAR Rate Cut for All Filers (2017):** Previously, filers in New York City were entitled to a STAR rate cut. In 2011 and 2015 parts of this rate cut were eliminated for those earning over $500,000. Starting in tax year 2017 the rate cut was eliminated for all income levels.
- **Elimination of the STAR Rate Cut for Filers with Income Over $500,000 (2015):** Previously, filers in New York City earning over $500,000 were entitled to the STAR rate cut for their first $500,000 of income. In tax year 2011, the rate cut was eliminated for all of their income over $500,000. Starting tax year 2015, the entire STAR rate cut was eliminated for these filers, removing their ability to take advantage of the lower marginal rates for the first $500,000 of income.
- **Expiration of the STAR Rate Cut for Taxable Income over $500,000 (2010-Present):** The top NYC PIT rate is 3.88%, composed of the 3.4% base rate and the 14% increase. The 3.4% base rate reflects the expiration of the STAR rate cut for taxable income greater than $500,000. The STAR rate cut still applies to taxable income under $500,000.
- **Full STAR Rate Cut & 14% Increase (2002, 2006-2009):** The top NYC PIT rate was 3.65%, reflecting a 3.2% base rate that includes the STAR rate cut and the 14% increase.
- **Temporary Tax Increase (2003-2005):** The top NYC PIT rate was raised to 4.45% as part of the temporary tax increase imposed by NYS, with two new brackets that superseded the normal rate tables and a rate recapture provision.
- **Rate Cut and Restructure (2001):** The top NYC PIT was reduced to 3.59% as a result of a temporary lowering of the 14% increase for tax year 2001 and the full STAR rate cut.
- **STAR Rate Cut (1999-2001):** For tax years 1999-2001, the top NYC PIT base rate of 3.4% was gradually reduced by the School Tax Relief rate cut implemented by NYS. Including the 14% increase, the top NYC PIT rates were 3.83% in 1999, 3.78% in 2000 and 3.59% in 2001.
- **14% Rate Increase (1991-Present):** The top NYC PIT rate was increased to 4.46% for tax years 1991-1998, reflecting the 3.4% base rate, the 12.5% surcharge, and a 14% increase on the combined base rate and 12.5% surcharge. The 14% increase was enacted by NYC in 1991 and has been periodically extended.
- **12.5% Surcharge (1990-1998):** The top NYC PIT rate was increased to 3.91% for tax year 1990, reflecting the addition of the 12.5% surcharge to the 3.4% base rate. The surcharge was enacted by NYC for tax year 1990 and was extended through tax year 1998.
- **NYC PIT Base Rates (1989-Present):** The top NYC PIT rate was set at 3.4% in 1989 as part of the NYC Tax Reduction Act of 1987.

NEW YORK CITY PERSONAL INCOME TAX RATE FOR TOP INCOME BRACKET

Tax Year	Combined Rate =	Base Rate +	STAR Rate Cut +	12.5% Surcharge +	14% Increase
2010-24	3.88%	3.40%	—	—	0.48%
2002, 2006-09	3.65%	3.40%	(0.20%)	—	0.45%
2003-05	4.45%	**Temporary Tax Increase: Rate set by legislation**			
2001	3.59%	3.40%	(0.20%)	—	0.39%
2000	3.78%	3.40%	(0.08%)	—	0.46%
1999	3.83%	3.40%	(0.04%)	—	0.47%
1991-98	4.46%	3.40%	—	0.51%	0.55%
1990	3.91%	3.40%	—	0.51%	—
1989	3.40%	3.40%	—	—	—

APPENDIX II.
PERSONAL INCOME TAX

4. New York City Withholding Table Changes 1980–2023

New York City Withholding Table Changes 1980–2024

Withholding tables are adjusted to reflect changes made for tax rates, standard deduction, or the dependent exemption. These changes in withholding tables are listed below.

Effective Date	Change	Description
01/01/18	Rate Schedule	Rates Decreased: All but top rate decreased as result of removal of STAR rate cut
		Starting January 1, 2018 withholding tables continue to reflect the elimination of the entire STAR ratre cut across income bands. The withholidng table is now in effect for the full year and beyond as opposed to the part-year liability increase in 2017.
06/01/17	Rate Schedule	Rates Increased: All but top rate increased as result of removal of STAR rate cut
		The June 1, 2017 withholding table change reflects the elimination of the entire STAR rate cut for those with incomes below the top rate for tax year 2017, and reflects the delayed institution of the withholding table which collects all of the 2017 increased withholding liability in six months.
01/01/15	Rate Schedule	Rates decreased: Top base increased as result of the removal of STAR
		The January 1, 2015 withholding table change reflects the elimination of the entire STAR rate cut for filers with taxable income over $500,000. This altered the base amount of tax but not the top withholding rate.
01/01/11	Rate Schedule	Rates decreased: Top rate decreased to 4.25 percent from 4.75 percent
		The January 1, 2011 withholding table change reflects the full-year collection impact of the STAR rate cut for taxable income over $500,000.
09/01/10	Rate Schedule	Rates Increased: Top rate increased to 4.75 percent from 4 percent
		The September 1, 2010 withholding table change reflects the expiration of the STAR rate cut for taxable income over $500,000 for tax year 2010, and reflects the delayed institution of the withholding table which collects all of the 2010 increased withholding liability in four months.
01/01/06	Rate Schedule	Rates decreased: Top rate decreased to 4 percent from 4.8 percent
		The January 1, 2006 withholding table change reflects the expiration of the temporary personal income tax increase for 2003 through 2005.
01/01/05	Rate Schedule	Rates decreased: Second top rate decreased to 4.4 percent from 4.53 percent
		The January 1, 2005 withholding table change reflects the reduction in the second top rate for 2005.
01/01/04	Rate Schedule	Rates decreased: Top rate decreased to 4.80% from 5.6 percent
		The January 1, 2004 withholding table reflects the addition of two upper income brackets and rates for 2004.
07/01/03	Rate Schedule	Rates increased: Top rate increased to 5.6 percent from 4.0 percent
		The July 1, 2003 withholding table change reflects the enactment of the two upper income brackets and rates for tax year 2003, and reflects the delayed institution of the withholding table which collects all of the 2003 increased withholding liability in six months.
06/01/02	Rate Schedule	Rates increased: Top rate increased to 4. percent from 3.9 percent
		The June 1, 2002 withholding table change reflects the re-institution of the full 14 percent additional tax.
10/01/01	Rate Schedule	Rates decreased: Top rate reduced to 3.9 percent from 4. percent
		The October 1, 2001 withholding table change reflects the second reduction of the 14 percent additional tax.
01/01/01	Rate Schedule	Rates decreased: Top rate reduced to 4 percent from 4.15 percent
		The January 1, 2001 withholding table change reflects the cut and restructuring of the 14 percent additional tax and the last installment of the STAR program rate cut.
01/01/00	Nonresident (Out-of-State) Rate Schedule	Rates decreased: Nonresident rates reduced to 0.25 percent from 0.45 percent on wages and to 0.375% from 0.65% on net earnings

New York City Withholding Table Changes 1980–2023 continued

Effective Date	Change	Description
07/01/99	Rate Schedule	Rates decreased: Top rate reduced to 4.15 percent from 4.25 percent
The July 1, 1999 withholding table change reflects the first rate reduction due to the implementation of the STAR program.		
01/01/99	Rate Schedule	Rates decreased: Top rate reduced to 4.25 percent from 4.68 percent
A 14 percent personal income tax increase is effective for tax years 1991 through 1999. The October 1, 1991 withholding table change reflects the implementation of this increase.		
10/01/91	Rate Schedule	Rates increased: Top rate increased to 4.68 percent from 4.25 percent
A personal income tax surcharge is effective for tax years 1990 through 1998. The October 1, 1990 withholding table change reflects the implementation of the surcharge.		
10/01/90	Standard Deduction	Increased to $5,000 for single taxpayers and to $5,500 for married taxpayers
	Rate Schedule	Rates increased: Top rate increased to 4.25 percent from 3.9 percent
10/01/89	Rate Schedule	Rates decreased: Top rate reduced to 3.9 percent from 4 percent
10/01/88	Exemption	$1,000 for dependents only
	Rate Schedule	Rates decreased; Top rate reduced to 4 percent from 4.2 percent
Two changes were made in 1987. The April change was due to the implementation of the last year of the Three-Year Tax Cut Program for 1985 through 1987, which increased standard deductions and personal exemptions. The October change was incorporated to reflect the New York City Tax Reduction Act of 1987.		
10/01/87	Standard Deduction	Increased to $4,300 for single taxpayers and to
	Exemption	Increased to $1,000 from $900
	Rate Schedule	Rates decreased; Top rate reduced to 4.2 percent from 4.3 percent
04/01/87	Standard Deduction	Increased to $2,500 for all taxpayers
	Exemption	Increased to $900 from $850
04/01/86	Standard Deduction	Increased to $2,050 for all taxpayers
07/01/85	Standard Deduction	Increased to $1,850 for all taxpayers
	Exemption	Increased to $850 from $800
01/01/85	Rate Schedule	Surcharge removed
01/01/84	Rate Schedule	Surcharge of 2.5 percent if gross wages over $15,000 but not over $20,000; 5 percent if gross wages over Reflects surcharge rates for tax year 1984
10/01/82	Rate Schedule	Surcharge of 5 percent if gross wages over $15,000 but not over $20,000; 10 percent if gross wages over Reflects surcharge rates for tax year 1983
10/01/81	Standard Deduction	17 percent of gross wages with a minimum of $750 and a maximum of $1,750
	Exemption	Increased to $800 from $750
04/01/80	Exemption	Increased to $750 from $700

APPENDIX II.
PERSONAL INCOME TAX

5. Legislative History

PERSONAL INCOME TAX: LEGISLATIVE HISTORY

2025

NYS amended Section 1310 of the tax law to enable a credit against NYC liability for low-income taxpayers with dependents. This program is colloquially known as Axe the Tax for the Working Class. The program, which takes effect in tax year 2025, eliminates the entirety of NYC PIT liability for tax filers with dependents that have a federal adjusted gross income (FAGI) at or below income levels that roughly equate to 150 percent of the federal poverty line. The program begins to phase out for filers with FAGI less than $5,000 above the determined income thresholds and completely phases out for filers with FAGI of $5,000 or more above the determined thresholds. All thresholds are indexed to the consumer price index (CPI) for all-urban consumers published by the US Department of Labor. The CPI for any calendar year is calculated as the average CPI as of the close of the twelve-month period ending on August 31 of a given calendar year.

2023

Beginning in tax year 2022, the New York City Administrative Code § 11-1706 was amended to expand the NYC the Earned Income Tax Credit (EITC). Prior to the expansion, NYC EITC was flat 5 percent of the federal EITC value. The expanded NYC EITC provides benefit to qualified recipients on a sliding scale. Recipients with the lowest earned income receive the top share at 30 percent of the federal award gradually declining to 10 percent of the federal EITC for AGIs at or above $42,500.

2022

The NYC Pass-through Entity Tax (PTET) was signed into law in April of 2022 (S. 8009-C Part MM subpart B and C). This law, combined with amendments made in June 2022 (Senate Bill S9454 Part MM Subpart B) allow taxpayers to opt into the NYC PTET on an annual basis beginning in tax year 2022. Taxpayers cannot opt into NYC PTET without also opting into the NYS PTET, which began in tax year 2021.

The purpose of the PTET, like the ECET passed in 2018, is to help taxpayers circumvent the federal $10,000 cap on state and local tax (SALT) deductions created by the Tax Cuts and Jobs Act of 2017 (TCJA). It does this by allowing S corporations or eligible qualifying partnerships to pay PTET on business income gains. Partners are then apportioned a share of the PTET paid by the business to deduct from their Federal personal income taxes. Because PTET is a business tax and not a state or local tax it is not subject to the cap. In a case where the taxpayer is at the top federal income tax bracket, they would save 37 cents for every dollar of PTET paid. When it comes time for the partners to file NYS and NYC PIT they will calculate their liability as they did prior to the implementation of PTET but will be permitted to take a refundable credit for their portion of PTET paid by the business. This credit prevents the taxpayer from paying double taxes. In summary, the PTET allows businesses to pay a business tax, which is fully deductible on federal taxes, in lieu of their state and local income taxes, which are not.

Unlike the ECET and the NYS charitable accounts for receipt of donations related to education or healthcare, the PTET has been expressly approved for use by the IRS with certain limitations in IRS Notice 2020-75. As of this writing, 21 other states have similar SALT cap work arounds.

2021

The SFY2021-2022 NYS Adopted Budget (Revenue Bill Part A, S 2509-A) increased the NYS PIT top rate by adding three new brackets on top of the existing bracket structure. The top NYS PIT rate was increased to 10.9 percent beginning in tax year 2021. This does not have a direct impact on NYC PIT revenues but does increase the combined state and local PIT rate of those living in NYC to 14.78% (See Appendix II: New York State Withholding Rate Schedules).

Many changes to Federal tax laws that would have impacted NYC PIT but not for the decoupling legislation passed in 2020. As part of the federal government response to the COVID-19 pandemic, the American Rescue Plan Act of 2021 (ARPA; P.L. 117-2) temporarily expanded the Federal Earned Income Tax Credit (EITC) for households without children for tax year 2021. When ARPA went into effect, the maximum credit as well as the phaseout threshold for households without children increased. ARPA also expanded the age restriction from 25 to 18 years old for eligible recipients. New York City decoupled from the temporary expansion under ARPA, instead providing 5 percent of the credit based on the benefit prior to ARPA expansion. Under the ARPA expansion households without children were eligible for a federal credit of up to $1,502, but for NYC EITC purposes the maximum award was 5 percent of $543, the maximum award before the passage of ARPA.

NYS and NYC chose to align their tax filing due date for tax year 2021 with the federal deadline of May 17, 2021.

2020

The CARES Act was the first major stimulus bill passed by the Federal government following the onset of the COVID-19 pandemic. It pushed back the deadline for filing Federal taxes to July 15th. New York State officially decoupled personal income tax from any amendments made to the Internal Revenue Code (IRC) after March 1, 2020 through NYS Senate session 2019-2021 bill S7508B Part WWW.

NYS and therefore NYC chose to align their tax filing due date for tax year 2020 with the federal deadline of July 15, 2020.

2019

In June of 2019 the IRS issued final regulations on the deduction of charitable contributions and state and local tax credits. It was determined that a taxpayer making payments to a state must reduce the federal charitable contribution deduction by the amount of any state or local tax credit received. This determination makes the NYS legislation relating to it inoperable; it is unlikely that any taxpayer would now want to make such a donation to one of the NYS charitable accounts.

The ECET is still permitted by the IRS and began accepting applicants in late 2018.

2018

Effective for liability year 2018, federal Public Law 115-97 also known as the Tax Cuts and Jobs Act (TCJA) would have created an unintended NYC PIT windfall. To prevent this, the NYS government passed the Article VII Revenue Bill in its March 2018 Budget which amended both the state and the city tax codes to decouple from select federal provisions changed by TCJA. Part JJ of the bill decoupled the state from provisions that determined standard deduction value for single filers based on federal exemptions and that required a uniform itemized deduction decision across federal and state tax returns. Additionally, Part JJ decoupled from the new SALT deduction cap for state filing purposes, and reversed federal changes to the tax burden of alimony payments and the treatment of moving expense reimbursements.

The March 2018 Revenue bill also created the Employer Compensation Expense Tax (ECET: Chapter 59, Laws of 2018, S7509C, Part MM, Sec. 1) and established NYS charitable accounts for receipt of donations related to education or healthcare. Both measures were intended to help NYC and NYS taxpayers save on their federal taxes by circumventing the new $10,000 cap on SALT deductions. Specifically, they work to lower a taxpayer's taxable income and to repay the taxpayer through a credit on their NYS PIT. In the case of the ECET an employer would lower an employee's wages (and therefore taxable income) and use the savings to pay the ECET, a 5% tax on wages over $40,000, to NYS. NYS would later return money to the employee via a credit on their NYS PIT. In the case of the charitable accounts, NYS taxpayers would donate to one of the funds and deduct that donation from their federal and state income taxes but would later have the money partially returned to them in the form of an 85% credit on their NYS PIT in the following year.

2017

Applicable in tax year 2017, NYS has ended the entire NYC PIT rate cut and the corresponding payments made to NYC in order to compensate the city for lower revenues. Beginning in liability year 2017, NYC PIT rates will be raised, and the state payments will be eliminated. NYC PIT filers will instead be able to claim a credit on their NYS tax returns valued at the exact increase caused by this change. This change is revenue neutral for taxpayers, the state and the city.

This repeal represents the final NYC PIT STAR rate cut elimination; the STAR rate cut no longer exists.

This year marks the expiration of the indexing of the standard deduction, first implemented in tax year 2013. Legislation extending the index was not renewed.

2016

The New York City STAR credit of $125 for joint filers and $63 for all other filers, in effect in its current form since 2009, is eliminated for tax year 2016. Taxpayers will not be impacted as the credit in the same amount will now be against New York State personal income tax. The state will cease making reimbursement payments to the city for the credit, making the credit restructure revenue neutral.

2015

Previously, filers in New York City earning over $500,000 were entitled to the STAR rate cut for their first $500,000 of income, and as of tax year 2011 the rate cut was eliminated for all income over $500,000. Effective for tax year 2015, the entire STAR rate cut is eliminated for these filers, removing their ability to take advantage of the lower marginal rates for the first $500,000 of income.

2014

Effective for tax year 2014, the city will provide a credit against the personal income tax for owners of S-corporations for a portion of their distributive share of general corporation tax liability. The credit is based on a sliding scale, and ranges from a high of 100 percent of GCT liability for taxpayers with NYS AGI of $35,000 or less, to 0 percent of UBT liability for taxpayers with NYS AGI of $100,000 or more.

2013

Starting in tax year 2013, the standard deduction allowed for state and city personal income tax purposes will be indexed to reflect increases in the consumer price index for all urban consumers for the second quarter of the preceding year as published by the U.S. Bureau of Labor Statistics.

2012

In 2011, electronic filing and payment requirements applicable to state and city personal income taxes (and other state and state-administered local taxes) were changed, but those changes were scheduled to expire at the end of 2012. The 2011 changes have been extended until the end of 2013, with certain modifications, including the elimination of a $25 penalty on individuals who fail to e-file, when required, their personal income tax returns, and a change in the e-filing threshold for tax preparers from the preparation of more than five tax documents to the preparation of tax documents for more than 10 different taxpayers.

2011

Under the state Marriage Equality Act (NYS Local Law Chapter 95 and 96. Assembly Bill A8354), effective July 24, 2011, all marriages, including those of same-sex couples, must be treated equally under all state laws, including the Tax Law. In a technical memorandum posted on its website, the state Department of Taxation and Finance, in applying the Act, has indicated that same-sex married couples must file New York State/city personal income tax returns as married, even though their marital status is not recognized for federal tax purposes.

For state and city personal income tax purposes, a taxpayer may elect to credit a tax overpayment against the succeeding year's estimated tax. A provision that made the election irrevocable has been amended, effective September 23, 2011, to allow the taxpayer to request that the credit be reversed and the overpayment refunded. The request must be made not later than the deadline for filing the succeeding year's return. If the state Tax Commissioner determines that good cause exists for reversing the credit, the overpayment may be credited against a liability or refunded without interest. The Commissioner's decision is final and not subject to further administrative or judicial review.

E-filing requirements applicable to the filing of state and city personal income tax returns have been changed. Beginning September 15, 2011, an individual who prepares his or her own return using tax software will be required to e-file that return. A tax return preparer who prepares more than five returns during a calendar year beginning after 2010 will be required to e-file in any succeeding 7 year in which he or she prepares one or more returns using tax software. These requirements, if not extended, are set to sunset at the end of 2012, at which time the rules formerly in effect will be restored.

If the state Tax Department adopts a prepaid debit card or direct deposit program for payment of state and city personal income tax refunds, an amendment to the state Taxpayers' Bill of Rights allows a taxpayer to opt out of such program and elect to receive the refund by paper check.

2010

Effective tax year 2010, the School Tax Relief (STAR) rate cut on NYC PIT is eliminated for taxable income greater than $500,000 for all filers. The new top NYC PIT tax rate is 3.876 percent.

NYS allowable itemized deductions for taxpayers with incomes over $10 million are limited to 25 percent of the taxpayer's charitable contributions. This limitation also applies to itemized deductions for NYC PIT filers, effective tax year 2010.

2009

Effective tax year 2009 and thereafter, the Middle-Class STAR credit is eliminated. For NYC tax filers with NYS AGI below $250,000, the STAR credit will return to the pre-Middle Class STAR levels of $125 for joint filers and $62.50 for all other filers. NYC filers with NYS AGI over $250,000 are still ineligible to receive the credit.

Effective tax year 2009, NYS allowable itemized deductions for taxpayers with incomes over $1 million are limited to 50 percent of the taxpayer's charitable contributions. This limitation also applies to itemized deductions for NYC PIT filers.

2008

Scheduled increases in the School Tax Relief (STAR) credit allowed were delayed for one year. Under the revised schedule, the credit for married couples filing jointly and surviving spouses is $290 for tax year 2008, $310 for tax year 2009 and $335 after tax year 2009. For all other taxpayers, the credit is $145 for tax year 2008, $155 for tax year 2009 and $167.50 after tax year 2009. In addition, effective tax year 2008, taxpayers with income above $250,000 are no longer eligible for the credit. (Effective tax year 2010, the $250,000 income limit is indexed for inflation.)

To the extent includable in Federal gross income, pay received by an armed forces member for active service in a Presidentially-designated combat zone will be exempt from state and city personal income taxes for tax years beginning after tax year 2007.

The Federal qualified production activities income (QPAI) deduction allowed under section 199 of the Internal Revenue Code will not be allowed for purposes of the city general corporation tax, banking corporation tax or personal income tax for tax years beginning on or after January 1, 2008. (The uncoupling from the Federal QPAI deduction also applies to the state's corporate and personal income taxes.)

2007

For tax years beginning on or after January 1, 2007, a refundable city personal income tax credit is allowed for child care expenses of children up to the age of four. For taxpayers whose NYS AGI is under $25,000, the applicable percentage is 75 percent of the NYS child care credit (which piggybacks on the Federal Child Care Credit). This percentage declines to zero as household AGI approaches $30,000.

The city allows the owners of unincorporated businesses (proprietors, partnerships and limited liability companies) to claim a credit against their city personal income tax for a percentage of the unincorporated business taxes they have paid. Beginning January 1, 2007, the percentage of this credit has been raised to 100 percent from 65 percent for resident taxpayers whose NYS AGI is $42,000 or below. For taxpayers whose income equal to or greater than $142,000, the credit percentage is increased to 23 percent of UBT liability from 15 percent. And those whose incomes are between $42,000 and $142,000 the credit percentages range from 23 and 100 percent.

For tax years beginning on or after January 1, 2007, the school tax relief (STAR) credit allowed under the city personal income for taxpayers whose federal adjusted gross income less IRA distribution is $250,000 or below, the credit has been increased to $290 from $230 for both married individuals filing joint returns and surviving spouses and to $145 from $115 for single individuals, heads of households and married individuals filing separately. For taxpayers whose federal adjusted gross income less IRA distribution is greater than $250,000, the credit remains at its 2006 levels: $230 for married couples filing jointly and surviving spouses and $115 for all other taxpayers. Effective tax year 2010, the $250,000 income limit is indexed for inflation.

Effective tax year 2007, an S corporation for Federal income tax purposes that has not made the election to be a New York S corporation will be deemed a New York S corporation if its investment income exceeds 50 percent of its Federal gross income for the year. City residents are required to include in taxable income their distributive shares of business income, losses and deductions to the same extent as for state personal income tax purposes. This rule, however, is not applicable to an S corporation that is subject to the state banking corporation tax.

2006

For tax years beginning on or after January 1, 2006, the standard deduction allowed under the New York State and city personal income taxes has been increased from $14,600 to $15,000 for both married individuals filing jointly and surviving spouses and from $6,500 to $7,500 for married individuals filing separate returns. For tax years beginning on or after January 1, 2006, the school tax relief (STAR) credit allowed under the city personal income tax has been increased from $125 to $230 for both married individuals filing joint returns and surviving spouses and from $62.50 to $115 for single individuals, heads of households and married individuals filing separately.

Effective for tax years 2006 and thereafter, NYC personal income tax rates return to the combination of the base rate and the 14 percent increase as a result of the expiration of the temporary tax rate increase effective for tax years 2003-2005. The base rate and 14 percent increase need to be extended every one-to-three years.

Retroactive to tax years beginning on or after January 1, 2004, income received by a member of the New York organized militia for active service within the state (other than training) pursuant to Federal active duty orders issued under Title 10 of the U.S. Code is exempted from state and city personal income taxes. For tax years beginning on or after January 1, 2007, a living organ donor who donates certain specified organs for human organ transplantation will be allowed a state and city personal income tax deduction of up to $10,000 for unreimbursed expenses for travel, lodging and lost wages incurred as a result of the donation.

2004

For tax years beginning on or after January 1, 2004, NYC residents are allowed a credit against the city's personal income tax equaling five percent of the Federal earned income tax credit allowed under Section 32 of the internal revenue code for the same taxable year (NYC Local Law 39). If the city credit is greater than the taxpayer's liability (net of other allowable credits) the excess will be treated as an overpayment and refunded to the taxpayer. If the taxpayer is a city resident for only part of the tax year, the credit will be pro-rated based on the AGI for the period of residence as a share of the AGI for the full year.

NYS tax law is amended and reverses a NYS Tax Appeals Tribunal determination regarding hearing procedures for mathematical and clerical errors (known as the Meyer's Decision) and permits formal hearing rights for mathematical or clerical errors post-payment, adequately providing taxpayers with due process rights while at the same time allowing the acceleration in collection of outstanding tax liabilities. NYS authorizes the city Commissioner of Finance and the state Commissioner of Taxation and Finance to enter into an agreement under which certain state tax overpayments due to a taxpayer can be credited against tax warrant judgment debt owed to the city by the taxpayer. The state overpayments which can be claimed by the city as offsets are those arising under the state's corporate franchise taxes and the state, city, and Yonkers personal income taxes. Under the new law, the city can claim an offset for any city-administered income or excise tax that is the subject of a docketed tax warrant issued by the Department of Finance. This new offset program is similar to one that currently allows various state and local agencies to offset state tax over payments against debts owed to them. The new law establishes priorities where there is more than one claimant to a state overpayment.

The New York State and New York City personal income tax laws have been amended to provide that the special accrual rules that apply upon a change of status from resident to nonresident or from nonresident to resident, will apply whether the change occurs during the taxable year or at the beginning of the taxable year, as a result of a change of domicile or as a result of the application of the statutory residence rules (which consider days of presence in New York and the maintenance of a permanent place of abode in New York). In addition, where a member of a partnership or a shareholder of an S corporation changes residence status, his or her distributive share of income and deductions from the partnership or S corporation is to be allocated to the resident and nonresident periods on a proportionate basis throughout the taxable year of the partnership or S corporation. The portion of the distributive share to be allocated to the period of residency is to be determined based on the number of days of residency within the entity's reporting period over the total number of days in the entity's reporting period. However, the Tax Commissioner can require, or the taxpayer can elect, to include specific items in the resident and nonresident periods in a manner that reflects the date of accrual of an item by the partnership or S corporation. These new rules apply to taxable years beginning on or after January 1, 2004.

2003

Effective January 1, 2003, the base tax and the 14 percent additional tax were replaced by a temporary rate schedule in effect for tax years 2003 through 2005. Also two new upper income brackets and rates along with a tax table benefit recapture provision were enacted for tax years 2003 through 2005. The temporary rate schedule set the new brackets at $100,000 in taxable income for single, $150,000 for joint and $125,000 for head of household filers and at $500,000 for all filers for tax years 2003 through 2005. The two higher rates were 4.25 percent and 4.45 percent in tax year 2003. The increase was phased out by dropping the first additional rate to 4.175 percent in 2004 and to 4.05 percent in 2005. The tax table benefit recapture provision applied a supplemental tax to NYC AGI over $150,000 which "recaptured" the benefit that upper income taxpayers received because lower tax rates were applied to the lower portions of their taxable incomes. The supplemental tax recaptured a fraction of the benefit previously accorded to taxpayers with NYC AGI between $150,000 and $200,000 and would recapture all of the benefit for taxpayers with over $200,000 of AGI (a taxpayer of any filing status with NYC AGI over $200,000 would be taxed at the top rate on all of his or her income).

The NYS and NYC personal income tax laws have been amended to provide that a resident trust will not be taxable if: (1) all the trustees are domiciled in a state other than New York; (2) the entire corpus of the trust is located outside NYS; and (3) all income and gains of the trust are from sources outside NYS.

The Federal deduction under Internal Revenue Section 179 for a Sport Utility Vehicle weighing over 6,000 lbs. is not allowed (except for eligible farmers) for NYS and NYC tax purposes effective for tax years 2003 and thereafter.

Certain Federal bonus depreciation provisions enacted in tax years 2002 and 2003 will not apply for NYS and city personal income tax purposes, except with respect to property located in Manhattan below Houston Street.

2002

Tax relief for the victims of the September 11, 2001 terrorist attack was provided under NYS Tax Law as part of Chapter 85 of the Laws of 2002. For tax year 2000 and after, NYS forgave the NYS, NYC and Yonkers income tax liabilities of descendants who died as a result of the attack. Income tax was forgiven for these descendants whether they were killed in the attack or rescue or recovery operations. Any forgiven tax liability owed but not paid was not required to be paid. Any forgiven tax liability that had already been paid was refunded. This tax relief is estimated to have reduced revenues by $7 million in city fiscal year 2003.

2001

State legislation granted the city the local authority to lower by local law the 14 percent additional tax, effective July 24, 2000. Subsequently, the 14 percent additional tax was reduced, effective January 1, 2001. The reduction in the additional tax was structured as follows: for taxable income below the top tax bracket for each filing type ($50,000 for single filers, $90,000 for joint filers, $60,000 for head of household filers) the 14 percent additional tax was reduced to seven percent. For taxable income at or above the top tax bracket the additional tax remained at 14 percent. The 14 percent additional tax was again reduced retroactive to January 1, 2001. The reduction, intended as an across-the board 3.5 percentage point cut effective for one-half year, was implemented as a retroactive 1.75 percentage point cut effective for the full year. The reductions in the 14 percent additional tax were expected to extend beyond tax year 2001. However, after September 11, 2001 the extension of the reductions in the 14 percent additional tax was no longer sought. Consequently, the full 14 percent additional tax was re-instated, effective January 1, 2002.

2000

As part of NYS budget for fiscal year 2000-2001, the state took several actions which reduced both state and city liability. In order to reduce the marriage penalty, the state increased the standard deduction for married families filing jointly from $13,000 to $13,400 in tax year 2001, to $14,200 in tax year 2002, and to $14,600 thereafter.

1999

Effective July 1, 1999, the city's nonresident earnings tax was selectively repealed for NYS residents. Because the application of the city nonresident earnings tax to only NYS nonresidents posed constitutional problems, the legislation provided for repeal of the nonresident tax on out of-state residents, effective July 1, 1999. The final determination of the legality of the selective repeal of the nonresident tax was rendered by the state's highest court, the NYS Court of Appeals on April 4, 2000. The court's decision overturned the selective taxation, repealing the tax for NYS non-residents, effective July 1, 1999. As a consequence of the original selective repeal, NYS nonresidents had city non-resident earnings tax withheld for the second half of tax year 1999 and for tax year 2000 until the Appeals decision was rendered. The rate of tax applicable to NYS nonresident commuters fell to 0.25 percent on wages and 0.375 percent on net earnings with the expiration of the higher rates on January 1, 2001 (which had been in effect since 1971).

Qualified settlement amounts received from an eligible settlement fund or trust (as defined in the Internal Revenue Code) by victims or targets of Nazi persecution, including individuals, corporations, partnerships and other entities, have been exempted from all NYS and local taxes. In addition, an entity that is treated as an eligible settlement fund or trust will be exempt from all NYS and local taxes imposed on or measured by income, the city's commercial rent tax and all NYS and local sales and use taxes.

For tax years beginning after 1998, spouses who file joint NYS/NYC personal income tax returns are eligible for the protection from joint and several liability afforded innocent spouses under the provisions of IRC section 6015. A determination by the IRS relieving an individual of Federal income tax liability will create a rebuttable presumption that he or she is entitled to equivalent relief under state/city taxes. The state Tax Commissioner is required to include in all appropriate publications and instructions information about a taxpayer's right to innocent spouse relief.

Various provisions found in the New York State corporate and personal income tax statutes, which denied or limited certain tax benefits to taxpayers involved in certain highly leveraged merger and acquisition transactions, have been repealed, effective for tax years beginning after 1999. One of these provisions, which partially disallowed a deduction for "acquisition-related interest," also applied for New York City personal income tax purposes; it, too, has been repealed.

Beginning in tax year 1999, the 12.5 percent NYC PIT temporary surcharge expired, reducing the top rate from 4.46 percent to 3.83 percent.

1998

As part of NYS's budget for fiscal year 1997-98, the state enacted the School Tax Relief (STAR) program to provide education aid and tax relief to localities (Real Property Tax Law § 425 School tax relief). In addition to reductions in the property tax, the STAR program reduced city personal income tax liability through both a rate cut and a refundable credit. The credit is effective in tax year 1998 and increases according to the schedule shown in Appendix II- PIT, Table 6.

The STAR rate cut is an across-the-board reduction in tax rates starting in tax year 1999 and increasing through tax year 2001 according to the schedule shown in the table. The state reimburses the city for the foregone personal income tax revenue. As part of NYS's budget for fiscal year 1998-99, the state accelerated the STAR program credit for senior citizens. Beginning in tax year 1998, resident senior citizen personal income tax filers were eligible for the full credit (joint filers: $125, other filers: $62.50).

1997

The state enacted legislation enabling the city to establish a credit against the personal income tax for owners of unincorporated businesses for a portion of their distributive share of unincorporated business tax liability, effective beginning with tax year 1997. The credit is based on a sliding scale, and ranges from a high of 65 percent of unincorporated business tax liability for taxpayers with NYS AGI of $42,000 or less, to 15 percent of liability for taxpayers with NYS AGI of $142,000 or more. As part of NYS's budget for fiscal year 1995-96, the state enacted an enhanced version of the 1987 tax cut, which had been on hold since 1990. In tax years 1995 through 1997, the state lowered its tax rates, increased the standard deductions and the earned income tax credit, and reduced the number of tax brackets. The city rates effective for 1996 and 1997 reflected the city Tax Reduction Act of 1987, the 12.5 percent surcharge enacted in 1990 and the 14 percent additional tax enacted in 1991.

1993

The Omnibus Budget Reconciliation Act of 1993 revised Federal rules governing estimated tax payments and the state enacted conforming legislation for the state and city for tax year 1994. The new rules repealed the "pay as you go" requirement and allowed all taxpayers with NYS AGI over $150,000 to pay estimated taxes based on either the "safe harbor" of 110 percent of the previous year liability or 90 percent of current year liability. The legislation also reduced the period within which refunds must be made without payment of interest from 90 to 45 days after the due date for final returns.

1992

Federal tax law change, to which the state conformed, revised rules governing payment of estimated taxes by certain high income filers. Beginning in tax year 1992, these taxpayers were no longer allowed the "safe harbor" of submitting the same tax paid the previous year; estimated payments needed to equal at least 90 percent of their current year liability. This required taxpayers to calculate tax liability on a quarterly basis and "pay as you go".

1991

Federal tax law changes, to which state law conformed, have altered the city's income tax. Effective for tax years beginning in 1991, taxpayers with AGI exceeding $100,000 are subject to percentage reductions in their Federal itemized deductions. The $100,000 threshold is adjusted annually for inflation. Regulations issued by the state provide that the Federal limitation also applies in calculating NYS taxable income.

Beginning in tax year 1991, the city imposed a three-year additional tax equal to 14 percent of the base personal income tax (including the surcharge). The additional tax was levied on city residents only and increased the top rate from 3.91 percent to 4.46 percent. Low-income taxpayers were not exempt from the additional tax. The additional tax has since been extended four times, in 1993, 1995, 1997 and 1999. The 1999 legislation extend the increase through tax year 2001. State legislation granted local authority to lower by local law the 14 percent additional tax, effective July 24, 2000. Subsequently, the 14 percent additional tax was reduced, effective January 1, 2001. The full 14 percent additional tax was reinstated effective January 1, 2002 (see 2001 for details).

The additional tax was scheduled to expire December 31, 2003. This did not occur; instead, effective January 1, 2003, the base tax and the additional tax were replaced by a temporary rate schedule in effect for tax years 2003 through 2005.

1990

As part of NYS budget for fiscal year 1990-91, the last two years of the five-year tax reduction program were postponed. The legislation retained the 1989 tax rate schedule, standard deductions and the household credit for 1990. The scheduled phase-in of tax rates and deductions was to be completed by 1994. In order to avoid distortions in tax burdens, which would result from coupling the city's 1990 rate schedule with the state's 1989 deductions, the city also retained its 1989 rate schedule for tax year 1990. Changes to the city rate schedules were made for tax years 1991 through 1994 in proportion to changes the state made to the standard deductions. For tax years 1991 through 1994, changes to the state's tax rate schedule, standard deductions and household credit were deferred. Consequently, the city retained its 1990 rate schedule for tax years 1991 through 1994.

Effective for tax years 1990, 1991 and 1992, the city imposed a 12.5 percent temporary income tax surcharge on city residents. The top rate was increased to 3.91 percent from 3.4 percent. Single taxpayers with AGI below $15,000, married taxpayers with AGI below $25,000, and heads of households with AGI below $16,500 were not subject to the surcharge. In February of 1991, the “Safe Streets, Safe City” program was signed into law. Part of the funding came from the extension of this surcharge for tax years 1993 through 1996. The surcharge was subsequently extended through 1998 and expired at the end of that tax year.

1987

Effective January 1, 1987, NYC filers are allowed a non-refundable low-income credit known as the NYC Household Credit (against their city personal income tax for the same tax year. The credit is allowed equals a fixed amount per federal exemption based on household gross income level. Until tax year 1995, single filers with household gross income of $7,500 or under are entitled to a $15 credit, while those between $7,500 and $10,000 receive a $10 credit. There was no credit for taxpayers with income greater than $10,500. Beginning tax year 1996, the credit amount was increased to $15, for taxpayers with household of income of $7,500 or under, $15 for those with income between $7,500 and $10,000, and $10 for taxpayers above $10,500 but not over $12,500. See table 5 entitled “NYC Tax Credit: Low Income” for the breakdown of the credit for all other filing types.

1986

HR. 3838 The Tax Reform Act of 1986 substantially altered the Federal personal income tax code. The definition of gross income, the deductions and exemptions allowed in the computation of taxable income, and the rates applied to such income were altered. Since state law conforms to Federal definitions of income and deductions, the state tax base was significantly broadened. In response, New York State altered its tax code in April 1987. The state legislation phased-in a tax cut and restructured the tax over five years beginning in tax year 1987. Both the federal and state changes significantly altered the definition of city taxable income. Since the city’s personal income tax base was broadened, the city would have received a tax “windfall” if it had taken no action. The NYC Tax Reduction Act of 1987 was enacted to return this windfall to tax-payers and reduce income tax revenue for fiscal year 1988 by an additional $75 million. The city’s five-year tax cut plan was designed to conform to state actions and combined new rate schedules and a low-income credit with the modified definition of taxable income. In 1987, the city introduced new rate schedules for single, joint, and head of household filers. Each schedule had nine brackets rather than the 14 used in 1986. At the same time the top rate was reduced to 4.1 percent. By 1991 the legislation would have reduced the top rate to 3.4 percent and the number of tax brackets to four. A 0.5 percent credit for net capital gains income and a two-earner married couple deduction were transitional measures only in effect during tax year 1987. The most significant changes to the law were large increases in the standard deduction and the introduction of a household credit to replace the low-income exclusion. These measures provided relief to low-income taxpayers. The taxable income threshold below which no tax is due for various years can be seen in Summary Table 4.

Finally, progressivity was also enhanced by placing limitations on the amount of itemized deductions allowable for New York purposes. For single filers with NYS AGI over $100,000 and joint filers with NYS AGI over $200,000 itemized deductions were reduced up to 20 percent in 1988 and up to 50 percent beginning in tax year 1989.

1984

From 1982 through 1984, the city imposed a temporary surcharge on the personal income tax of every city resident, estate and trust. For calendar years 1982 and 1984, taxpayers with NYS AGI below $15,000 paid no surcharge. Taxpayers with AGI between $15,000 and $20,000 paid a surcharge of 2.5 percent of their tax liability, and taxpayers with AGI above $20,000 paid a 5.0 percent surcharge. For tax year 1983, the surcharge rates were doubled.

1971

From 1971 through July 1, 1999 the nonresident tax rates were 0.45 percent on wages and 0.65 percent on net earnings from self-employment.

NYC has imposed a personal income tax on residents and nonresidents since 1966 in Chapter 19, Title 11, of the New York City Administrative Code at various rates. The values of the personal exemption and standard deduction have also varied as shown in Summary Table 3.

APPENDIX II.
PERSONAL INCOME TAX

6. New York State Withholding Rate Schedules 2024

New York State Withholding Rate Schedule 2024

Rate Schedule for Single or married filing separately

If net income is:

Over	But Not Over	Base Tax		
		Base Amt.	Plus	of Amt. Over
$0	$8,500	$0	4.00%	$0
8,500	11,700	340	4.50	8,500
11,700	13,900	484	5.25	11,700
13,900	80,650	600	5.50	13,900
80,650	215,400	4,271	6.00	80,650
215,400	1,077,550	12,356	6.85	215,400
1,077,550	5,000,000	71,413	9.65	1,077,550
5,000,000	25,000,000	449,929	10.30	5,000,000
25,000,000		2,509,929	10.90	25,000,000

Rate Schedule for Joint Filers

If net income is:

Over	But Not Over	Base Tax		
		Base Amt.	Plus	of Amt. Over
$0	$17,150	$0	4.00%	$0
17,150	23,600	686	4.50	17,150
23,600	27,900	976	5.25	23,600
27,900	161,550	1,202	5.50	27,900
161,550	323,200	8,553	6.00	161,550
323,200	2,155,350	18,252	6.85	323,200
2,155,350	5,000,000	143,754	9.65	2,155,350
5,000,000	25,000,000	418,263	10.30	5,000,000
25,000,000		2,478,263	10.90	25,000,000

Rate Schedule for Head of Household Filers

If net income is:

Over	But Not Over	Base Tax		
		Base Amt.	Plus	of Amt. Over
$0	$12,800	$0	4.00%	$0
12,800	17,650	512	4.50	12,800
17,650	20,900	730	5.25	17,650
20,900	107,650	901	5.50	20,900
107,650	269,300	5,672	6.00	107,650
269,300	1,616,450	15,371	6.85	269,300
1,616,450	5,000,000	107,651	9.65	1,616,450
5,000,000	25,000,000	434,163	10.30	5,000,000
25,000,000		2,494,163	10.90	25,000,000

APPENDIX III
GENERAL CORPORATION TAX

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APPENDIX III.
GENERAL CORPORATION TAX

1. Summary Tables

Table 1.
Annual Distribution of Number of Taxpayers by Type of Business

Table 1 depicts the number of general corporation tax (GCT) filers by industrial sector for tax year 2021, the most recent data available from the Department of Finance (DOF). The service (information, professional/technical/managerial, and other services) and trade sectors accounted for the largest amount of taxpayers, 51.4 percent and 14.9 percent, respectively.

GCT Industrial Mix - Number of Firms
(1987-1997)

	Finance		Real Estate		Manufacturing		Services		Trade		Other		Total[1]	
Year	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share
1987	8,921	4.5%	30,504	15.3%	19,662	9.8%	54,406	27.2%	51,479	25.8%	34,895	17.5%	199,867	100.0%
1988	9,243	4.5	31,223	15.3	19,377	9.5	55,921	27.4	51,785	25.4	36,433	17.9	203,982	100.0
1989	9,487	4.6	31,708	15.4	18,730	9.1	56,997	27.7	51,955	25.3	36,673	17.8	205,550	100.0
1990	9,666	4.8	31,870	15.7	18,115	8.9	56,846	28.0	51,295	25.2	35,431	17.4	203,223	100.0
1991	9,228	4.6	31,245	15.7	16,897	8.5	54,531	27.5	48,616	24.5	38,051	19.2	198,568	100.0
1992	9,924	4.9	32,831	16.1	17,215	8.4	57,104	27.9	51,188	25.0	36,257	17.7	204,519	100.0
1993	9,878	4.8	32,822	15.8	16,386	7.9	56,541	27.3	49,786	24.0	41,901	20.2	207,314	100.0
1994	10,103	4.7	33,598	15.5	15,608	7.2	55,264	25.6	47,874	22.1	53,768	24.9	216,215	100.0
1995	10,671	4.8	33,909	15.3	15,040	6.8	55,339	25.0	46,516	21.0	59,669	27.0	221,144	100.0
1996	10,821	4.7	33,765	14.8	14,412	6.3	55,185	24.2	44,606	19.5	69,417	30.4	228,206	100.0
1997	11,452	4.9	35,931	15.5	14,703	6.3	59,439	25.6	48,035	20.7	62,761	27.0	232,321	100.0

Please note that the reporting categories were modified beginning in 1998.

GCT Industrial Mix - Number of Firms
(1998-2021)

	Finance		Real Estate		Manufacturing		Prof/Tech/Mgmt		Other Services		Information		Trade		Other		Total[1]	
Year	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share
1998	10,854	4.5%	42,216	17.5%	13,358	5.6%	28,377	11.8%	50,860	21.1%	7,095	2.9%	50,581	21.0%	37,259	15.5%	240,600	100.0%
1999	11,402	4.6	42,27	17.1	12,621	5.1	30,631	12.4	49,941	20.2	7,569	3.1	50,735	20.5	42,131	17.0	247,257	100.0
2000	11,829	4.7	43,027	17.0	12,132	4.8	32,793	13.0	51,833	20.5	7,843	3.1	52,076	20.6	41,669	16.5	253,202	100.0
2001	11,814	4.6	44,022	17.1	11,742	4.6	33,670	13.1	54,105	21.0	7,863	3.1	54,074	21.0	39,884	15.5	257,174	100.0
2002	11,397	4.4	43,872	16.8	11,121	4.3	32,146	12.3	54,883	21.0	7,543	2.9	55,598	21.3	44,745	17.1	261,305	100.0
2003	11,516	4.4	44,699	16.9	10,618	4.0	33,637	12.7	56,154	21.2	7,679	2.9	55,743	21.1	44,513	16.8	264,559	100.0
2004	11,469	4.3	45,048	16.8	10,110	3.8	32,872	12.3	56,813	21.2	7,578	2.8	56,244	21.0	47,548	17.8	267,682	100.0
2005	11,740	4.3	45,448	16.8	9,789	3.6	32,806	12.1	58,477	21.6	7,497	2.8	56,033	20.7	48,454	17.9	270,244	100.0
2006	12,109	4.4	46,310	16.9	9,617	3.5	33,982	12.4	60,434	22.1	7,637	2.8	56,578	20.7	47,197	17.2	273,864	100.0
2007	12,469	4.5	46,290	16.8	9,395	3.4	34,755	12.6	62,216	22.5	7,658	2.8	56,408	20.4	46,752	16.9	275,943	100.0
2008	12,492	4.5	47,028	17.0	9,134	3.3	36,187	13.1	65,519	23.7	7,888	2.9	57,377	20.8	40,415	14.6	276,040	100.0
2009	12,325	4.4	47,622	16.9	8,935	3.2	37,591	13.4	69,438	24.7	8,000	2.8	59,187	21.0	38,081	13.5	281,179	100.0
2010	12,617	4.4	48,390	16.7	8,858	3.1	39,372	13.6	73,180	25.2	8,333	2.9	60,937	21.0	38,222	13.2	289,909	100.0
2011	12,998	4.4	49,110	16.5	8,830	3.0	40,918	13.8	76,394	25.7	8,658	2.9	62,055	21.0	38,059	12.8	297,022	100.0
2012	13,261	4.4	49,848	16.4	8,843	2.9	42,597	14.0	78,447	25.8	9,097	3.0	62,988	20.8	38,465	12.7	303,546	100.0
2013	13,610	4.3	51,143	16.2	9,008	2.9	44,703	14.2	82,224	26.0	9,500	3.0	65,090	20.6	40,520	12.8	315,798	100.0
2014	14,095	4.4	52,042	16.1	9,029	2.8	46,226	14.3	84,059	26.0	9,687	3.0	65,888	20.4	42,236	13.1	323,262	100.0
2015[2]	4,643	2.7	26,387	15.3	4,579	2.7	29,144	16.9	48,741	28.3	4,931	2.9	30,011	17.4	24,073	14.0	172,509	100.0
2016	4,496	2.7	25,425	15.2	4,364	2.6	28,938	17.3	47,702	28.5	4,821	2.9	28,302	16.9	23,163	13.9	167,211	100.0
2017	4,482	2.7	25,508	15.1	4,250	2.5	29,652	17.5	48,603	28.7	4,837	2.9	27,997	16.6	23,749	14.0	169,078	100.0
2018	4,440	2.6	25,578	14.9	4,157	2.4	30,938	18.0	49,782	29.0	4,909	2.9	27,551	16.0	24,426	14.2	171,781	100.0
2019	4,341	2.5	25,495	14.7	4,071	2.3	31,870	18.4	51,068	29.5	4,968	2.9	26,974	15.6	24,551	14.2	173,338	100.0
2020	4,271	2.5	25,214	14.7	4,015	2.3	32,213	18.8	51,144	29.8	4,589	2.7	25,734	15.0	24,372	14.2	171,552	100.0
2021	4,276	2.5	24,939	14.6	3,924	2.3	31,979	18.8	51,173	30.1	4,395	2.6	25,374	14.9	24,213	14.2	170,273	100.0

¹ Totals may not add up due to rounding.
² The 2015 Corporate Tax Reform excluded C corporations from GCT causing a decline

Table 2.
Annual Distribution of Taxpayer Liability by Type of Business

Table 2 depicts the distribution of general corporation tax liability by industry sector for tax year 2021. In 2021, the service sector (information, professional/technical/managerial, and other services) and finance sector accounted for 50.0 percent of GCT liability.

GCT Industrial Mix - Liability
(1987-1997)

Year	Finance Liability	Finance % Share	Real Estate Liability	Real Estate % Share	Manufacturing Liability	Manufacturing % Share	Services Liability	Services % Share	Trade Liability	Trade % Share	Other Liability	Other % Share	Total[1] Liability	Total[1] % Share
1987	203.8	19.5%	93.1	8.9%	216.6	20.8%	214.0	20.5%	192.5	18.5%	122.4	11.7%	1,042.4	100.0%
1988	167.1	15.8	86.2	8.2	237.1	22.5	250.5	23.8	198.8	18.9	114.7	10.9	1,054.3	100.0
1989	159.7	15.3	91.1	8.7	216.1	20.8	249.3	24.0	201	19.3	123.8	11.9	1,040.9	100.0
1990	156.9	16.1	90.2	9.3	188.3	19.4	230.3	23.7	192.1	19.8	114.2	11.7	972.0	100.0
1991	223.7	23.9	84.2	9.0	169.6	18.1	211.8	22.6	154.5	16.5	94.0	10.0	937.9	100.0
1992	233.5	23.7	86.1	8.7	183.6	18.7	231.3	23.5	162.2	16.5	87.6	8.9	984.2	100.0
1993	380.9	32.8	91.7	7.9	169.8	14.6	255.5	22.0	163.1	14.0	101.0	8.7	1,162.0	100.0
1994	241.4	21.5	93.4	8.3	207.2	18.5	278.3	24.8	168.3	15.0	133.3	11.9	1,121.8	100.0
1995	317.3	26.9	106.8	9.0	165.6	14.0	277.3	23.5	177.7	15.1	135.9	11.5	1,180.5	100.0
1996	427.7	30.5	132.8	9.5	176.4	12.6	332.8	23.8	187.8	13.4	142.6	10.2	1,400.0	100.0
1997	413.1	27.7	142.0	9.5	175.6	11.8	398.8	26.7	204.3	13.7	157.8	10.6	1,494.4	100.0

Please note that the reporting categories were modified beginning in 1998.

GCT Industrial Mix - Liability
(1998-2021)

Year	Finance Liability	Finance % Share	Real Estate Liability	Real Estate % Share	Manufacturing Liability	Manufacturing % Share	Prof/Tech/Mgmt Liability	Prof/Tech/Mgmt % Share	Other Services Liability	Other Services % Share	Information Liability	Information % Share	Trade Liability	Trade % Share	Other Liability	Other % Share	Total[1] Liability	Total[1] % Share
1998	342.8	22.8%	151.9	10.1%	110.5	7.4%	233.9	15.6%	222.6	14.8%	114.2	7.6%	211.9	14.1%	114.9	7.6%	1,502.5	100.0%
1999	367.8	23.1	165.2	10.4	129.2	8.1	239.2	15.0	189.9	11.9	128.6	8.1	245.0	15.4	129.2	8.1	1,594.1	100.0
2000	390.3	22.7	186.1	10.8	127.3	7.4	279.8	16.3	204.2	11.9	136.6	8.0	248.9	14.5	142.7	8.3	1,715.9	100.0
2001	258.3	17.9	201.8	14.0	128.1	8.9	202.8	14.1	186.4	12.9	177.0	8.1	224.4	15.6	123.1	8.5	1,501.9	100.0
2002	268.7	19.1	190.3	13.5	103.5	7.3	165.9	11.8	199.5	14.1	126.5	9.0	233.2	16.5	122.6	8.7	1,410.3	100.0
2003	246.9	15.7	227.0	14.4	110.6	7.0	188.8	12.0	209.7	13.3	216.6	13.7	263.0	16.7	114.6	7.3	1,577.1	100.0
2004	381.8	19.9	280.6	14.6	161.7	8.4	228.0	11.9	234.4	12.2	205.2	10.7	305.6	15.9	120.1	6.3	1,917.5	100.0
2005	585.3	25.2	375.7	16.2	138.8	6.0	255.2	11.0	260.4	11.2	233.7	10.1	339.8	14.6	135.1	5.8	2,324.2	100.0
2006	676.7	24.2	464.4	16.6	196.7	7.0	307.6	11.0	316.3	11.3	278.5	9.9	391.1	14.0	169.1	6.0	2,800.5	100.0
2007	634.0	22.3	531.7	18.7	139.3	4.9	329.4	11.6	329.2	11.6	281.9	9.9	418.2	14.7	180.1	6.3	2,843.8	100.0
2008	517.7	21.4	333.0	13.8	144.3	6.0	346.7	14.3	301.8	12.5	226.1	9.3	326.5	13.5	222.6	9.2	2,418.7	100.0
2009	483.6	22.6	213.5	10.0	151.9	7.1	252.9	11.8	261.5	12.2	247.1	11.6	340.6	15.9	185.0	8.7	2,136.1	100.0
2010	533.0	22.1	279.6	11.6	208.3	8.6	243.9	10.1	284.1	11.8	280.4	11.6	398.8	16.5	183.6	7.6	2,411.8	100.0
2011	408.8	16.8	303.0	12.5	206.1	8.5	302.3	12.4	296.3	12.2	313.8	12.9	436.9	18.0	164.7	6.8	2,431.9	100.0
2012	476.2	17.9	395.1	14.9	189.3	7.1	319.1	12.0	322.4	12.1	306.2	11.5	473.3	17.8	177.3	6.7	2,658.8	100.0
2013	476.5	17.9	334.3	12.6	179.0	6.7	308.7	11.6	324.8	12.2	378.9	14.3	466.7	17.6	187.1	7.0	2,656.1	100.0
2014	508.6	17.8	464.2	16.2	185.4	6.5	324.7	11.4	392.2	13.7	320.2	11.2	460.1	16.1	202.0	7.1	2,857.3	100.0
2015[2]	82.5	7.3	288.6	25.7	36.4	3.2	135.6	12.1	211.0	18.8	47.5	4.2	163.9	14.6	158.9	14.1	1,124.3	100.0
2016	66.2	5.9	266.1	23.6	45.3	4.0	139.8	12.4	222.2	19.7	40.9	3.6	158.2	14.0	190.4	16.9	1,129.0	100.0
2017	76.0	6.6	260.8	22.7	33.5	2.9	157.5	13.7	243.0	21.1	42.3	3.7	150.1	13.0	187.1	16.3	1,150.3	100.0
2018	49.3	3.9	298.8	23.6	30.6	2.4	179.2	14.2	263.5	20.8	39.2	3.1	170.0	13.5	233.1	18.4	1,263.7	100.0
2019	54.6	4.1	284.7	21.4	36.9	2.8	200.7	15.1	282.2	21.2	37.4	2.8	194.5	14.6	240.9	18.1	1,331.8	100.0
2020	71.5	6.2	197.9	17.2	43.8	3.8	189.1	16.4	218.8	19.0	46.3	4.0	161.4	14.0	222.8	19.3	1,151.4	100.0
2021	110.5	7.4	286.1	19.0	41.3	2.7	253.1	16.8	315.6	21.0	71.8	4.8	221.7	14.7	203.5	13.5	1,503.6	100.0

¹ Totals may not add up due to rounding.
² The 2015 Corporate Tax Reform excluded C corporations from GCT causing a decline

Table 3.
S Corporations, Pass-Through Entities on a Federal and State Level, Have Increased 141 Percent Since 1990 While C Corporations Have Increased 40 Percent.

The number of S corporations, which are pass-through entities on a federal and state level, has increased 142 percent since 1990, while the number of C corporations has increased 40 percent during the same time period. Unlike New York State and the Federal Government, NYC does not tax S corporations differently than it taxes C corporations.

Distribution by State S Corporation Status (Tax Year 1990)
($ in Thousands)

	Number	% of Total Taxpayers	Liability	% of Total Liability
State S Corporation	70,753	34.8%	$289,612	29.8%
State C Corporation	132,470	65.2	682,385	70.2
Total*	**203,223**	**100.0%**	**$971,997**	**100.0%**

Source: NYC Department of Finance, Office of Tax Policy
* Totals may not add up due to rounding

Distribution by State S Corporations Status (Tax Year 2021)
($ in Thousands)

	Number	% of Total Taxpayers	Liability	% of Total Liability
State S Corporation	170,273	47.9%	$1,503,602	27.3%
State C Corporation	185,429	52.1	3,999,239	72.7
Total*	**355,702**	**100.0%**	**$5,502,842**	**100.0%**

Source: NYC Department of Finance, Office of Tax Policy
* Totals may not add up due to rounding

Table 4.
Distribution by Allocation Status

Table 4 depicts the distribution of general corporation taxpayers by allocation status for tax year 2021. The majority of taxpayers (83.6 percent) conduct 100 percent of their business in New York City, do not allocate income to other cities or states, and contribute 55.7 percent of total liability.

Distribution by Allocation Status (Tax Year 2021)

($ in Thousands)

	Number	% of Total Taxpayers	Liability	% of Total Liability
Multi-Jurisdictional	22,898	13.4%	$656,215	43.6%
100% NYC	142,389	83.6	837,064	55.7
Not Available	4,986	2.9	$10,323	0.7
Total*	**170,273**	**100.0%**	**$1,503,602**	**100.0%**

Source: NYC Department of Finance, Office of Tax Policy
* Totals may not add up due to rounding

Table 5.
Distribution of Filers and Liability

Table 5 depicts the distribution of taxpayers by liability range in tax year 2021, the most recent data available from the Department of Finance. In 2021, 0.08 percent of general corporation tax filers (those with liability greater than $1,000,000) paid 27.5 percent of the total liability, while 97.5 percent of general corporation tax filers (those with a liability of $50,000 and Under) paid 31.3 percent of total liability.

Distribution of Filers and Liability (Tax Year 2021)

($ in Thousands)

Liability per Taxpayer	Number	% of Total Taxpayers	Liability	% of Total Liability	Average Tax Per Filer
$50,000 and Under	166,078	97.5%	$470,253	31.3%	$2,832
Over $50,000 - $500,000	3,870	2.3	493,581	32.8	127,540
Over $500,000 - $1,000,000	184	0.1	126,004	8.4	684,803
Over $1,000,000	141	0.1	413,765	27.5	2,934,501
Total*	**170,273**	**100.0%**	**$1,503,602**	**100.0%**	**$8,831**

Source: NYC Department of Finance, Office of Tax Policy
* Totals may not add up due to rounding

Table 6.
Annual Distribution of State S Corporations by Industry

Table 6 depicts the number of S corporation filers by industrial sector for tax year 2021, the most recent data available from the Department of Finance (DOF). The service (information, professional/technical/managerial, and other services) and trade sectors accounted for the largest amount of taxpayers, 51.4 percent and 14.9 percent, respectively.

S Corp Industrial Mix – Number of Firms
(-1997)

	Finance		Real Estate		Manufacturing		Services		Trade		Other		Total[1]	
Year	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share
1997	3,424	3.5%	15,694	16.1%	5,654	5.8%	27,490	28.2%	20,006	20.5%	25,342	26.0%	97,610	100.0%

Please note that the reporting categories were modified beginning in 1998.

S Corp Industrial Mix – Number of Firms
(1998-2021)

	Finance		Real Estate		Manufacturing		Prof/Tech/Mgmt		Other Services		Information		Trade		Other		Total[1]	
Year	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share
1998	3,850	3.7%	19,023	18.4%	5,146	5.0%	13,778	13.3%	23,418	22.6%	3,062	3.0%	21,236	20.5%	13,939	13.5%	103,452	100.0%
1999	3,993	3.7	19,224	18.0	4,938	4.6	14,850	13.9	23,472	21.9	3,201	3.0	21,428	20.0	15,959	14.9	107,065	100.0
2000	4,121	3.7	19,816	17.9	4,844	4.4	15,942	14.4	24,785	22.4	3,215	2.9	21,841	19.8	15,940	14.4	110,504	100.0
2001	4,148	3.6	20,411	17.9	4,804	4.2	16,715	14.6	26,174	22.9	3,336	2.9	22,493	19.7	16,018	14.0	114,099	100.0
2002	4,058	3.4	20,613	17.5	4,674	4.0	16,597	14.1	26,930	22.8	3,329	2.8	23,300	19.8	18,369	15.6	117,870	100.0
2003	4,217	3.4	21,346	17.4	4,609	3.8	18,050	14.7	28,642	23.4	3,514	2.9	23,972	19.6	18,260	14.9	122,610	100.0
2004	4,201	3.4	21,775	17.4	4,424	3.5	17,951	14.4	29,008	23.2	3,497	2.8	24,121	19.3	19,860	15.9	124,837	100.0
2005	3,954	3.5	20,951	18.4	4,149	3.6	16,453	14.5	27,338	24.0	3,187	2.8	22,114	19.4	15,620	13.7	113,766	100.0
2006	4,285	3.3	22,793	17.4	4,330	3.3	18,903	14.5	31,898	24.4	3,675	2.8	24,652	18.9	20,211	15.5	130,747	100.0
2007	4,362	3.3	22,892	17.2	4,240	3.2	19,587	14.7	33,106	24.8	3,702	2.8	24,708	18.5	20,866	15.6	133,463	100.0
2008	4,257	3.1	23,146	17.1	4,197	3.1	20,770	15.3	34,906	25.8	3,841	2.8	25,139	18.6	19,064	14.1	135,320	100.0
2009	4,244	3.1	23,242	16.8	4,125	3.0	21,732	15.7	36,788	26.6	3,948	2.9	25,533	18.5	18,506	13.4	138,118	100.0
2010	4,222	3.0	23,370	16.5	4,113	2.9	22,884	16.2	38,425	27.1	4,094	2.9	25,925	18.3	18,545	13.1	141,578	100.0
2011	4,191	2.9	23,492	16.2	4,087	2.8	23,686	16.4	40,271	27.8	4,258	2.9	26,189	18.1	18,642	12.9	144,816	100.0
2012	4,128	2.8	23,855	16.1	4,111	2.8	24,635	16.6	41,550	28.0	4,362	2.9	26,552	17.9	18,961	12.8	148,154	100.0
2013	4,163	2.7	24,095	15.9	4,105	2.7	25,561	16.8	42,941	28.3	4,420	2.9	26,819	17.7	19,708	13.0	151,812	100.0
2014	4,162	2.7	24,279	15.7	4,112	2.7	26,212	17.0	44,006	28.5	4,463	2.9	26,955	17.4	20,331	13.2	154,520	100.0
2015[2]	4,643	2.7	26,387	15.3	4,579	2.7	29,144	16.9	48,741	28.3	4,931	2.9	30,011	17.4	24,073	14.0	172,509	100.0
2016	4,496	2.7	25,425	15.2	4,364	2.6	28,938	17.3	47,702	28.5	4,821	2.9	28,302	16.9	23,163	13.9	167,211	100.0
2017	4,482	2.7	25,508	15.1	4,250	2.5	29,652	17.5	48,603	28.7	4,837	2.9	27,997	16.6	23,749	14.0	169,078	100.0
2018	4,440	2.6	25,578	14.9	4,157	2.4	30,938	18.0	49,782	29.0	4,909	2.9	27,551	16.0	24,426	14.2	171,781	100.0
2019	4,341	2.5	25,495	14.7	4,071	2.3	31,870	18.4	51,068	29.5	4,968	2.9	26,974	15.6	24,551	14.2	173,338	100.0
2020	4,271	2.5	25,214	14.7	4,015	2.3	32,213	18.8	51,144	29.8	4,589	2.7	25,734	15.0	24,372	14.2	171,552	100.0
2021	4,276	2.5	24,939	14.6	3,924	2.3	31,979	18.8	51,173	30.1	4,395	2.6	25,374	14.9	24,213	14.2	170,273	100.0

[1] Total may not add up due to rounding.
[2] Tax year 2015 reflects the S corp figures in accordance with the 2015 corporate tax reform.

Table 7.
Annual Distribution of State S Corporation Liability By Type of Business

Table 7 depicts the distribution of State S corporation liability by industry sector for tax year 2021. In 2021, the service sector (information, professional/technical/managerial, and other services) and finance sector accounted for 50.0 percent of S corp liability with a combined total of $751.1 million in tax liability to the city.

S Corp Industrial Mix – Liability
(-1997)

	Finance		Real Estate		Manufacturing		Services		Trade		Other		Total[1]	
Year	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share
1997	76.1	14.4%	57.5	10.9%	48.3	9.1%	181.9	34.4%	99.1	18.7%	66.1	12.5%	529.0	100.0%

Please note that the reporting categories were modified beginning in 1998.

S Corp Industrial Mix – Liability
(1998-2021)

	Finance		Real Estate		Manufacturing		Prof/Tech/Mgmt		Other Services		Information		Trade		Other		Total[1]	
Year	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share
1998	80.2	13.6%	78.1	13.2%	44.7	7.6%	91.7	15.5%	120.5	20.4%	18.4	3.1%	103.6	17.5%	54.6	9.2%	591.7	100.0%
1999	88.4	13.9	90.3	14.2	46.7	7.4	102.7	16.2	105.4	16.6	21.6	3.4	118.1	18.6	62.5	9.8	635.7	100.0
2000	100.7	14.2	99.6	14.1	42.9	6.1	122.4	17.3	122.2	17.3	22.9	3.2	126.0	17.8	69.8	9.9	706.6	100.0
2001	74.9	11.7	104.1	16.2	40.1	6.2	91.9	14.3	105.7	16.5	35.0	5.4	118.7	18.5	71.9	11.2	642.3	100.0
2002	69.9	10.9	107.2	16.7	41.7	6.5	84.4	13.1	116.8	18.2	26.8	4.2	123.8	19.3	71.7	11.2	642.4	100.0
2003	66.8	10.0	130.6	19.6	40.1	6.0	86.6	13.0	117.2	17.5	32.2	4.8	128.1	19.2	66.5	9.9	668.1	100.0
2004	90.7	11.4	179.7	22.6	42.9	5.4	98.8	12.4	123.2	15.5	35.4	4.5	157.1	19.8	66.8	8.4	794.7	100.0
2005	80.1	9.0	236.2	26.6	43.2	4.9	122.9	13.8	135.6	15.3	38.3	4.3	157.7	17.8	73.7	8.3	887.6	100.0
2006	86.8	8.8	201.5	20.4	43.9	4.5	133.7	13.6	178.5	18.1	61.2	6.2	176.3	17.9	104.0	10.5	986.0	100.0
2007	97.7	9.1	271.8	25.2	45.4	4.2	128.2	11.9	170.3	15.8	55.9	5.2	190.1	17.6	118.0	11.0	1,077.5	100.0
2008	149.5	14.0	211.5	19.8	43.7	4.1	147.4	13.8	167.8	15.7	53.1	5.0	161.7	15.1	134.6	12.6	1,069.3	100.0
2009	76.4	9.8	131.0	16.8	33.3	4.3	87.9	11.3	149.9	19.2	48.2	6.2	134.4	17.2	118.8	15.2	780.0	100.0
2010	76.4	9.3	160.0	19.5	43.9	5.3	87.5	10.7	156.7	19.1	50.5	6.2	141.2	17.2	104.7	12.8	821.0	100.0
2011	65.2	7.8	183.2	21.8	33.5	4.0	126.8	15.1	162.2	19.9	17.9	2.1	146.5	17.4	105.3	12.5	840.7	100.0
2012	60.7	6.2	275.5	28.1	30.1	3.1	138.0	14.1	185.8	19.0	19.3	2.0	163.9	16.7	106.2	10.8	979.5	100.0
2013	53.3	6.1	192.3	21.9	29.4	3.3	103.1	11.7	183.3	20.8	53.3	6.1	155.0	17.6	110.0	12.5	879.8	100.0
2014	63.1	6.1	263.1	25.4	29.7	2.9	112.4	10.9	227.7	22.0	48.5	4.7	159.3	15.4	130.1	12.6	1,033.8	100.0
2015[2]	82.5	7.3	288.6	25.7	36.4	3.2	135.6	12.1	211.0	18.8	47.5	4.2	163.9	14.6	158.9	14.1	1,124.3	100.0
2016	66.2	5.9	266.1	23.6	45.3	4.0	139.8	12.4	222.2	19.7	40.9	3.6	158.2	14.0	190.4	16.9	1,129.0	100.0
2017	75.9	6.6	260.7	22.7	33.5	2.9	157.5	13.7	243.0	21.1	42.3	3.7	150.0	13.0	187.1	16.3	1,150.2	100.0
2018	49.3	3.9	298.8	23.6	30.6	2.4	179.2	14.2	263.5	20.8	39.2	3.1	170.0	13.5	233.1	18.4	1,263.7	100.0
2019	54.6	4.1	284.7	21.4	36.9	2.8	200.7	15.1	282.2	21.2	37.4	2.8	194.5	14.6	240.9	18.1	1,331.8	100.0
2020	71.5	6.2	197.9	17.2	43.8	3.8	189.1	16.4	218.8	19.0	46.3	4.0	161.4	14.0	222.8	19.3	1,151.4	100.0
2021	110.5	7.4	286.1	19.0	41.3	2.7	253.1	16.8	315.6	21.0	71.8	4.8	221.7	14.7	203.5	13.5	1,503.6	100.0

[1] Total may not add up due to rounding.
[2] Tax year 2015 reflects the S corp figures in accordance with the 2015 corporate tax reform.

APPENDIX III.
GENERAL CORPORATION TAX

2. Tax Exemptions, Deductions and Credits

TAX EXEMPTIONS, DEDUCTIONS AND CREDITS

Several tax exemptions and credits are available to New York City corporations. Each of the following exemptions and credits reduces total tax liability:

Insurance Corporation Non-Taxation

To promote the growth of the insurance industry in New York City, insurance firms operating in the city that provide insurance services, or even non-insurance activities such as real estate and financial services, are exempt from taxation. However, they are liable to pay New York State's Franchise Tax on Insurance Corporations (Article 33).

Employment Opportunity Relocation Costs Credit (EORC)

The Employment Opportunity Relocation Cost Credit is available to firms relocating to New York City from outside New York State. The credit is allowed for certain costs incurred in relocating commercial or industrial jobs to New York City. To be eligible for the credit, a taxpayer must relocate a minimum of ten full-time jobs. The allowable credit is based upon relocation costs incurred by the taxpayer during the taxable year and may not exceed a maximum of $300 for each commercial job and $500 for each industrial job. With the creation of the Industrial Business Zone (IBZ) Relocation credit established in 2006 (see IV-14), the EORC was amended so that any business located within an IBZ and in contract to purchase or lease premises on or after July 1, 2005 is not eligible for the EORC for industrial employment opportunities. (Administrative Code. § 11-503(f), 11-604.14)

Real Estate Tax Escalation Credit (RETE)

Taxpayers relocating to the city from outside of New York State who have created at least 100 full-time industrial or commercial jobs in the city are eligible for the Real Estate Tax Escalation Credit (RETE). The value of the credit is equal to the additional rent paid as a result of higher real estate taxes. (Administrative Code§ 11-503(e), 11604.13)

Energy Cost Savings Program (ECSP)

Prior to November 1, 2000, an eligible commercial or industrial firm that relocated or expanded operations to Manhattan north of 96th Street, Brooklyn, the Bronx, Queens or Staten Island and purchased electricity or natural gas from a vendor or utility not under the direction of the Public Service Commission could receive a tax credit through the city's Energy Cost Savings Program (ECSP) equal to 30 percent of the total electricity bill or 20 percent of the total natural gas bill.

Effective November 1, 2000, ECSP was extended and restructured. The credit mechanism was repealed and all benefits will be provided through the utility vendor. The utility provider will be credited the forgone revenue against the city's utility tax (See Non-Charter Mandated Taxes: Utility Tax). Additionally, the discount on energy costs is calculated as a percentage of the cost of delivery, rather than the combined costs of the delivery and purchase of the commodity. Eligible firms now will receive a 45 percent discount off the delivery portion of the electric bill and 35 percent off gas delivery costs. These changes parallel energy deregulation which enables businesses to purchase the electric or natural gas commodity on the deregulated market and realize additional savings. Also, under the new law, ECSP benefits were extended to firms using space in buildings in Long Island City or Fulton Ferry that are converted from manufacturing to commercial use, and benefits will only be available to utility firms directly supervised by PSC. Chapter 20 of the laws of 2015 extended the program through June 30, 2017. In April 2020, under Chapter 58 of the Laws of 2020 of the State of New York, the program was extended through June 30, 2023. It was extended again through June 30, 2027 with the New York State Laws of 2023. (Administrative § 11-503(h), 11-604.16, 11-643.5(c), 11-704.1, 11-1105.1 and Chapter 6 of Title 22, NYS Con Law §25-bb(f))

Nested Credit

A corporate partner in a business subject to the unincorporated business tax (UBT) may claim a credit against the corporate tax (UBT/GCT nested credit) for its share of the unincorporated business's UBT if the corporation's distributive share of the income, gain, loss or deductions from the partnership is subject to the GCT. In 1996, the calculation of the credit was modified to allow a carry forward of the credit to be taken against tax liability in any of seven succeeding taxable years. (NYS Tax Law § 1310(e))

Film Production Credit

For tax years beginning on or after January 1, 2005, film and television companies could claim a general corporation tax credit against the general corporation (or unincorporated business) tax equal to five percent of specified production costs incurred in producing a qualified film or television program in the city, in addition to the 10 percent credit they could claim against the State's Article 9-A franchise tax or personal income tax. The total amount of city credits to be allocated per calendar year was originally $12.5 million; if the total amount of allocated credits applied exceeded the aggregate amount of credits allocated ($12.5 million), the excess was treated as having been applied for on the first day of the subsequent year. The total amount of credits to be allocated in four years was $50 million. The credit was set to expire on August 20, 2008. Effective July 11, 2006, the film credit was expanded, and the credit to be allocated was increased to $30 million per calendar year, with the credit applied mostly through the GCT, but also a smaller yet significant amount through the UBT. The former allocation policy was kept in place: allocated credits which exceed $30 million per calendar year could be carried over to the following year. State legislation also enacted a state credit for qualifying costs of producing certain TV, radio and movie theatre commercials. The NYC film production tax credit was not extended past December 31, 2011. The city has the authorization to adopt a local law for a similar credit but has taken no action to date on that authorization. (Administrative Code. § 11-604.20)

Industrial Business Zone (IBZ) Relocation Tax Credit

For tax years beginning on or after January 1, 2006, an eligible business can receive a credit of $1,000 per full-time employee against the general corporation tax or the unincorporated business tax. In order to be eligible for the credit, a business must be involved in industrial and/or manufacturing activity and have relocated to an IBZ on or after July 1, 2005. The business must have been located in New York City or outside New York State for 24 consecutive months before relocating to an IBZ. The credit is capped at the lesser of $100,000 or the actual relocation cost. The credit is not granted to an eligible business that receives the REAP, the Lower Manhattan REAP credit, or assistance through a grant program administered by the business relocation assistance corporation or the NYC printers relocation fund grant. (Administrative Code. § 11-503(n), 11-526, 22-626)

Small Corporation Exemption from Alternative Taxes

For tax years beginning on or after January 1, 2007, a small corporation, defined as having Federal gross income of less than $250,000, a 100 percent local business allocation to New York City and no investment or subsidiary capital, is exempt from the alternative income-plus-compensation tax base and the business and investment capital tax base.

Cooperative Housing Corporation Four-tenths Mill Tax Rate on Capital

Capital allocated to New York City is normally taxed at the rate of 0.15 percent. However, cooperative housing corporations are taxed at a rate of 0.04 percent on capital allocated to the city.

School Bus Operation Deduction

Income derived from the operation of school buses, where the customer is a school district, a corporation or an association organized and operated exclusively for religious, charitable or educational purposes, is excludable from taxable income.

Manufacturing and Research & Development Property Depreciation

New York City taxpayers are allowed special deductions for depreciation of certain eligible manufacturing and research-and-development property. For property acquired after December 31, 1967, the taxpayer may deduct from its allocated net income up to double the federal depreciation on qualified property, provided the deduction was not taken prior and the property is used for research and development for experimental and laboratory concerns.

Air Pollution Control Facilities Deduction

Eligible taxpayers are entitled to a special deduction for expenditures paid or incurred during the taxable year for the construction, reconstruction, erection or improvement of Air Pollution Control Facilities. Such facilities must be certified by the New York State Commissioner of Environmental Conservation or the state commissioner's designated representative.

Biotechnology Credit

Corporations are eligible for a refundable credit against their corporate tax liability for qualified expenditures associated with costs and related to qualified research and development of property, qualified research expenses, and qualified high-technology training costs. To be eligible, the firm must not have more than 100 full-time employees, of which 75 percent must be located in the city and its annual receipts are less than $10 million. A firm's total annual credit cannot exceed $250,000 if it raises employment levels by 105 percent from a base year (credit cannot exceed $125,000 if a firm raises employment levels by less than 105 percent from a base year). The credit can be claimed for a maximum of three years, and the total of all credits allowed during any calendar year cannot exceed $3 million. The credit was scheduled to expire at the end of tax year 2015, but legislation has been enacted that continues the credit through tax year 2018. The credit did not exist from 2019 to 2022, but was reinstated for tax years 2023 through 2026.

Relocation and Employment Assistance Program (REAP) and Relocation Assistance Credit Per Employee (RACE)

The Relocation and Employment Assistance Program (REAP) was established in 1987 to encourage firms to relocate all or part of their business from outside the city and Midtown (below the centerline of 96th street) to upper Manhattan, the outer boroughs and recently, to lower Manhattan (generally the area below Houston Street). The program is applicable for businesses subject to the general corporation tax, the banking corporation tax, the unincorporated business tax, and the utility tax. Businesses engaged in retail activity, personal services, or hotel services cannot receive the REAP credit.

The program originally provided a credit of $500 per relocated employee for a period of 12 years, provided that the commercial property that meets certain eligibility criteria (see page IV-17). The credit amount was subsequently increased to $1,000 in 1995. As of July 1, 2000, the credit amount was raised to $3,000 for relocations to "revitalization areas" in upper Manhattan and the outer boroughs. The credit is refundable for the year of relocation and the succeeding four years. Similar to the non-revitalization areas, unused credit can be carried forward for five years.

Under a 2004 statutory amendment, firms may claim a $3,000 per relocated employee credit if they relocate to qualifying areas in Lower Manhattan (generally areas below Houston Street) from outside the city. To qualify for the credit, a firm must have been established outside the city for at least 24 months prior to relocating and must not have employed any persons in the city between January 1, 2002 and the date it leases or purchases the relocation premises. Unlike the original REAP credit, relocations from areas below 96th street are not allowed. However, like the original REAP, the Lower Manhattan REAP (LM-REAP) requires that in addition to employee relocation, the commercial property where employees are relocated must have a 50 percent improvement in its assessed value (25 percent for industrial properties). The credit is available for 12 years; if the amount of the credit exceeds a firm's annual tax liability, the excess is refundable for the year of relocation and the next four years. Unused credits that are not refundable can be carried forward for five years. The Lower Manhattan credit has been made retroactive to relocations occurring on or after July 1, 2003.

The 2004 law also expanded and changed the pre-existing REAP by allowing leased premises (renters) to qualify for eligibility based on improvements made by the tenant to their own space rather than requiring building-wide improvements and by increasing the cap on the number of employees for which small businesses can claim the credit. A leased premise must be improved by $25 per square foot and the firm must maintain the lease for three years (the requirement for renters also applies for LM-REAP).

Previously, firms could only claim the credit for a maximum of twice the number of employees that worked outside the eligible area in the year prior to the year of the relocation. The 2004 amendment allows firms to claim up to 100 employees for the credit. An additional provision was added permitting a discretionary reduction in the REAP benefit in instances in which a firm relocates from Lower Manhattan to another REAP-eligible area. The regular benefit will apply if the relocation involves no more than 100 employees; however, if the number of relocated employees exceeds 100, the Mayor or his or her designee can raise the number of employees eligible for the credit. For applicants of the LM-REAP, a relocated employee must be employed by the firm for a minimum of 10 weeks prior to the transfer and 10 weeks after the transfer.

In 2005, the Lower Manhattan REAP was amended so that firms from below 96th street are eligible to relocate employees to Lower Manhattan. These firms are referred to as Special Eligible Businesses (SEB) and must have had employees working in Manhattan between January 1, 2002 and the date at which the business enters into a lease or contract to purchase property in Lower Manhattan. The relocation credit for such businesses is $3,000 per relocated employee. The LM-REAP credit for SEBs is only available for employees relocated from areas of Manhattan between 96th street and the area north of Houston Street, the general boundary of Lower Manhattan as defined by the REAP

REAP/RACE Table - Tax Exemption, Deductions and Credits

	Relocation and Employment Assistance Program (REAP)			Relocation Assistance Credit per Employee (RACE)
	New York City (except Manhattan below 96th Street)	Lower Manhattan		
	REAP Credit	LM-REAP Credit	Special Eligible Business (LM-REAP SEB)	RACE Credit
General Information				
Geography	Entire city except area south of 96th Street in Manhattan.	Area below Houston Street.	Area below Houston Street.	Entire city; if in Manhattan, building must have a certificate of occupancy issued before Jan 1, 2000
Credit Against	GCT, BCT, UBT and UTX	GCT, BCT, UBT and UTX	GCT, BCT, UBT and UTX	GCT, BCT, UBT and UTX
Credit Amount	$1,000 - non-revitalization zones $3,000 - revitalization zones	$3,000	$3,000	$5,000 per eligible employment share per year up to approved and prorated caps
Credit Application	Credits refundable in the first four years; unused credits can be carried forward for five years. Benefits are capped by the maximum number of qualifying employees in the year of relocation and the following five years. Credit is applicable for 12 years.	Credits refundable in the first four years; unused credits can be carried forward for five years. Benefits are capped by the maximum number of qualifying employees in the year of relocation and the following five years. Credit is applicable for 12 years.	Credits refundable in the first four years; unused credits can be carried forward for five years. Benefits are capped by the maximum number of qualifying employees in the year of relocation and the following five years. Credit is applicable for 12 years.	Credits refundable in the year of relocation and the next four years; unused credits can be carried forward for five years. Benefits are capped at 500 employees per business and 3,000 for the whole program. Credit is applicable for the year of relocation and ten succeeding years with a proration in the final year.
Property Eligibility				
Property Criteria #1	Eligible for ICIP or leased from NYC IDA, NYC, Port Authority or NYS State Urban Development Corp.	Eligible for ICIP or leased from NYC IDA, NYC, Port Authority or NYS State Urban Development Corp.	Eligible for ICIP or leased from NYC IDA, NYC, Port Authority or NYS State Urban Development Corp.	The leased premises must be at least 10,000 sq ft of non-residential space. The lease or purchase contract must be entered into before July 1, 2028.
Property Criteria #2	Improve commercial property by 50% of assessed value (industrial property by 25%).	Improve commercial property by 50% of assessed value (industrial property by 25%).	Improve commercial property by 50% of assessed value (industrial property by 25%).	If in Manhattan, be in a building with a final certificate of occupancy issued prior to Jan 1, 2000.
Premise Criteria (for tenants)	For renters, property must be improved by $25 per square foot and lease must be for three years.	For renters, property must be improved by $25 per square foot and lease must be for three years.	For renters, property must be improved by $25 per square foot and lease must be for three years.	Must obtain initial and annual certification from the Mayor.
Business Eligibility				
Relocating Firms	Business must be in operation for 2 years (24 months).	Business must be in operation for 2 years (24 months).	Business must be in operation for 2 years (24 months).	Business must be in operation for 2 years (24 months). The relocation must occur no later than 36 months from the date of the preliminary application.
Former Location	Located outside of the city or in Manhattan below 96th street	Located outside of the city	Located in Manhattan, below 96th street.	Located outside of the state
Exclusions	Retail (including retail banking), service businesses, and hotels are ineligible	Retail (including retail banking), service businesses, and hotels are ineligible	Retail (including retail banking), service businesses, and hotels are ineligible	Retail (including retail banking) and hotels are ineligible; No eligible employment shares from employees acquired through mergers or acquisitions or workweeks prior to relocation
Employee Eligibility				
Number of Employees Relocated	At least 1 Employee.	At least 1 Employee.	250 employees/at least 25% of their NYC employment	At least 1 Employee
Duration of Employment		Minimum of 10 weeks employed prior to and after transfer.	Minimum of 10 weeks employed prior to and after transfer.	
Effective Since	July 1, 1987	July 1, 2003	July 1, 2005	July 1, 2025

Important Note

The mayor, and his designee, may exercise discretion in the application of REAP and LM-REAP credits in determining the best interest of the city, taking into consideration the premise of the credit is to enhance employment in the city.

credit. For this amendment, businesses must meet eligibility criteria (see chart). Importantly, in order to receive the credit, the number of relocated employees must be at least 250 employees or at least 25 percent of the business' pre-relocation NYC employee base. The employee requirement is distinct to the LM REAP for SEBs. SEB firms can also receive the REAP credit for new employees added during the first five years at the Lower Manhattan location.

The Lower Manhattan REAP benefit was scheduled to sunset for new applicants on July 1, 2008. The original REAP program, which had technically expired on July 1, 2003, had been reinstated retroactive to that date and was extended through December 31, 2008. In 2007, applicants for REAP available in all parts of the city except the area below 96th Street in Manhattan, have been given additional time to meet certain REAP requirements. The new 2007 timetable applies to eligible premises that receive a building permit after August 1, 2007 but before December 31, 2008; extends the deadline for commencing improvements to December 30, 2008; and extends the deadline for filing a preliminary application for benefits to June 30, 2013. Chapter 56 of the Laws of 2020 of the State of New York extended the REAP program until June 30, 2025.

The New York General City Law of 2024 and DOF effectively extend the REAP Program to June 30, 2028. As of July 1, 2025, the New York City Administrative Code Title 22 Chapter 6-E has instituted the Relocation Assistance Credit Per Employee (RACE). Businesses that relocate from outside of New York State into NYC can be eligible to receive the benefit. The RACE credit will be available from 2025 to 2028 and for a total of 3,000 employment shares. Businesses that opt into RACE receive credit against their NYC General and Financial Corporation Taxes. To qualify for RACE credit, firms must: (1) have conducted substantial business outside of New York State for at least two years, (2) lease at least 20,000 square feet of commercial property, and (3) relocate up to 500 eligible employment shares. Businesses that opt into RACE program receive $5,000 per eligible aggregate employment share for 10 years. Please refer to the table and the Administrative Code for more details on the program. Eligible businesses must submit a preliminary application to Department of Finance given the limited number of available employment shares in the RACE program. (Administrative Code. § 11-503(i), 11-604.17, 11-643.7, 11-1105.2, 22-621, 22-622 and Chapter 6-B and 6-E of Title 22)

Childcare Business Tax Credit

The New York State 2022-2023 budget omnibus bill authorized the Child Care Business Credit. The credit incentivizes businesses to create childcare facilities onsite to provide services to employees' children. Businesses can either open new or expand existing childcare facilities in order to qualify for the credit. The maximum number of childcare seats allowed per business is 25.

The tax credit can be taken against the city's Unincorporated Business Tax as well as Corporate Business Taxes (Business Corporation Tax and General Corporation Tax). The credit is determined on a per-child, per-year basis. The tax credit is calculated as the product of occupied childcare seats and 20 percent of the childcare costs. The childcare rates are to be derived from the NYS Office of Children and Family Services published childcare market rates for New York City at the 69th percentile or most recent percentile established by DOF rule. The childcare cost to employees cannot exceed 40 percent of the annualized weekly per-child cost for infants and toddlers. Businesses can claim credit for each service year in which childcare services were rendered. A service year is defined as the 12-month period from October 1st of a given calendar year to September 30th of the following year.

The aggregate amount of credit available for each tax year is $25 million. The credit is available beginning in tax year 2023 and sunsetting in tax year 2025. (NYS S 8009-C 2022-2023 Budget, Part II. The following sections of the Administrative Code were added or amended: Administrative Code. § 11-144, § 11-503(q), § 11-604.23, § 11-654.23)

APPENDIX III.
GENERAL CORPORATION TAX

3. Legislative History

GENERAL CORPORATION TAX: LEGISLATIVE HISTORY

2015

The 2015-2016 New York State budget, Part D of Chapter 60 of the Laws of 2015, significantly changed the taxation of corporations in New York City. With the exception of S corporations, all corporations, including banks, are subject to a new corporate tax under Subchapter 3-A of Chapter 6 of Title 11 of the Administrative Code of the City of New York. The change is effective January 1, 2015.

2014

In 2014, as part of the NYS enacted Budget for state fiscal year 2014-2015, legislation was signed into law by Governor Cuomo that simplified and reformed the New York State corporate tax structure. The enacted laws merge the New York State Franchise Tax with the New York State Banking Franchise tax. Special tax rules that applied to banking corporations were eliminated and banks will now be taxed like a regular corporation. The tax code was simplified and modified. Further, the business tax rate on net income will be reduced from 7.1 percent to 6.5 percent and the tax on a corporation's capital base will be phased out over six years beginning in calendar year 2016. New York City's business income taxes are authorized under New York State law, but are separate from those of New York State. These changes to the state's business income tax structure do not automatically require the city to conform. Currently, the City of New York has not changed its corporate tax structure to mirror the state changes.

2013

Royalty payment addback rules revised. In 2003, the city required taxpayers (GCT, BCT, UBT, PIT) that made certain federally deductible royalty payments to a related member to add those payments back in calculating their city taxable income. This deduction has been eliminated while the addback from royalty payments continues to be required.

2012

The city's higher rates for general corporate tax, currently at 8.85 percent on taxable income, 1.5 mills on business and investment capital, 0.75 mill on subsidiary capital and a $300 fixed-dollar minimum tax are extended through tax year 2014.

2011

Effective for taxable years after 2010, manufacturers can no longer elect to double-weight the gross income percentage when allocating business to NYC. The single-sales factor allocation is more advantageous to the taxpayer.

2010

A biotechnology credit is allowed for tax years 2010 through 2018 for certain expenses for qualified emerging technology companies.

2009

Multi-jurisdiction firms will allocate their net business income according to a single sales factor, replacing the three-factor allocation formula between property, payroll and receipts. The new singles sale factor will be phased in over a ten-year period, effective on or after January 1, 2009. Certain receipts from the services of registered brokers and dealers of securities and commodities must now be sourced using the customer's domicile. For taxable year 2014 the business allocation factor will be weighted based on 73 percent receipts, 13.5 percent payroll, and 13.5 percent property.

Effective on or after January 1, 2009, firms with substantial intercorporate transactions must file a mandatory combined return, regardless of the transfer prices charged in those transactions. Additionally, captive regulated investment companies (RIC) and captive real estate investment trusts (REIT) must be included in the tax return of a taxpayer owning more than 50 percent of the RIC or REIT. A captive REIT or RIC is defined as not regularly traded on an established securities market and is at least 50 percent owned by a federally taxable corporation.

Effective on or after January 1, 2009, the GCT minimum tax has been altered from $300 to a graduated minimum tax range of $25 to $5,000, based on the taxpayers annual receipts allocated to New York City.

Effective on or after January 1, 2009, the maximum amount that can be owed under the alternative general corporation tax measured by business and investment capital has been increased from $350,000 to $1 million.

GCT taxpayers must add back the Metropolitan Commuter Transportation Mobility Tax (MTA Payroll Tax) to the extent it was deducted in computing federal taxable income.

2008

Effective on or after January 1, 2009, firms owned by bank holding companies that relied on “grandfathered” filing status to pay GCT tax as part of the Gramm-Leach-Bliley transitional provision will now have to file under the BCT. These companies will no longer rely on this special status and must now file a Banking Corporation Tax return instead.

The Federal qualified production activities income (QPAI) deduction allowed under section 199 of the IRC will not be allowed for purposes of the city general corporation tax beginning on or after January 1, 2008.

Legislation signed into law in June 2008 extends the issuance of REAP certificates of eligibility from June 30, 2008 to June 30, 2013. For details please refer to the Tax Exemptions, Deductions and Credits section of this appendix.

The city’s higher rates for general corporate tax, currently at 8.85 percent on taxable income, 1.5 mills on business and investment capital, 0.75 mill on subsidiary capital and a $300 fixed-dollar minimum tax are extended through tax year 2011.

2007

General corporation tax liability is determined through four alternative calculations, with the amount due as the highest of the four. Under one of the calculations, compensation paid to greater-than-five-percent stockholders is added back to entire net income, $40,000 is subtracted, and the balance is multiplied by a percentage, formerly 30 percent, to produce the alternative tax base. For tax years beginning after 2006, New York State enacted a 50 percent phase-out of the alternative tax base percentage over the next four years, scheduled as follows: for tax year 2007 the base tax rate of 8.85 percent is multiplied by 26.25 percent; for tax year 2008, the base rate is multiplied by 22.5 percent; for tax year 2009 the base rate is multiplied by 18.75 percent; and for tax years beginning after 2009, the base rate is multiplied by 15 percent.

In order to simplify tax filing for small businesses, for tax years beginning on 2007 and thereafter, small businesses with less than $250,000 in federal gross income, a 100 percent business allocation to the city and no investment or subsidiary capital will be exempt from the alternative income-plus-stockholder-compensation tax base and the capital tax base. For such taxpayers, other than a New York State S corporation, they may also elect to use their New York State entire net income, including modifications to add back any state deductions for General Corporation Tax paid, as their New York City entire net income.

Applicants for city business tax credits under REAP available in all parts of the city except the area below 96th Street in Manhattan have been given additional time to meet certain REAP requirements. For details please refer to the Tax Exemptions, Deductions and Credits of this appendix.

2006

Legislation enacted in 2006 extended the city’s film production credit and increased annual cost cap. For details, please refer to the Tax Exemptions, Deductions and Credits of this appendix.

2005

Additional firms were made eligible for the Lower Manhattan Relocation and Employment Assistant Program (REAP) credit. For details, please refer to the Tax Exemptions, Deductions and Credits of this appendix.

For tax years beginning after 2005, a qualifying taxpayer that relocates to an industrial business zone where its business activities are industrial or manufacturing will qualify for a credit of $1,000 for each full-time employee.

The city’s higher rates for general corporate tax, currently at 8.85 percent on taxable income, 1.5 mills on business and investment capital, 0.75 mill on subsidiary capital and a $300 fixed-dollar minimum tax are extended through tax years 2008.

2004

Enacted as law in 2004, the city's Relocation and Employment Assistance Program (REAP) was extended, providing tax credits against the general and banking corporation taxes, unincorporated business tax and utility tax for relocating and adding employees at qualifying premises in designated areas of the city. The credit was also expanded to include premises in lower Manhattan, below Houston Street. Prior to the expansion, qualified premises were areas north of 96th street in Manhattan, and the outer boroughs. For details please refer to the Tax Exemptions, Deductions and Credits of this appendix.

For tax years beginning on or after January 1, 2004, a film production credit is allowed against the State Article 9-A franchise tax and the state personal income tax. The city, with the authorization by the state to adopt a local law, also enacted a tax credit on film production cost against GCT and/or UBT. For details please refer the Tax Exemptions, Deductions and Credits of this appendix.

Beginning on or after January 1, 2004, the city's general corporation tax was decoupled from certain federal depreciation and expensing provisions that allow favorable tax treatment for large sport utility vehicles.

2003

With the passage of the Federal Jobs and Growth Tax Relief Reconciliation Act of 2003, an additional first-year depreciation deduction equal to 50 percent of the adjusted basis of qualified property was provided for taxpayers. This provision enhanced the 30 percent depreciation deduction enacted in 2002 by the Job Creation and Worker Assistance Act, which is only applicable to "qualified property" in the New York Liberty Zone (NYLZ) and the Resurgence Zone. All of the eligibility rules that applied to the 2002 deduction apply to the 2003 deduction.

Effective on and after July 1, 2003, the floor on corporate tax overpayment interest was eliminated. Prior to the legislative change, the interest rate on overpayment was 6.0 percent (4.0 percent on mandatory 25 percent prepayment of estimated tax). Additionally, interest charged on underpayment was increased to 5.0 percent plus the federal short-term interest rate from 3.0 percent plus the federal short-term interest rate.

In conformity with New York State, the city's general corporation tax has been amended to disallow deduction expenses for royalty and interest payments made by a firm to a related entity or firm. The excluded payment deductions are related to expenses from the use of licenses, trademarks, copyrights, trade names and other intangible assets.

The city's higher rates for general corporate tax, currently at 8.85 percent on taxable income, 1.5 mills on business and investment capital, 0.75 mill on subsidiary capital and a $300 fixed-dollar minimum tax are extended through tax year 2005.

2002

With the passage of the Federal Job Creation and Worker Assistance Act of 2002, taxpayers were allowed an additional 30 percent depreciation deduction in the first year "qualified property" is placed in service. A similar depreciation deduction for "qualified property" in the New York Liberty Zone (NYLZ) and the Resurgence Zone became allowed. The NYLZ generally encompasses the area in the borough of Manhattan below Canal Street and the Resurgence Zone encompasses the area between Canal Street and Houston Street. Additionally, the Act also allows NYLZ leasehold improvements to be depreciated over a five-year period using a straight line method as well as an additional first-year expense deduction of up to $35,000 for "qualified NYLZ property". To avoid a significant loss of revenue, New York City general corporation tax law was amended to limit the depreciation deductions to "qualified property" within the NYLZ and the Resurgence Zone only and to limit the additional first-year expense deduction to "qualified NYLZ property."

The general corporation tax on publishers and broadcasters has been updated for special sourcing rules. Under the new rule, the income tax formula will apportion actual receipts from subscribers of cable television services rather than the old allocation method that sourced income based on audience location. Additionally, the sourcing rules for broadcasters were broaden to include “cable, direct or indirect satellite transmission and any other means of transmission” that parallels 1996 amendments to the UBT. These amendments are effective beginning in tax year 2002.

Under the Federal Small Business Job Protection Act of 1996, an S corporation that solely owns (100 percent) a Qualified Subchapter S Subsidiary (QSSS), is allowed to treat the financial assets and income of that QSSS as belonging to the parent company for federal tax purposes. The city’s general corporation tax has been amended to clarifying that QSSS are to be treated as a separate corporate entity that must determine its income for tax filing without regard to the Federal QSSS election. These amendments to clarify the status of QSSS apply retroactively to tax years beginning after 1996.

2001

In an effort to remove ambiguity and clarify tax language, for city corporate tax purposes, the term “partnership” will mean any entity classified as a partnership for federal tax purposes.

In an effort to promote greater uniformity between the state and city corporate income tax laws, amendments were made to the city’s tax in 2001 which include: (1) the repeal of city tax provisions enacted in 1990 that penalized certain highly leveraged mergers, consolidation and acquisitions for tax years beginning after 1999; (2) the modification to the calculation of the mandatory first estimated tax installment to allow credits to be deducted in determining the amount of the prior year’s tax used to calculate the first installment; and (3) the amendment of various tax provisions governing deficiencies and overpayments attributable to net operating loss carrybacks to include deficiencies in overpayments attributable to carrybacks of capital losses.

The higher rates of the city general corporate tax, currently 8.85 percent on taxable income, 1.5 mills on business and investment capital, 0.75 mill on subsidiary capital and a $300 fixed dollar minimum was through tax year 2003.

As a result of the September 11, 2001 terrorist attack, the filing deadline for the quarterly estimated tax payment due September 17, 2001 was extended to December 17, 2001.

2000

In the wake of the Gramm-Leach-Bliley Act of 1999, that eliminated restrictions on affiliations between banks and other financial services firms, the city permitted certain corporations that were subject to the corporate tax or banking corporation tax to continue the same taxable status to prevent an abrupt shift in taxable status. Firms that are 65 percent or more owned by a bank or a subsidiary of a bank can file under either the general corporation tax or the banking corporation tax.

The city’s Economic Development Program has been expanded to enhance the benefit of REAP. The credit has been increased to $3,000 per eligible employee from $1,000, while excess credit beyond a taxpayer’s liability is allowed to be carried forward for four years instead of five years under the prior provisions of the program.

1999

The Relocation and Employment Assistance Program (REAP) is extended for four years. A credit for $1,000 for each eligible employee relocated from Manhattan South of 96th street or from any location outside New York City is extended to July 1, 2003. For details please refer to the Tax Exemptions, Deductions and Credits of this appendix. The state and city program includes a provision that would continue to provide a 50 percent reduction in property transfer taxes to existing REITs, with the benefits extended to September 1, 2002.

1998

For taxable years beginning on or after January 1, 1998, the city general corporate tax will not apply to an alien corporation whose activities in New York City are limited solely to investing or trading stocks, securities or commodities for its own account.

1996

For tax years beginning on or after July 1, 1996, manufacturing firms are allowed to "double weight" the receipts factor in the allocation formula. This enables city-located manufacturers to allocate more of their income outside the city, thus reducing their city business income taxes and aiding their competitiveness.

For tax years beginning on or after July 1, 1996, the "place of business" requirement for allocation of taxable income for the general corporation tax has been repealed. Under city tax law, a business operating in the city with a place of business outside the city is allowed to apportion its business income according to a three-factor formula based on the share of its total property, payroll and receipts in New York City. The right to apportion income was previously not available to firms that sold goods or services throughout the country or the world, but only had a city business location. These firms were required to pay tax on all taxable income. All taxpayers conducting business outside the city are now allowed to allocate income with the elimination of the "place of business" requirement.

Legislation enacted in 1996 modified a 1994 legislation to promote REITs by making the 50 percent Real Property Transfer Tax (RPTT) rate reduction permanent during a two-year period for qualifying transfers of property made in connection with the formation of a REIT, and extended the benefit to certain transfers to preexisting REITs. Through legislative extensions, the reduced tax rate for transfer of real property into existing REITs has been continued until August 31, 2008.

1994

New York State enacted legislation in 1994 which allowed the formation of a new type of business entity in New York State, a limited liability partnership or company (LLC). LLCs have some of the limited liability aspects of corporations and the tax treatment of partnerships for federal, state and local tax purposes. LLCs pay a fee to the state, and those conducting business in the city are subject to the city unincorporated business tax. Over time, the number of corporations is expected to decline as new businesses increasingly opt for the LLC business form.

The general corporation tax's income plus-compensation tax computation was modified by phasing out the officers' add-back requirement and by increasing the per-firm statutory deduction. For tax years beginning on or after July 1, 1996, 25 percent of officers' compensation was exempted from the add-back requirement. For tax years beginning on or after July 1, 1997, the per-firm statutory deduction was raised from $15,000 to $30,000. For tax years beginning on or after July 1, 1998, 50 percent of officers' compensation was exempt from the add-back requirement. The per-firm statutory deduction was raised from $30,000 to $40,000 effective July 1, 1998. For tax years beginning on or after July 1, 1999, officers' compensation is no longer included in the base for calculating the income-plus-compensation tax base. Compensation paid to individual shareholders owning at least five percent of the firm remains fully subject to the alternative tax.

In order to promote Real Estate Investment Trusts (REITs) as investment vehicles, legislation enacted in 1994 provided eligible REITs tax relief against the NYC Real Property Transfer Tax (RPTT). The measure was intended to encourage the purchase of NYC properties by REITs by providing a 50 percent RPTT rate reduction during a two-year period for qualifying transfers of property made in connection with the formation of a REIT. Conforming to federal tax treatment, REITs, which are subject to GCT, pays no city corporate tax on incomes pass through to shareholders. The dividend or distributed gain is taxed at the shareholder level. Any undistributed income the REIT possesses is subject to taxation. The tax liability of a REIT is determined by utilizing only the net income and fixed dollar minimum corporate tax base.

1993

The Federal Omnibus Budget Reconciliation Act of 1993 enacted a host of tax law changes including a number of provisions affecting corporate taxes which flow through to the city tax. Among the major provisions was a mark-to-market inventory valuation rule change for securities dealers, a reduction in the business meals and entertainment deduction, and an increase in the capital investment limit allowed for small businesses.

Effective July 1, 1990, the general corporation tax was amended by local law to conform the filing schedule for estimated payments to the schedule used at the Federal and New York State levels, making estimated payments for calendar year corporations due in September and December.

The city took steps to return the “windfall” created by the broadening of the corporate tax base through the Federal Tax Reform Act of 1986 by lowering its corporate tax rate by 0.15 percentage points, to 8.85 percent, effective for tax year 1987. In July of 1988, the State Legislature passed a bill to conform the city tax law to changes made as part of Business Tax Reform and Rate Reduction Act (BTRRRA). As part of this legislation, which became effective in tax year 1988, the city: (1) exempted real estate mortgage investment conduits from the tax; (2) established a ceiling on the alternative capital base of $350,000; (3) amended the definitions of subsidiary, investment, and business capital to allow for the deduction of long-term debt; (4) required leased personal property to be included in the formula for calculating the business allocation percentage; (5) eliminated the deduction for franchise, income or similar taxes paid to other states and localities; and (6) repealed the interest add-back rule which required that 90 percent of the interest

1986

The Federal Tax Reform Act of 1986 substantially broadened the state and city corporate tax base by limiting or eliminating various deductions (such as entertainment expenses and natural resource depletion allowances) and accelerating taxable income by requiring corporations to recognize income earlier than under previous law. In order to return the business tax “windfall” which was expected to result from this change, New York State passed the Business Tax Reform and Rate Reduction Act (BTRRRA) in 1987.

1982

In response to business tax reform initiatives at the Federal level, New York City altered the general corporation tax. The Federal Economic Recovery Tax Act of 1981 and the Tax Equity and Fiscal Responsibility Act of 1982 substantially altered Federal business taxes by instituting the Accelerated Cost Recovery System (ACRS) and more liberal leaseback provisions. Under the provisions of ACRS, property could be rapidly depreciated in the first few years of service. Since the general corporation tax uses the Federal definition of net taxable income as the starting point in determining tax liability, firms depreciating property under ACRS would have been able to drastically lower their New York City tax obligation. To avoid a substantial loss of revenue, the city uncoupled from the Federal ACRS in 1982 and required firms to depreciate assets under the Asset Depreciation Range. In 1985, however, the city joined with New York State in allowing New York State assets to be depreciated under ACRS. In 1994, ACRS was extended to property placed in service outside the state.

1978

Prior to 1977, the tax rate on net corporate earnings was 10.05 percent. In 1977, the rate was reduced to 9.5 and in 1978 the rate was again lowered to 9.0 percent. For tax years after 1978 the general corporation tax rate was reduced to 8.85 percent.

APPENDIX IV
BUSINESS CORPORATION TAX

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APPENDIX IV.
BUSINESS CORPORATION TAX

1. Summary Tables

Table 1.
Annual Distribution of Number of Taxpayers by Type of Business

Table 1 depicts the number of business corporation tax (BCT) filers by industrial sector for tax years 2015 to 2021, the most recent data available from the Department of Finance (DOF). The service (information, professional/technical/managerial, and other services) and trade sectors accounted for the largest amount of taxpayers, 38.6 percent and 20.5 percent, respectively.

BCT Industrial Mix - Number of Firms
(2015-2021)

	Finance		Real Estate		Manufacturing		Prof/Tech/Mgmt		Other Services		Information		Trade		Other		Total*	
Year	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share
2015	9,829	6.4%	26,077	17.0%	4,224	2.8%	17,621	11.5%	36,005	23.5%	4,682	3.1%	35,526	23.2%	19,242	12.6%	153,206	100.0%
2016	10,177	6.2	27,753	17.0	4,353	2.7	19,030	11.7	38,138	23.4	4,918	3.0	37,476	23.0	21,314	13.1	163,159	100.0
2017	10,322	6.1	28,474	16.9	4,433	2.6	20,048	11.9	39,232	23.3	5,063	3.0	37,559	22.3	23,318	13.8	168,449	100.0
2018	10,777	6.2	29,268	16.7	4,525	2.6	21,117	12.1	40,668	23.2	5,290	3.0	38,036	21.7	25,457	14.5	175,138	100.0
2019	11,120	6.2	29,927	16.7	4,611	2.6	22,126	12.3	42,039	23.4	5,470	3.0	38,244	21.3	26,052	14.5	179,589	100.0
2020	11,787	6.5	29,918	16.5	4,703	2.6	22,859	12.6	41,683	23.0	5,383	3.0	37,834	20.9	26,827	14.8	180,994	100.0
2021	12,800	6.9	30,137	16.3	4,717	2.5	24,060	13.0	41,970	22.6	5,562	3.0	37,960	20.5	28,223	15.2	185,429	100.0

* Totals may not add up due to rounding.

Table 2.
Annual Distribution of Taxpayer Liability By Type of Business ($ Thousands)

Table 2 depicts the distribution of business corporation tax liability (BCT) by industry sector for tax years 2015 to 2021. In 2021, the service sector (information, professional/technical/managerial, and other services) and finance sector accounted for over 77 percent of BCT liability. Despite accounting for 6.9 percent of the total taxpayers, the finance industry's liability accounted for about half of the total BCT liability.

BCT Industrial Mix – Liability
(2015-2021)

	Finance		Real Estate		Manufacturing		Prof/Tech/Mgmt		Other Services		Information		Trade		Other		Total*	
Year	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share	Liability	% Share
2015	1,268,266	51.4%	159,963	6.5%	153,665	6.2%	159,359	6.5%	150,131	6.1%	212,673	8.6%	310,525	12.6%	55,251	2.2%	2,469,831	100.0%
2016	1,293,918	54.1	129,204	5.4	144,120	6.0	130,055	5.4	151,685	6.3	198,630	8.3	279,054	11.1	67,041	2.8	2,393,708	100.0
2017	1,073,330	49.2	132,627	6.1	145,427	6.7	145,152	6.7	176,390	8.1	193,099	8.8	257,679	11.8	58,556	2.7	2,182,261	100.0
2018	1,603,932	50.3	158,997	5.0	190,034	6.0	217,407	6.8	220,165	6.9	388,121	12.2	336,498	10.5	75,143	2.4	3,190,297	100.0
2019	1,665,319	49.2	134,838	4.0	209,520	6.2	236,755	7.0	215,943	6.4	520,274	15.4	320,268	9.5	81,711	2.4	3,384,628	100.0
2020	1,772,695	53.7	142,965	4.3	234,186	7.1	244,647	7.4	176,467	5.3	310,947	9.4	330,918	10.0	89,450	2.7	3,302,277	100.0
2021	2,152,883	53.8	140,267	3.5	229,293	5.7	301,520	7.5	$215,037	5.4	426,405	10.7	432,897	10.8	100,937	2.5	3,999,239	100.0

Please note that the chart above reflects the distribution of C corporations which are covered under the BCT starting 2015 tax year.
* Totals may not add up due to rounding.

Table 3.
Distribution By Allocation Status

Table 3 depicts the distribution of business corporation taxpayers by allocation status for tax year 2021. The majority of taxpayers (82.2 percent) conduct 100 percent of their business in New York City and do not allocate income to other cities or states. However, multi-jurisdictional taxpayers were liable for 94.1 percent of total liability.

Distribution by Allocation Status (Tax Year 2021)

($ in Thousands)

	Number	% of Total Taxpayers	Liability	% of Total Liability
Multi-Jurisdictional	25,521	13.8%	$3,762,882	94.1%
100% NYC	152,429	82.2	226,641	5.7
Not Available	7,479	4.0	9,716	0.2
Total*	**185,429**	**100.0%**	**$3,999,239**	**100.0%**

Source: NYC Department of Finance, Office of Tax Policy

* Totals may not add up due to rounding.

Please note that the chart above reflects the distribution of C corporations which are covered under the BCT starting 2015 tax year.

Table 4.
Distribution by Liability Range

Table 4 depicts the distribution of taxpayers by liability range in tax year 2021, the most recent data available from the Department of Finance. In 2021, 0.2 percent of business corporation tax filers (those with liability greater than $1,000,000) were liable for 66.3 percent of the total liability.

Distribution of Filers and Liability C Corp (Tax Year 2021)
($ in Thousands)

Liability per Taxpayer	Number	% of Total Taxpayers	Liability	% of Total Liability	Average Tax Per Filer
$50,000 and Under	182,338	98.3%	$180,308	4.5%	$989
Over $50,000 - $500,000	2,292	1.2	366,492	9.2	159,901
Over $500,000 - $1,000,000	318	0.2	220,026	5.5	691,906
Over $1,000,000	481	0.3	3,232,413	80.8	6,720,194
Total*	**185,429**	**100.0%**	**$3,999,239**	**100.0%**	**$21,567**

Source: NYC Department of Finance, Office of Tax Policy
* Totals may not add up due to rounding.
Please note that the chart above reflects the distribution of C corporations which are covered under the BCT starting 2015 tax year.

Distribution of Filers and Liability C Corp & S Corp (Tax Year 2021)
($ in Thousands)

Liability per Taxpayer	Number	% of Total Taxpayers	Liability	% of Total Liability	Average Tax Per Filer
$50,000 and Under	348,416	98.0%	$650,561	11.8%	$1,867
Over $50,000 - $500,000	6,162	1.7	860,073	15.6	139,577
Over $500,000 - $1,000,000	502	0.1	346,030	6.3	689,302
Over $1,000,000	622	0.2	3,646,178	66.3	5,862,022
Total*	**355,702**	**100.0%**	**$5,502,842**	**100.0%**	**$15,470**

Source: NYC Department of Finance, Office of Tax Policy
* Totals may not add up due to rounding.
Combined distribution of filers and liability for the S and C corporations in tax year 2021.

Table 5.
Annual Distribution of State C Corporations by Industry

Table 5 depicts the number of C corporation filers by industrial sector for tax years 1998-2021, the most recent data available from the Department of Finance (DOF). The service (information, professional/technical/managerial, and other services) and trade sectors accounted for the largest amount of taxpayers, 38.6 percent and 20.5 percent, respectively.

C Corp Industrial Mix – Number of Firms
(1998 – 2021)

	Finance		Real Estate		Manufacturing		Prof/Tech/Mgmt		Other Services		Information		Trade		Other		Total	
Year	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share	# of Firms	% Share
1998	7,004	5.1%	23,193	16.9%	8,212	6.0%	14,599	10.6%	27,442	20.0%	4,033	2.9%	29,345	21.4%	23,320	17.0%	137,148	100.0%
1999	7,409	5.3	23,003	16.4	7,683	5.5	15,781	11.3	26,469	18.9	4,368	3.1	29,307	20.9	26,172	18.7	140,192	100.0
2000	7,708	5.4	23,211	16.3	7,288	5.1	16,851	11.8	27,048	19.0	4,628	3.2	30,235	21.2	25,729	18.0	142,698	100.0
2001	7,666	5.4	23,611	16.5	6,938	4.8	16,955	11.9	27,931	19.5	4,527	3.2	31,581	22.1	23,866	16.7	143,075	100.0
2002	7,339	5.1	23,259	16.2	6,447	4.5	15,549	10.8	27,953	19.5	4,214	2.9	32,298	22.5	26,376	18.4	143,435	100.0
2003	7,299	5.1	23,353	16.5	6,009	4.2	15,587	11.0	27,512	19.4	4,165	2.9	31,771	22.4	26,253	18.5	141,949	100.0
2004	7,268	5.1	23,273	16.3	5,686	4.0	14,921	10.4	27,805	19.5	4,081	2.9	32,123	22.5	27,688	19.4	142,845	100.0
2005	7,786	5.0	24,497	15.7	5,640	3.6	16,353	10.5	31,139	19.9	4,310	2.8	33,919	21.7	32,834	21.0	156,478	100.0
2006	7,824	5.5	23,517	16.4	5,287	3.7	15,079	10.5	28,536	19.9	3,962	2.8	31,926	22.3	26,986	18.9	143,117	100.0
2007	8,107	5.7	23,398	16.4	5,155	3.6	15,168	10.6	29,110	20.4	3,956	2.8	31,700	22.2	25,886	18.2	142,480	100.0
2008	8,235	5.9	23,882	17.0	4,937	3.5	15,417	11.0	30,613	21.8	4,047	2.9	32,238	22.9	21,351	15.2	140,720	100.0
2009	8,081	5.6	24,380	17.0	4,810	3.4	15,859	11.1	32,650	22.8	4,052	2.8	33,654	23.5	19,575	13.7	143,061	100.0
2010	8,395	5.7	25,020	16.9	4,745	3.2	16,488	11.1	34,755	23.4	4,239	2.9	35,012	23.6	19,677	13.3	148,331	100.0
2011	8,807	5.8	25,618	16.8	4,743	3.1	17,232	11.3	36,123	23.7	4,400	2.9	35,866	23.6	19,417	12.8	152,206	100.0
2012	9,133	5.9	25,993	16.7	4,732	3.0	17,962	11.6	36,897	23.7	4,735	3.0	36,436	23.4	19,504	12.6	155,392	100.0
2013	9,447	5.8	27,048	16.5	4,903	3.0	19,142	11.7	39,283	24.0	5,080	3.1	38,271	23.3	20,812	12.7	163,986	100.0
2014	9,933	5.9	27,763	16.5	4,917	2.9	20,014	11.9	40,053	23.7	5,224	3.1	38,933	23.1	21,905	13.0	168,742	100.0
2015*	9,829	6.4	26,077	17.0	4,224	2.8	17,621	11.5	36,005	23.5	4,682	3.1	35,526	23.2	19,242	12.6	153,206	100.0
2016	10,117	6.2	27,753	17.0	4,353	2.7	19,030	11.7	38,138	23.4	4,918	3.0	37,476	23.0	21,314	13.1	163,159	100.0
2017	10,322	6.1	28,474	16.9	4,433	2.6	20,048	11.9	39,232	23.3	5,063	3.0	37,559	22.3	23,318	13.8	168,449	100.0
2018	10,777	6.2	29,268	16.7	4,525	2.6	21,117	12.1	40,668	23.2	5,290	3.0	38,036	21.7	25,457	14.5	175,138	100.0
2019	11,120	6.2	29,927	16.7	4,611	2.6	22,126	12.3	42,039	23.4	5,470	3.0	38,244	21.3	26,052	14.5	179,589	100.0
2020	11,787	6.5	29,918	16.5	4,703	2.6	22,859	12.6	41,683	23.0	5,383	3.0	37,834	20.9	26,827	14.8	180,994	100.0
2021	12,800	6.9	30,137	16.3	4,717	2.5	24,060	13.0	41,970	22.6	5,562	3.0	37,960	20.5	28,223	15.2	185,429	100.0

* Tax year 2015 reflects the C corp figures in accordance with the 2015 corporate tax reform.

Table 6.
Annual Distribution of State C Corporations by Industry

Table 6 depicts the distribution of business corporation tax liability (BCT) by industry sector for tax years 2015 to 2021. In 2021, the service sector (information, professional/technical/managerial, and other services) and finance sector accounted for over 77 percent of BCT liability.

C Corp Industrial Mix – Liability ($ in Million)
(1998 – 2021)

	Finance		Real Estate		Manufacturing		Prof/Tech/Mgmt		Other Services		Information		Trade		Other		Total	
Year	Liability	Share	Liability	Share	Liability	Share	Liability	Share	Liability	Share	Liability	Share	Liability	Share	Liability	Share	Liability	Share
1998	262.6	28.8%	73.8	8.1%	65.8	7.2%	142.2	15.6%	102.1	11.2%	95.8	10.5%	108.3	11.9%	60.3	6.6%	910.8	100.0%
1999	656.1	49.1	74.9	5.6	82.4	6.2	136.5	10.2	84.5	6.3	107.0	8.0	126.9	9.5	66.7	5.0	1,335.1	100.0
2000	678.5	48.5	86.4	6.2	84.4	6.0	157.4	11.3	82.0	5.9	113.7	8.1	122.9	8.8	72.9	5.2	1,398.2	100.0
2001	590.0	48.9	97.7	8.1	88.0	7.3	110.9	9.2	80.7	6.7	82.1	6.8	105.7	8.8	51.2	4.2	1,206.3	100.0
2002	504.2	47.0	83.1	7.7	61.8	5.8	81.5	7.6	82.7	7.7	99.6	9.3	109.4	10.2	51.0	4.7	1,073.3	100.0
2003	542.3	42.7	96.3	7.6	70.5	5.5	102.2	8.0	92.5	7.3	184.4	14.5	134.9	10.6	48.1	3.8	1,271.2	100.0
2004	835.2	50.1	100.9	6.1	118.8	7.1	129.2	7.7	111.2	6.7	169.9	10.2	148.5	8.9	53.3	3.2	1,667.1	100.0
2005	1,190.4	56.1	139.5	6.6	95.6	4.5	132.3	6.2	124.8	5.9	195.4	9.2	182.1	8.6	61.4	2.9	2,121.6	100.0
2006	1,535.2	55.6	262.9	9.5	152.8	5.5	173.9	6.3	137.8	5.0	217.3	7.9	214.8	7.8	65.1	2.4	2,759.9	100.0
2007	1,310.3	51.6	259.9	10.2	93.8	3.7	201.2	7.9	158.9	6.3	226.0	8.9	228.1	9.0	62.1	2.4	2,540.2	100.0
2008	1,102.2	52.9	121.5	5.8	100.6	4.8	199.3	9.6	134.0	6.4	173.0	8.3	164.7	7.9	88.0	4.2	2,083.3	100.0
2009	1,373.5	59.1	82.5	3.6	118.5	5.1	165.0	7.1	111.6	4.8	198.8	8.6	206.2	8.9	66.2	2.9	2,322.3	100.0
2010	1,732.1	60.4	119.7	4.2	164.4	5.7	156.4	5.5	127.4	4.4	229.9	8.0	257.6	9.0	78.9	2.8	2,866.5	100.0
2011	1,695.8	57.6	119.7	4.1	172.6	5.9	175.5	6.0	134.1	4.6	296.0	10.1	290.3	9.9	59.4	2.0	2,943.4	100.0
2012	2,011.0	61.4	119.5	3.7	159.2	4.9	181.1	5.5	136.6	4.2	286.9	8.8	309.4	9.4	71.1	2.2	3,274.8	100.0
2013	1,715.9	55.9	142.1	4.6	149.6	4.9	205.6	6.7	141.5	4.6	325.6	10.6	311.7	10.2	77.0	2.5	3,069.0	100.0
2014	1,863.7	57.5	201.1	6.2	155.7	4.8	212.3	6.5	164.5	5.1	271.7	8.4	300.9	9.3	71.9	2.2	3,241.8	100.0
2015*	1,268.3	51.4	160.0	6.5	153.7	6.2	159.4	6.5	150.1	6.1	212.7	8.6	310.5	12.6	55.3	2.2	2,469.8	100.0
2016	1,293.9	54.1	129.2	5.4	144.1	6.0	130.1	5.4	151.7	6.3	198.6	8.3	279.1	11.7	67.0	2.8	2,393.7	100.0
2017	1,073.3	49.2	132.6	6.1	145.4	6.7	145.1	6.7	176.3	8.1	193.1	8.8	257.6	11.8	58.5	2.7	2,182.2	100.0
2018	1,603.9	50.3	159.0	5.0	190.0	6.0	217.4	6.8	220.2	6.9	388.1	12.2	336.5	10.5	75.1	2.4	3,190.3	100.0
2019	1,665.3	49.2	134.8	4.0	209.5	6.2	236.8	7.0	215.9	6.4	520.3	15.4	320.3	9.5	81.7	2.4	3,384.6	100.0
2020	1,772.7	53.7	143.0	4.3	234.2	7.1	244.6	7.4	176.5	5.3	310.9	9.4	330.9	10.0	89.5	2.7	3,302.3	100.0
2021	2,152.9	53.8	140.3	3.5	229.3	5.7	301.5	7.5	215.0	5.4	426.4	10.7	432.9	10.8	100.9	2.5	3,999.2	100.0

* Tax year 2015 reflects the C corp figures in accordance with the 2015 corporate tax reform.

APPENDIX IV.
BUSINESS CORPORATION TAX

2. Tax Detail

TAX DETAIL

Calculation of Tax Liability

Classification of Income and Expenses

Investment Income

The unitary determination for corporations' 20 percent or more owned is fact-specific, with no presumption. The one year holding period for stocks is measured across tax years. Where the holding period is split across tax years, a taxpayer may presume that it held the stock for more than one year, but, if the taxpayer does not own the stock at the time it actually files its original report for the taxable year in which it acquired the stock, the presumption shall not apply and the actual period of time the taxpayer owned the stock shall determine its character. If the stock is not held for more than one year, the dividends and gains and losses from the stock generated in year 1 and year 2 are required to be included as business income in year 2, and business capital must be increased in year 2 for the amount included as investment capital in year 1.

Attribution of Expenses

Taxpayers receiving dividends from unitary affiliates subject to tax under the city's Utility Tax, other than vendors of utility services, or affiliates that would have been subject to the city's former insurance corporation tax, are precluded from making the 40 percent election for those dividends and must perform actual expense attribution. The computation of interest expense attribution for a combined group is done on a "one company" basis. If the taxpayer chooses the 40 percent election, it applies to both the investment income and other exempt income of all members of the combined group.

Allocation of Business Income

Taxpayers with less than $50 million of receipts allocated to the city will have a one-time election to continue, in their first tax year commencing on or after January 1, 2018, to use the 2017 three factor business allocation percentage formula – 93 percent sales, 3.5 percent property, 3.5 percent payroll – to allocate income in tax years beginning on or after January 1, 2018.

Business Income Base

Qualified manufacturing corporations must meet property and receipts tests: The taxpayer must have property in New York State that is principally used in the production of goods by manufacturing and either the adjusted basis of that property for federal income tax purposes is at least $1,000,000 or more than 50 percent of all its real and personal property is located in the state, and The taxpayer must derive more than 50 percent of its gross receipts from the sale of goods produced by its manufacturing activity. In the case of a corporation that is a member of a combined group, the determination is made on a combined group basis. No modification for large manufacturing employer is included. The tax rate for qualified manufacturing corporations phases out between $10 and $20 million of allocated business income and $20 and $40 million of business income before allocation.

Small businesses qualify depending on their level of business income. The tax rate for small businesses phases out between $1 and $1.5 million of allocated business income and $2 and $3 million of business income before allocation.

Financial corporations are corporations, or combined groups, that have more than $100 billion of total assets reflected on their balance sheet at the end of the taxable year, and: more than 50 percent of their overall receipts allocated pursuant to the rules under Code § 11-654.5(5), which allocate receipts from certain financial assets and certain financial activities, (including receipts from qualified and nonqualified financial instruments[1] and commodities, and registered broker-dealer services, credit and consumer cards, and investment company services), or a registration or classification as a financial institution (such as a bank, savings or thrift association registered broker dealer, or agency, branch or foreign depository) except that, in the case of a combined group, more than 50 percent of the assets of the group must be held by one or more corporations with a financial registration or classification.

[1] Qualified financial instruments (QFIs) are defined as financial instruments that are eligible or required to be marked to market under I.R.C. §§ 475 or 1256, excluding loans secured by real property.

Sourcing Rules

Former Sourcing Rules

Former sourcing rules continue generally for: Sales of tangible personal property, rentals of real and tangible personal property, broker/dealer activities, interest, fees, penalties, service charges, merchant discounts, and credit card fees, services provided to a Regulated Investment Company (RIC); and advertising.

New Sourcing Rules for Allocating Income From Financial Instruments

If, in any particular year, only loans that are secured by real property are marked to market, then no loans are QFI for that year. If a financial instrument is not itself marked to market but is in the same allocation category as another financial instrument that is marked to market, then it is also a QFI. In the case of a combined report, the definition of QFI is determined on a combined basis.

Combined Reporting

The captive REIT/RIC combination requirement is incorporated without any special exclusion for affiliated groups whose members own assets under $8 billion. The combined reporting requirements for captive insurance companies is changed to require combination with captive insurance companies, where less than 50 percent of the captives' premiums are from arrangements that constitute insurance for federal income tax purposes. Combination across tax types remains prohibited. Eventual single receipts factor apportionment for all taxpayers (see Allocation of Business Income under the NYC Business Corporation Tax in the Charter Mandated Taxes section) allows aviation, railroad, and trucking companies to be included in the combined group.

Net Operating Loss (NOLs)

Prior Net Operating Loss Conversion (PNOLC) Subtraction

Taxpayers must first compute the value of the unabsorbed NOL for the base year. This is computed by applying the taxpayer's (or combined group's) 2014 business allocation percentage and tax rate to the 2014 pre-apportionment New York City NOL carryforward. The product is then divided by 8.85 percent or 9.0 percent, as applicable. The final result is referred to as the PNOLC subtraction pool.

Where two or more taxpayers and/or groups that existed and filed separately in tax year 2014 constitute one group in 2015, each taxpayer and/or group would compute its PNOLC subtraction separately based on its 2014 information; in 2015, the group's total PNOLC subtraction is the sum of the subtractions of each of its constituent taxpayers and/or groups. If a taxpayer leaves the group after 2015, the taxpayer takes its proportionate amount of the subtraction with it. If a taxpayer enters the group after 2015, its proportionate amount of the subtraction is added to the group's remaining subtraction amount.

Bank-Specific Provisions

International Banking Facility Deduction[2]

Beginning in December 1981, the Federal Reserve Board permitted banking offices in the United States to establish international banking facilities (IBFs). This allowed banking offices to conduct a deposit and loan business with foreign residents without being subject to reserve requirements or interest rate ceilings. In addition, several states, including New York, have encouraged banking institutions to establish IBFs by granting favorable tax treatment under state or local law for IBF operations.

Beginning with Tax Year 2015, the NYS and NYC special treatment of IBFs is eliminated. Both New York City and State allow banking corporations to deduct the adjusted eligible net income of an IBF, and to exclude IBF payroll, receipts and deposits from the numerator and denominator of the income allocation formula, in calculating taxable income under their banking corporation taxes. Alternatively, a bank can elect to include its IBF's results in calculating its net income, but to exclude IBF payroll, receipts and deposits from the numerator (while including them in the denominator) of its income allocation formula. As a result, banking offices in New York can, through their IBFs, conduct transactions with foreign residents in a regulatory environment broadly similar to that of the Eurocurrency market without having to use an offshore facility.

[2] NYC Department of Finance Publication "Annual Report on Tax Expenditures" Fiscal Year 2015.

Modifications

The first modification is available to small thrifts and qualified community banks for holding a significant amount of New York City small business loans and New York City residential mortgages. Eligible taxpayers must choose between this modification and the third modification discussed below. The second modification is available to small thrifts and qualified community banks that maintained a REIT on April 1, 2014. Taxpayers that use this modification are precluded from using the two other modifications discussed above and below. The third modification is available to thrifts and qualified community banks holding a qualified residential loan portfolio. Eligible taxpayers must choose between this modification and the first modification discussed above. The fourth modification is available for taxpayers and combined groups that have less than $150 billion of assets and make or purchase (immediate after origination) loans secured by residential real property in the city used for affordable housing or located in a low-income community. A phase-out applies between $100 billion and $150 billion of assets. Taxpayers may not include loans in this modification that are incorporated into the first modification and may not include income in this modification that is included in the second modification.

Legacy GCT Provisions That Are Unique to New York City

ENI is modified to (1) exclude a partner's share of income, gain, loss, or deduction from a partnership that is subject to tax as a utility under Chapter 11 of Title 11 of the Code, (2) add back taxes paid under Articles 9 and 13-A of the Tax Law, (3) add back relocation expenses to the extent the taxpayer takes a Relocation Employment and Assistance Credit, Lower Manhattan Relocation and Employment Assistance Program, or Relocation Assistance Credit per Employee, (4) add back any deduction for a restricted stock option grant or exercise within the meaning of the IRC of 1954 unless the grantee disposes of the stock within 2 years from the grant date or 6 months from the stock transfer, (5) permit a deduction for certain expenses related to industrial waste treatment facilities and pollution control facilities, and (6) adjust the depreciation deductions attributable to certain sport utility vehicles. ENI does not include any modifications specific to publicly supervised utilities, which are exempt from tax under the NYC Corporate Tax. Captive REITs and RICs that are combinable with insurance companies under Article 33 of the Tax Law (NYS Insurance Tax) are not excluded from tax under the NYC Corporate Tax. An exemption applies to all companies subject to the Utility Tax under Chapter 11 of Title 11 of the Code, not just those that are subject to tax under Articles 183 and 184 of the Tax Law. The exemption for vendors of utility services is proportionate to their share of receipts subject to tax under the New York City Utility Tax and is therefore partial. An exemption applies for certain entities that hold title to real estate for organizations that are exempt from tax under section 501(c) of the IRC. [Bill § 1, Code § 11-653(9)] Except for business income tax rates applicable to small businesses and manufacturers, and the capital tax rates applicable to subsidiaries of publicly supervised utilities and insurance corporations, the former tax rates applicable to income and capital continue to apply (see Business Income Base Tax Rates and Capital Base Tax Rates above). The three-factor business allocation percentage continues to phase out the property and payroll factors through the 2017 tax year, with the exception noted in Allocation of Business Income above. Depreciation recapture applies to certain assets that were eligible for New York City depreciation deductions in excess of federal depreciation deductions. The allocation of receipts from aviation does not include any subtraction from local receipts. No company subject to the Utility Tax under Chapter 11 of Title 11 of the Code is eligible for combination (except for vendors of utility services). Reports regarding federal or state changes include "or other basis of tax", war loss recoveries, waivers on restrictions to assessment and collection of federal or New York State tax, and changes to New York State sales or use tax liability. The default interest rate for underpayments is 7.5 percent. An initial installment equal to 25 percent of the tax liability for the preceding taxable year must be paid with the report for the preceding year (or application for extension of time to file. The default interest rate for overpayments related to the 25 percent installment is 4.0 percent and the default interest rate for extensions of time to pay installments of estimated tax is 7.5 percent.

APPENDIX IV.
BUSINESS CORPORATION TAX

3. Legislative History

BUSINESS CORPORATION TAX: LEGISLATIVE HISTORY

2025

Effective July 1st, 2025, business that relocate from outside of New York State into NYC can be eligible to receive the Relocation Assistance Credit Per Employee (RACE). RACE credit will be available from 2025 to 2028 for a total of 3,000 employment shares. Businesses that opt into RACE receive credit against their NYC General and Financial Corporation Taxes. To qualify for RACE credit, firms must:

- have conducted substantial business outside of New York State for at least two years
- lease at least 20,000 square feet of commercial property
- relocate up to 500 eligible employment shares

Businesses that opt into RACE program receive $5,000 per eligible aggregate employment share for 10 years. Eligible businesses must submit a preliminary application to Department of Finance given the limited number of available employment shares in the RACE program (See GCT Appendix III – Tax Exemptions, Deductions and Credits).

(Administrative Code § 11-643.10)

2024

For taxable years beginning on or after January 1, 2024, the threshold at which a corporation and a unitary group are deemed to be deriving receipts from activity in New York City is now $1,128,000. When determining the threshold for a unitary group, only total the receipts from corporations conducting a unitary business that meet the ownership requirements with New York City receipts of at least $11,000.

2023

A biotechnology credit is allowed for tax years 2023 through 2026 for certain expenses for qualified emerging technology companies (NYS Con Laws §1201-a)(d)).

2022

For tax years beginning on or after January 1, 2022, the Administrative Code now provides that corporations deriving receipts of $1 million or more from New York City sources will be subject to the business corporation tax. A corporation with less than $1 million, but at least $10,000 of receipts from New York City sources, will also be subject to the business corporation tax if the corporation is part of a unitary group that, in the aggregate, derives receipts from New York City sources of $1 million or more. These threshold amounts may be adjusted annually to reflect changes in the Consumer Price Index.

The childcare business tax credit was authorized to allow businesses to take credit against Business Corporation Tax liability. (See GCT Appendix III – Tax Exemptions, Deductions and Credits).

(Administrative Code. § 11-144, § 11-654.23)

2020

New York State decoupled the city from certain provisions of the CARES Act related to business taxes. Section 5 of Part WWW of Chapter 58 of the Laws of 2020 of the State of New York decoupled the city from the following tax provisions of the CARES Act:

- Disallowed deductions for interest payments for tax years 2019 and 2020 in NYCBCT, GCT, UBT and the defunct Banking Corporation Tax pursuant to changes to section 163(j) of the Internal Revenue Code.

New York State Senate bill S-8411 further de-coupled the city from the CARES Act business tax provisions in the following manner:

- Pursuant to changes in Section 163(j) of the Internal Revenue Code which allows greater deduction of interest payments for partners in a partnership, disallowed tax deductions for interest payments for tax years 2019 and

2020 in NYCBCT, GCT, UBT and the defunct Banking Corporation Tax.
- Pursuant to changes in Section 163(j) of the Internal Revenue Code, disallowed NYCBCT, GCT, UBT, and the defunct Banking Corporation Tax filers the use of 2019 income (rather than income in the current taxable year) to calculate the allowable interest expense deduction for any taxable year beginning in 2020.
- Decoupled from any changes made to Section 461(1) of the Internal Revenue Code, which regulates the ability of non-corporate taxpayers to deduct excess business losses against other types of income, made after March 1, 2020 for all taxable years beginning before January 1, 2021.
- Decoupled from any changes made to Section 172 of the Internal Revenue Code, which regulates the amount of net operating loss (NOL) deduction and when a deduction can be taken for NOLs, made after March 1, 2020 for all taxable years beginning before January 1, 2021

Tax Deferral

- In March, the city allowed DOF administered business and excise taxes due between March 16, 2020 and April 25, 2020, a waiver for late payment penalties.
- In May, the city extended this waiver for all DOF administered business and excise taxes due between April 26, 2020 and June 25, 2020.
- Quarterly estimated payments for DOF administered business and excise taxes were still required to be made by the June 15, 2020 deadline.

2018

New York State decoupled both the state and the city from certain components of TCJA through the 2018-2019 Budget Act, Part KK of Chapter 57 of the Laws of 2018. Part KK amends New York tax law relative to the federal tax reform changes in the following manner:

- Expands the definition of “other exempt income” to include all types of foreign repatriation income
- Adds back the deduction for repatriated income (Section 965) and the deduction for FDII (Section 250) on NYS/NYC business tax returns.
- Prevents a double deduction for Section 78 dividends
  - There is an existing deduction for Section 78 dividends; however, TCJA added another gross-up and deduction under Section 250 (GILTI). This prohibits taxpayers from using the amount as a deduction twice on NYS/NYC business tax returns.
- Adjusts the underpayment penalty for estimated tax so that taxpayers with repatriated income will not be penalized in TY 2017.
- Technical fix for interest calculations to address due date for finals in April.

2017

On December 22, 2017, the federal government passed and enacted the Tax Cuts and Jobs Act of 2017 (TCJA), public law no. 115-97, which altered the federal business income tax code. Since New York City uses federal taxable income as the starting point to determine NYC Business Corporation Tax liability, there were several instances where changes to the federal tax code would flow through to New York City. The larger provisions, such as the permanent reduction of the Federal rate and the full expensing of investments, do not flow through to the city. Other smaller provisions that alter revenue calculations and federal deductions for domestic activities will have varying impacts on the city’s tax base. The foreign tax provisions created by the TCJA presented the greatest risk to the business tax revenue base, according to state and city tax law analysts.

2016

The 2016-2017 New York State budget, Part Q of Chapter 60 of the Laws of 2016, changed the New York State tax filing deadlines to conform to changes made to federal filing deadlines enacted in Section 2006 of H.R. 3236, Public Law 114-41, the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015. New York City made similar changes to the filing deadlines for C corporations and sole proprietorships reporting on a federal schedule C.

For tax years beginning on or after January 1, 2016:

Annual returns and tax payments must be postmarked by April 15 of the following year, if the corporation chooses an accounting period that is based on the calendar year.

A corporation that uses an accounting period other than the calendar year (e.g., a fiscal year) must file a return on the 15th day of the fourth month after the close of its fiscal year.

Although the return deadline has been moved back to April 15 for C corporations, these entities are still required to remit the mandatory first installment (MFI) of estimated tax on or before the 15th day of the third month following the close of each taxable year, which is March 15 for calendar year filers. However, the amount of the MFI will now be a percentage of the tax from two tax years prior, instead of the preceding year's tax.

2015

Biotechnology Credit

Section 11-654 (21) of Part D of Chapter 60 of the Laws of 2015, makes the biotechnology credit applicable to C corporations subject to the new NYC business corporation tax (NYC administrative code subchapter 3A). The credit was set to expire at the end of 2015, but chapter 60 of the laws of 2016[1] extends the credit through 2018.

Other Credits

Part D of Chapter 60 of the Laws of 2015 transitions all GCT credits into subchapter 3A, except obsolete credits.

[1] The state has to extend the biotechnology credit against the Business Corporation Tax by amending the NYC Administrative Code. The NYC Council has state authorizing legislation to extend the biotechnology credit against the GCT and UBT.

APPENDIX V
SALES AND USE TAX

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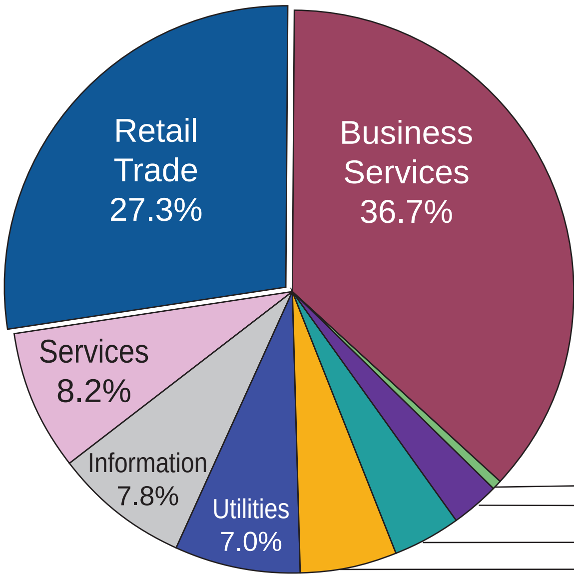
APPENDIX V.
SALES AND USE TAX

1. Summary Tables

Table 1.
Components of Sales Tax Base

March 2024 - February 2025



	Tax Base Share*
Business Services	36.7%
Retail	27.3%
Services	8.2%
Information	7.8%
Utilities	7.0%
All Other	0.7%
Construction	2.7%
Manufacturing	3.8%
Wholesale Trade	5.8%
	100%

Source: NYS Dept. of Taxation and Finance, Office of Tax Policy Analysis
* Totals may not add due to rounding.

Table 2.
Sales Tax Rates and Clothing Exemption

History of Tax Rates for NYC, NYS and MCTD

	Dec. 5 1934	Oct. 22 1941	July 1 1946	July 1 1951	June 1 1963	Aug. 1 1965	Apr. 1 1969	Apr. 2 1971	July 1 1974	Sept. 1 1981	June 1 2003[1]	June 1 2005	Aug. 1 2009
NYC	2.000%	1.000%	2.000%	3.000%	4.000%	3.000%	3.000%	3.000%	4.000%	4.000%	4.125%	4.000%	4.500%
NYS	—	—	—	—	—	2.000%	3.000%	4.000%	4.000%	4.000%	4.250%	4.000%	4.000%
MCTD[2]	—	—	—	—	—	—	—	—	—	0.250%	0.250%	0.375%	0.375%
Total	**2.000%**	**1.000%**	**2.000%**	**3.000%**	**4.000%**	**5.000%**	**6.000%**	**7.000%**	**8.000%**	**8.250%**	**8.625%**	**8.375%**	**8.875%**

[1] The City's additional 0.125 percent tax did not take effect until June 4, 2003.
[2] Metropolitan Commuter Transportation District

History of Sales Tax Exemptions on Clothing and Footwear

	City	State Tax	MCTD
Pre - March 1, 2000	Not Exempt	Not Exempt	Not Exempt
March 1, 2000 - May 31, 2003	Exempt under $110	Exempt under $110	Exempt under $110
June 1, 2003 - August 31, 2005	Not Exempt	Not Exempt	Not Exempt
September 1, 2005 - March 31, 2006	Exempt under $110	Not Exempt	Not Exempt
April 1, 2006 - August 31, 2006	Exempt under $110	Exempt under $110	Exempt under $110
September 1, 2007 - July 31, 2009	All Exempt	Exempt under $110	Exempt under $110
August 1, 2009 - September 30, 2010	Exempt under $110	Exempt under $110	Exempt under $110
October 1, 2010 - March 31, 2011	Exempt under $110	Not Exempt	Not Exempt
April 1, 2011 - March 31, 2012	Exempt under $110	Exempt under $55	Exempt under $55
April 1, 2012	Exempt under $110	Exempt under $110	Exempt under $110

Note: This chart does not include various sales tax free weeks since 1996. Refer to sales tax legislative history for specific dates and applicable rates.

Manhattan Parking Tax Rates

NYS	4.000%
NYC	6.000%
Manhattan Surcharge	8.000%
MCTD	0.375%
Total Parking	**18.375%**

Table 3.
History of Taxes on Hotel Room Occupancy

Effective: December 1, 2027	
NYC Hotel Tax	5.000%
NYC Sales Tax	4.500%
NYS Sales Tax	4.000%
MCTD	0.375%
Aggregate Tax Rate	**13.875%**
Flat fee for rooms over $40[1]	$2.00
Key Tax[2]	$1.50

Effective: September 1, 2021	
NYC Hotel Tax	5.875%
NYC Sales Tax	4.500%
NYS Sales Tax	4.000%
MCTD	0.375%
Aggregate Tax Rate	**14.750%**
Flat fee for rooms over $40	$2.00
Key Tax	$1.50

Effective: June 1, 2021	
NYC Hotel Tax	0.000%
NYC Sales Tax	4.500%
NYS Sales Tax	4.000%
MCTD	0.375%
Aggregate Tax Rate	**8.875%**
Flat fee for rooms over $40	$2.00
Key Tax	$1.50

Effective: December 20, 2013	
NYC Hotel Tax	5.875%
NYC Sales Tax	4.500%
NYS Sales Tax	4.000%
MCTD	0.375%
Aggregate Tax Rate	**14.750%**
Flat fee for rooms over $40	$2.00
Key Tax	$1.50

Effective: December 1, 2013	
NYC Hotel Tax	5.000%
NYC Sales Tax	4.500%
NYS Sales Tax	4.000%
MCTD	0.375%
Aggregate Tax Rate	**13.875%**
Flat fee for rooms over $40	$2.00
Key Tax	$1.50

Effective: August 1, 2009	
NYC Hotel Tax	5.875%
NYC Sales Tax	4.500%
NYS Sales Tax	4.000%
MCTD	0.375%
Aggregate Tax Rate	**14.750%**
Flat fee for rooms over $40	$2.00
Key Tax	$1.50

Effective: March 1, 2009	
NYC Hotel Tax	5.875%
NYC Sales Tax	4.000%
NYS Sales Tax	4.000%
MCTD	0.375%
Aggregate Tax Rate	**14.250%**
Flat fee for rooms over $40	$2.00
Key Tax	$1.50

Effective: June 1, 2005	
NYC Hotel Tax	5.000%
NYC Sales Tax	4.000%
NYS Sales Tax	4.000%
MCTD	0.375%
Aggregate Tax Rate	**13.375%**
Flat fee for rooms over $40	$2.00
Key Tax	$1.50

Effective: June 1, 2003	
NYC Hotel Tax	5.000%
NYC Sales Tax	4.125%
NYS Sales Tax	4.250%
MCTD	0.250%
Aggregate Tax Rate	**13.625%**
Flat fee for rooms over $40	$2.00

Effective: December 1, 1994	
NYC Hotel Tax	5.000%
NYC Sales Tax	4.000%
NYS Sales Tax	4.000%
MCTD	0.250%
Aggregate Tax Rate	**13.250%**
Flat fee for rooms over $40	$2.00

Effective: September 1, 1990	
NYC Hotel Tax	6.000%
NYS Hotel Tax[3]	5.000%
NYC Sales Tax	4.000%
NYS Sales Tax	4.000%
MCTD	0.250%
Aggregate Tax Rate	**19.250%**
Flat fee for rooms over $40	$2.00

Effective: July 8, 1986	
NYC Hotel Tax	5.000%
NYC Sales Tax	4.000%
NYS Sales Tax	4.000%
MCTD	0.250%
Aggregate Tax Rate	**13.250%**
Flat fee for rooms over $40	$2.00

[1] The flat fee is applied to the cost of a room per day. For suites consisting of more than one room, the flat fee is applied to the average value of each room in the suite.
[2] The New York Convention Center Development Corporation fee is administered by NYS as part of the sales tax. A unit for the purposes of charging the CCDC unit fee is a singular room or a set of rooms in a suite.
[3] New York State only imposed the occupancy tax on rooms costing over $100.00.

Table 3.
History of Taxes on Hotel Room Occupancy continued

Effective: September 1, 1981	
NYC Sales Tax	4.000%
NYS Sales Tax	4.000%
MCTD	0.250%
Aggregate Tax Rate	**8.250%**
Flat fee for rooms over $40	$2.00

Effective: September 1, 1980	
NYC Sales Tax	4.000%
NYS Sales Tax	4.000%
Aggregate Tax Rate	**8.000%**
Flat fee for rooms over $40	$2.00

Effective: July 1, 1974	
NYC Sales Tax	4.000%
NYS Sales Tax	4.000%
Aggregate Tax Rate	**8.000%**
Flat fee for rooms over $20	$1.00

Effective: July 1, 1970	
NYC Sales Tax	3.000%
NYS Sales Tax	4.000%
Aggregate Tax Rate	**7.000%**
Flat fee for rooms over $20	$1.00

Table 4.
Sales Tax Activity, Payment, Filing and Distribution Dates

Sales Activity	Monthly EFT Payment Dates	Monthly Non-EFT Payment/Filing Dates	Quarterly Filing Dates	Distribution Dates*
June 1-22	June 25			June 29
June 23-30	July 25	July 20		August 4 & 12
July 1-22	July 25			August 4
July 23-31	August 25	August 20		September 4 & 12
August 1-22	August 25			September 4
August 23-31	September 25	September 20	September 20	October 4 & 12
September 1-22	September 25			October 4
September 23-30	October 25	October 20		November 4 & 12
October 1-22	October 25			November 4
October 23-31	November 25	November 20		December 4 & 12
November 1-22	November 25			December 4
November 23-30	December 25	December 20	December 20	December 28 & January 12
December 1-22	December 25			December 29
December 23-31	January 25	January 20		February 4 & 12
January 1-22	January 25			February 4
January 23-31	February 25	February 20		March 4 & 12
February 1-22	February 25			March 4
February 23-28	March 25	March 20	March 20	April 4 & 12
March 1-22	March 25			April 4
March 23-31	April 25	April 20		May 4 & 12
April 1-22	April 25			May 4
April 23-30	May 25	May 20		June 4 & 12
May 1-22	May 25			June 4
May 23-31	June 25	June 20	June 20	June 28 & July 12

Typical Quarterly Sales Tax Distribution to Localities

Distribution Date*	Percentage of Payments	Taxpayer Sales Period	Filer Status
April 6	70%	February 1-28	Monthly Non-EFT
	70%	December 1-February 28	Quarterly Non-EFT
	70%	February 23-28	Monthly EFT
	100%	March 1-22	Monthly EFT
April 12	30%	February 1-28	Monthly EFT
	30%	December 1-February 28	Quarterly Non-EFT
	30%	February 23-28	Monthly EFT

* Payment, filing and distribution dates are shifted to the following business day (or the third business day following the 22nd day for monthly EFT payments) when the normal payment/filing/distribution dates fall on a weekend or holiday.

Table 5.
State Pool Quarterly Analysis

The state pool analysis method is used to forecast sales tax collections for each quarter when there are only collections for the first two months available and applies historical trends to determine collections for the third month of the collection quarter.

($ in Thousands)

	Total Pool Quarterly	Qtr/Qtr Growth	Yr/Yr Growth	NYC Quarterly	Qtr/Qtr Growth	Yr/Yr Growth	NYC Quarterly % of Total Pool
FY19							
Q1	$8,126,102	1.84%	5.46%	$1,936,447	(1.87%)	6.39%	23.83%
Q2	8,156,496	0.37	2.96	2,048,675	5.80	2.65	25.12
Q3	7,667,263	(6.00)	3.68	1,974,101	(3.64)	5.00	25.75
Q4	8,247,364	7.57	3.36	2,045,206	3.60	3.64	24.80
TOTAL	**$32,197,224**		**3.85%**	**$8,004,428**		**4.37%**	**24.86%**
FY20							
Q1	$8,649,912	4.88%	6.45%	$2,058,545	0.65%	6.31%	23.80%
Q2	8,600,264	(0.57)	5.44	2,150,843	4.48	4.99	25.01
Q3	8,011,339	(6.85)	4.49	1,999,281	(7.05)	1.28	24.96
Q4	6,045,361	(24.54)	(26.70)	1,332,003	(33.38)	(34.87)	22.03
TOTAL	**$31,306,875**		**(2.77%)**	**$7,540,673**		**(5.79%)**	**24.09%**
FY21							
Q1	$7,897,956	30.64%	(8.69%)	$1,608,028	20.72%	(21.89%)	20.36%
Q2	8,060,280	2.06	(6.28)	1,753,243	9.03	(18.49)	21.75
Q3	7,727,690	(4.13)	(3.54)	1,736,113	(0.98)	(13.16)	22.47
Q4	8,970,679	16.08	48.39	1,926,292	10.95	44.62	21.47
TOTAL	**$32,656,605**		**4.31%**	**$7,023,677**		**(6.86%)**	**21.51%**
FY22							
Q1	$9,399,257	4.78%	19.01%	$2,056,637	6.77%	27.90%	21.88%
Q2	9,488,911	0.95	17.72	2,213,518	7.63	26.25	23.33
Q3	9,264,108	(2.37)	19.88	2,231,120	0.80	28.51	24.08
Q4	9,964,006	7.55	11.07	2,405,925	7.83	24.90	24.15
TOTAL	**$38,116,283**		**16.72%**	**$8,907,201**		**26.82%**	**23.37%**
FY23							
Q1	$10,245,906	2.83%	9.01%	$2,401,522	(0.18%)	16.77%	23.44%
Q2	10,247,368	0.01	7.99	2,527,572	5.25	14.19	24.67
Q3	9,964,858	(2.76)	7.56	2,482,926	(1.77)	11.29	24.92
Q4	10,369,783	4.06	4.07	2,493,965	0.44	3.66	24.05
TOTAL	**$40,827,916**		**7.11%**	**$9,905,986**		**11.21%**	**24.26%**
FY24							
Q1	$10,718,818	3.37%	4.62%	$2,520,252	1.05%	4.94%	23.51%
Q2	10,692,245	(0.25)	4.34	2,637,608	4.66	4.35	24.67
Q3	10,193,506	(4.66)	2.29	2,547,583	(3.41)	2.60	24.99
Q4	10,609,382	4.08	2.31	2,576,377	1.13	3.30	24.28
TOTAL	**$42,213,950**		**3.39%**	**$10,281,820**		**3.79%**	**24.36%**
FY25							
Q1	$10,892,100	2.66%	1.62%	$2,546,971	(1.14%)	1.06%	23.38%
Q2	10,867,448	(0.23)	1.64	2,731,824	7.26	3.57	25.14
Q3	10,471,717	(3.64)	2.73	2,663,731	(2.49)	4.56	25.44
Q4	11,049,894	5.52	4.15	2,716,165	1.97	5.43	24.58
TOTAL	**$43,281,159**		**2.53%**	**$10,658,690**		**3.67%**	**24.63%**

APPENDIX V.
SALES AND USE TAX

2. History of the Municipal Assistance Corporation

HISTORY OF THE MUNICIPAL ASSISTANCE CORPORATION

The Municipal Assistance Corporation for the City of New York (MAC) was established through state legislation on June 10, 1975 in order to address the New York City government's severe fiscal crisis. The Corporation was able to sell bonds on behalf of the city to fund its cash flow shortfalls. In order to pay back the debt obligations, for the period of July 1, 1975 through July 1, 2008, the state suspended the city's authority to impose the sales tax and replaced it with an identical 4.0 percent MAC sales tax dedicated to the repayment of MAC bonds (city sales tax rate changes also applied to the MAC sales tax rate as well). Any expansions to the city's sales tax base after the implementation of MAC would not be subject to MAC appropriations.

Collections from the city MAC sales tax base were certified by the State Comptroller and then held in the Municipal Assistance Tax Fund (which included the MAC Bond Payment Fund and Bond Reserve Fund) for one quarter until the MAC dedication (debt service, capital reserve and operating expenses) were certified, whereupon the remaining monies were transferred to the city. From 1995 through 1998, MAC certifications were made as early in the quarter as possible. For city fiscal years 1999, 2000 and 2001, there were no MAC certifications because the MAC funding requirements for these years were prepaid out of the city's General Fund. MAC certifications resumed in city fiscal year 2002. In May 2003, state legislation was passed requiring the New York Local Government Assistance Corporation to pay the city $170 million annually from revenue appropriated by the state. The city created the Sales Tax Asset Receivable Corporation ("STAR Corp."), a local development corporation, which issued bonds in November 2004 secured by this annual payment. STAR Corp. then transferred proceeds of STAR Corp. bonds sufficient to defease all of MAC's remaining debt to MAC. However, MAC continued to retain sales tax sufficient to pay its administrative costs, oversight fees of the Financial Control Board and the State Comptroller, and the State Cost Recovery Assessment. When all MAC bonds were paid off in July of 2008, the MAC sales tax expired and the city received the authority to implement its local sales tax resuming on August 1, 2008.

(For MAC defined see Appendix V: Sales Tax Legislative History: Rate Changes 1975).

APPENDIX V.
SALES AND USE TAX

3. Legislative History

SALES AND USE TAX: LEGISLATIVE HISTORY

Rate Changes

2009

Effective August 1, 2009, the city permanently increased its sales tax rate to 4.5 percent. The 4.0 percent New York State sales tax rate and 0.375 percent Metropolitan Commuter Transportation District sales tax rate remain unchanged, bringing the aggregate sales tax rate to 8.875 percent.

2008

On July 1, 2008, the last day of the month all remaining notes and bonds were paid, the 4.0 percent NYC Municipal Assistance Corporation sales tax imposed by NYS tax law section 1107 and appropriated by the state expired (N.Y. Public Authorities Law, Article 10, Title 3). Effective August 1, 2008, the city-imposed sales tax returned to 4.0 percent, authorized by subdivision (a) of section 1210 of the tax law. The 4.0 percent sales tax rate was made permanent. Prior to the imposition of MAC, the city sales tax rate was 3.0 percent with the authority to impose an additional 1.0 percent, bringing the city's sales tax rate to 4.0 percent. The city needed to renew its authority to impose the additional 1.0 percent sales tax rate every two years.

2005

Effective June 1, 2005, the MCTD sales tax rate increased by 0.125 percent from 0.25 percent to 0.375 percent (N.Y. Tax Law, Article 23). Additionally, the state and city sales tax rates decreased to 4.0 percent, from 4.25 percent and 4.125 percent, respectively. Furthermore, the city's sales tax on parking, garaging, or storing motor vehicle was restored to 6.0 percent from 6.125 percent (City Admin Code Title 11, § 11-20, Subchapter 4).

2003

Effective September 1, 2003, the sales tax rate on parking, garaging, and storing of motor vehicles increased to 6.125 percent from 6.0 percent through May 31, 2005. The 8.0 percent Manhattan parking surcharge remained unchanged.

Effective June 4, 2003 through May 31, 2005, the city sales tax rate was increased to 4.125 percent from 4.0 percent. The higher 4.125 percent rate was effective as of September 1, 2003 for the city's additional taxable base on credit rating and reporting services, cleaning and maintenance services, protective and detective services, personal services such as beauty, barbering, manicuring, and health salon services sold by weight control, and gymnasium facilities (City Admin Code Title 11, § 11-2002(a)). The sales tax rate reverted to 4.0 percent on June 1, 2005. The state sales tax rate also increased from 4.0 percent to 4.25 percent effective June 1, 2003 through May 31, 2005. The total general sales and use tax rate in the city, including the 0.25 percent MTA rate was 8.625 percent through May 31, 2005.

1981

Effective September 1, 1981, the MCTD sales tax is imposed at 0.25 percent.

1980

Effective September 1, 1980, an 8.0 percent sales tax surcharge on motor vehicle parking and garaging services is imposed in the borough of Manhattan and is added to the city's tax base, bringing the total city and state sales tax on parking in Manhattan to 18.0 percent.

1975

Effective July 1, 1975, a 4.0 percent Municipal Assistance Corporation (MAC) sales and use tax is levied in lieu of the city's sales tax. The revenue from this tax was pledged to MAC to meet the interest payments on bonds issued by the corporation. However, revenue resulting from future expansions of the city's sales tax base does not belong to MAC but flows directly to the city. On July 1, 2008, the sales tax imposed by the city will again be in effect. Due to the expiration of certain state laws, the city imposed sales tax would take effect at the rate of 3.0 percent unless the city's authority to impose an additional 1.0 percent sales tax is renewed. (See 2008.)

1974
Effective July 1, 1974, the city raised its sales tax rate to 4.0 percent from 3.0 percent.

1971
Effective June 1, 1971, the state raised its sales tax rate to 4.0 percent.

1970
Effective September 1, 1970, the city imposes a 6.0 percent sales tax on motor vehicle parking and garaging services.

1969
Effective April 1, 1969 the state raises its sales tax rate to 3.0 percent.

1965
Effective August 1, 1965, New York State introduces its own 2.0 percent sales tax and begins to collect, administer, and enforce the sales tax for all localities. New York City lowered its own sales tax rate to 3.0 percent. Sales tax on any motor vehicle purchased by an out-of-state resident is repealed.

1963
Effective June 1, 1963, the city sales tax rate is increased to 4.0 percent and the 5.0 percent rate on restaurant meals is extended to include catering services.

1951
Effective July 1, 1951, the city sales tax rate is increased to 3.0 percent for most sales and to 5.0 percent for restaurant meals and drinks costing one dollar or more.

1946
Effective July 1, 1946, the city sales tax rate increases from 1.0 percent to 2.0 percent.

1941
Effective October 22, 1941, the city sales tax rate decreases from 2.0 percent to 1.0 percent.

1934
Effective December 5, 1934, New York City imposes a 2.0 percent tax on the sales and use of tangible personal property and services to enable the city to raise additional revenue during the Depression. The city was the first municipality to enact the local sales tax in the United States.

1933
From May 1, 1933 to June 30, 1934, the state levied a retail sales tax of 1.0 percent on the receipts of sales of tangible personal property.

Base Expansion

2017
Effective December 1, 2017, prepaid wireless services and devices will be subject to a Public Safety Communications Surcharge similar to that of contract plans, at a rate of $0.60 for sales of $30 or less and $1.20 for sales over $30. This bill also gives the authority to local governments that impose an Enhanced Emergency Telephone System Surcharge on wireless communication services to extend this surcharge to the sale of prepaid wireless services or devices, at a rate of $0.30 per sale.

2015
Effective April 13, 2015, prepaid wireless services are to be taxed similarly to prepaid telephone calling services (i.e. calling cards). The effect of this change is that the sales tax on prepaid mobile calling services is collected by the

retailer using the tax rate in effect at the retailer's location. When the sale or recharge does not take place at the retailer's place of business, it will be sourced to the purchaser's shipping address. If there is no item shipped, it is sourced to the purchaser's billing address or the location associated with the purchaser's mobile telephone number.

2010

Effective September 1, 2010, Internet and other hotel room occupancy resellers must collect and remit New York State, New York City, and MCTD sales taxes on the value of any hotel room rate markup.

Effective June 1, 2010, sellers who use affiliated persons in providing accounting or legal services or advice to a seller, or in directing the activities of a seller, including, but not limited to, making decisions about (a) strategic planning, (b) marketing, (c) inventory, (d) staffing, (e) distribution, or (f) cash management, will not result in making the seller a vendor with New York nexus. This narrows the definition of what constitutes affiliated out-of-state sales tax vendors. (See 2008 "Amazon.com" Tax.)

2009

Effective August 1, 2009, the city sales tax is imposed on purchases of the service of transporting, transmitting, or distributing gas or electricity when such services are bought from a company other than the vendor of the gas or electricity. (See Exemptions, 2000 for effective date of original exemption.)

Effective June 1, 2009, companies can no longer avoid charging sales and use tax on internet purchases by creating independent but affiliated out-of-state entities to make those sales. A company is required to collect sales tax if an in-state affiliate uses a trademark, service mark, or trade name the same as or similar to that of the remote affiliate or engages in activities that help the remote affiliate develop or maintain a market for its goods or services (N.Y. Tax Law, Article 9-A, § 210-A, Section 4b). This expands the definition of the "Amazon.com" sales tax law passed in 2008.

Effective June 1, 2009, business entities will no longer be able to take advantage of a sales tax exemption for commercial aircraft by having a nonresident affiliate purchase the aircraft, and then charge resident affiliate employees for use of the aircraft. Further, New York residents will no longer be able to avoid sales tax on motor vehicles, vessels, and aircraft used in-state by forming a new corporation or a limited liability corporation that purchases the item in question out-of-state, brings the item into the state, and then allows the New York resident to use the item at will.

Effective June 1, 2009, the sales tax base is expanded to include transportation-related consumer spending such as buses, limousines, and black cars. Taxis are exempt.

2008

Effective September 1, 2008, non-profit tax-exempt organizations are required to collect sales tax on additional retail sales including Internet mail-order catalogue and auction sales plus rentals and leases of tangible property.

Effective June 1, 2008, retailers from Internet websites, such as Amazon.com, that do not have a physical presence in New York State but enter into an agreement with a New York State resident under which the resident is compensated for referring in-state customers to the seller, whether through an Internet web link or by any other means, will be treated as a sales tax vendor with New York nexus. Internet retailers that do not have a physical presence in New York State are not considered sales tax vendors if the gross receipts generated by using in-state referrals are less than $10,000.

2000

Effective June 1, 2000, purchases of gas and electricity from out-of-state suppliers are subject to state and local compensating use taxes.

Effective March 1, 2000, New York State and local sales and use taxes will apply to the total amount paid, at the time of sale, for a "prepaid telephone calling service," which is defined as the right, paid for in advance, to purchase telecommunication services that permit the origination of intrastate, interstate, or international telephone calls using an access number or authorization code. The taxes will apply regardless of whether the right to use the service is evidenced by a card. If the sale of the prepaid calling service does not take place at the vendor's place of business, it will be deemed to take place at the purchaser's shipping address or, if no item is shipped, at the purchaser's billing address.

1999

Effective June 1, 1999, certain "materialmen" (as defined in the New York State Lien Law) who sell building materials on credit to contractors or repairmen for the improvement of real property will be required to collect and pay state and local sales taxes due on such sales only as payments of the sales price are actually received. However, to the extent that the tax due on the full sales price has not been collected within one year from the date of the sale, any balance of tax due must be collected and paid with the first sales tax return due from the materialman following the end of the one-year period.

1991

Effective September 1, 1991, shipping, transportation, postage and similar delivery charges, telephone answering services, and sales of prewritten software are added to the state and city's sales tax base.

1990

Effective September 1, 1990, entertainment services provided or delivered by telephone or telegraph through 500, 700, 800 and 900 telephone numbers, as well as such services delivered by private telephone line, cable, or channel are added to the state's tax base and the city's tax base.

Effective June 1, 1990, protective and detective services, interior decorating and design, contract cleaning, and maintenance services, previously taxed exclusively by the city, are added to the state's tax base. Effective December 1, 1995, interior decorating and design is exempted from the city tax base.

1989

Effective December 1, 1989, interior decorating, contract cleaning, and maintenance services are added to the city's tax base.

Effective June 1, 1989, service charges on floor covering installations are added to the state's tax base and the city's tax base.

Effective June 1, 1989, excise taxes on cigarettes and tobacco products are included in the calculation of the sales tax, and added to the state's and city's tax bases.

1988

Effective July 1, 1988, sales tax on sales of energy to commercial or industrial users under the Competitive Business Energy Costs Program is exempt in annual increments of 25 percent per year, reducing the city's tax base. In 1988, the implementation of the CBECP was delayed until July 1, 1990, when it was due to resume on the original schedule (75 percent). The implementation of the CBECP was delayed indefinitely in 1990.

1976

Effective March 1, 1976, barber and beauty shops and health and weight control salons are added to the city's tax base. The sales tax on beauty and barbering services must be renewed every few years, and was most recently set to expire on November 30, 2020. The city has authorized an extension of this tax for an additional three years until November 30, 2023.

1975

Effective September 1, 1975, protective and detective services, credit reporting and collection services, maintenance services, and decorating and design services are added to the city's tax base. The sales tax on credit rating and credit reporting services need to be renewed every few years, and was most recently set to expire on November 30, 2020. The city has authorized an extension of this tax for an additional three years until November 30, 2023.

Sales Tax on Clothing and Footwear (includes exemptions)

2012
Effective April 1, 2012, the state and MCTD exemption for clothing and footwear revert to the original exemption of less than $110 per item, with the city remitting half of the forgone revenue for items less than $110 to the MTA. All clothing and footwear purchases costing less than $110 per item in the City of New York will be exempt.

2011
Effective April 1, 2011 through March 31, 2012 New York State modified the exemption for clothing and footwear to less than $55 per item for the state and MCTD. The state allowed localities to modify their clothing exemption to conform. New York City did not conform. During this period, New York City has to remit half of the forgone revenue for items costing less than $55 to the MTA.

2010
Effective October 1, 2010 through March 31, 2011, New York State temporarily repealed the exemption for clothing and footwear for items costing less than $110 from the state and the MCTD sales tax. New York City did not enact a repeal of the exemption. During this period, New York City does not have to remit half of the forgone revenue for having the clothing and footwear exemption to the MTA. The aggregate tax rate for clothing and footwear costing less than $110 during this period is 4.375 percent.

2009
Effective August 1, 2009, the city exemption for clothing and footwear for items costing $110 and above is repealed. The exemption for clothing and purchases under $110 will remain intact.

2007
Effective September 1, 2007, clothing and footwear purchases costing $110 and above are exempt from the city sales tax permanently. The state and MCTD taxes will remain at 4.0 percent and 0.375 percent, respectively. The exemption for clothing and footwear purchases under $110 will remain intact with the city reimbursing the MCTD half of the revenue forgone from the 0.375 percent MCTD tax, while the state reimburses the other half for purchases costing under $110.

2006
Effective April 1, 2006, clothing and footwear purchases under $110 are exempt permanently from city, state, and MCTD sales taxes. The city will reimburse the MCTD half of the revenue forgone from the 0.375 percent MCTD tax, while the state reimburses the other half.

2005
Effective September 1, 2005, legislation signed into law July 19, 2005 reinstated the city exemption for clothing and footwear purchases under $110.

Legislation signed into law April 12, 2005 extended the repeal of the clothing and footwear exemption for purchases under $110 through March 31, 2006 including two tax-free weeks to be held from the Tuesday immediately preceding Labor Day through Labor Day, and from the last Monday of January through the following Sunday. The bill also provided that if the SFY 2006-07 Executive Budget did not propose a new reduction in any tax, then the suspension of the year-round exemption for clothing and footwear priced under $110 would extend through March 31, 2007 (including two tax-free weeks). The exemption was subsequently extended.

2004
The repeal of the clothing and footwear exemption was extended several times: through June 30; July 31; September 30, 2004; and through May 31, 2005. During these periods, the state and city have repealed their taxes on clothing and footwear purchases under $110 during the weeks from August 31 through September 6, 2004 and from January 31 through February 6, 2005.

2003
The state and city sales tax exemption for clothing and footwear purchases under $110 was suspended from June 1, 2003 through May 31, 2004. During this period, the state and city repealed their taxes on clothing and footwear purchases under $110 during the weeks from August 26 through September 1, 2003 and from January 26 through February 1, 2004. The permanent exemption was to be restored June 1, 2004. This did not occur; the repeal was extended several times. (See 2004.)

2000
Effective March 1, 2000, the city permanently exempted clothing and footwear purchases under $110. The exemption was originally scheduled to go into effect December 1, 1999. (See 1999.)

During the week of January 15-21, 2000, the state and city repealed their taxes on clothing and footwear purchases under $500.

1999
The state, and consequently all participating localities, delayed the permanent exemption of clothing and footwear purchases under $110 scheduled to become effective December 1, 1999 until March 1, 2000. (See below.)

Effective December 1, 1999, the state permanently repealed its 4.0 percent sales tax on clothing and footwear purchases under $110, and gave local governments the option to match the repeal. If a locality within the MCTD opted for repeal, clothing would also be exempt from the 0.25 percent MCTD sales tax. The locality would reimburse the MCTD for one-half of the tax forgone and the state would reimburse the MCTD for the other half.

During the weeks of January 17-24 and September 1-7 1999, the state and city repealed their taxes on clothing and footwear purchases under $500.

1998
During the weeks of January 17-23 and September 1-7, 1998, the state and city repealed their taxes on clothing and footwear purchases under $500.

1997
During the week of September 1-7, 1997, the state and city repealed their taxes on clothing purchases under $100, excluding footwear.

During the week of January 18-24, 1997, the state and city repealed their taxes on clothing and footwear purchases under $500.

Other Exemptions

2019
Effective June 1, 2019, the sales tax exemption for cemetery monuments is expanded to include tangible personal property that will become a physical component of such monuments. (See 2017.)

Effective June 1, 2019 the sales tax exemption for food and drink sold through a vending machine will increase from one dollar and fifty cents to two dollars, if the vending machine accepts any form of payment other than coin or currency, regardless if it accepts those forms of payment as well. The exemption has been extended on a one year basis several times and is currently set to expire entirely on May 31, 2025. (See 2014.)

2018
Effective June 1, 2018, vendors will be exempt from paying sales tax up front on the purchase of prepared food that is intended to be resold within their establishment, when they provide a resale certificate at the time of purchase.

Effective June 1, 2018, the sale of drugs and medicine purchased by a veterinarian for treating livestock and poultry will be exempt from sales tax, repealing the existing sales tax refund/credit.

2017

Effective April 10, 2017, the sales tax definition of “retail sale” is amended to include the sale of tangible personal property from certain entities to related persons or entities including; a sale to a single member LLC or subsidiary for resale to its owner where the LLC is disregarded as a separate entity from its owner for federal income tax purposes; a sale to a partnership for resale to one or more of its partners; or a sale to a trustee for resale to one or more beneficiaries of such trust. In addition, the use tax exemption no longer applies to a nonresident entity (that is not an individual) that brings property or services into the state unless that person has been doing business outside of New York for at least 6 months prior to the date the property was brought into New York.

Effective September 1, 2017, the sale of monuments as defined as a memorial erected in a cemetery on a lot or plot, except private mausoleums, are exempt from sales tax.

Effective December 1, 2017, sales of fuel sold for use in commercial and general aviation aircraft will be exempt from the prepayment of sales tax required for motor fuels and local sales taxes.

2016

Effective September 1, 2016, feminine hygiene products, including, but not limited to, sanitary napkins, tampons, pantyliners, douches, feminine hygiene syringes, vaginal creams, foams, ointments, jellies, powders, and sprays shall be exempt from sales tax.

Effective June 1, 2016, rent paid by a room remarketer to a hotel operator for occupancies that the remarketer intends to resell will be exempt from state and local sales tax and the hotel unit fee imposed by the state on certain occupancies in New York City.

2015

Effective June 1, 2015, beer, cider, and liquor used at tastings are exempt from compensating use tax. This includes bottles, corks, caps, and labels used to package the beverages.

Effective September 1, 2015, the sale of general aviation aircrafts, as well as machinery or equipment installed on such aircrafts, is exempt from sales and compensating use tax. A general aviation aircraft is defined as an aircraft used in civil aviation, excluding commercial and military aircrafts and unmanned aerial vehicles and drones.

Effective September 1, 2015, certain related-party sales arising as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act are exempt from compensating use tax. The Dodd-Frank Act-mandated reorganization of financial service organizations could result in increased sales tax liabilities upon the reorganization itself and on an ongoing basis. Many transactions that formerly occurred between different units within the same legal entity (and therefore not subject to the sales tax) may occur between different legal entities after restructuring, and therefore be taxable. This exemption will prevent this increased sales tax burden which was the result of transactions that occurred solely as a result of a firm’s compliance with the federal law (Dodd-Frank). The exemption was set to expire on July 1, 2019, but was extended through June 30, 2021.

Effective December 1, 2015, solar generated electricity sold under a Power Purchase Agreement is exempt from the New York State’s sales and compensating use tax. This exempts electricity sold by a person primarily engaged in the sale of solar energy system equipment and/or electricity generated by solar energy equipment that is either owned by a person other than the purchaser of the electricity; installed at the purchaser’s residential or non-residential premises; and used to provide heating, cooling, hot water, or electricity to such property. Currently, residential and commercial solar energy equipment is exempt from state’s sales and use tax with a local option existing to exempt such equipment. This exemption amends the local option provisions to include solar-generated electricity. To date, the city has taken no action to conform its local tax.

Effective June 1, 2015, the portion of the purchase or lease price of a vessel that exceeds $230,000 is exempt from sales and use tax. This caps the state and local sales tax at an amount of approximately $20,400 for New York City residents. This exemption also provides a 90 day “safe harbor” from compensating use tax by conforming to the Department of Motor Vehicles’ registration requirements. As a result, a New York resident who purchased and registered their vessel outside the state will generally not owe New York tax until the vessel is registered in New York.

2014

Effective June 1, 2014, candy, soda, and certain fruit drinks sold through vending machines costing $1.50 or less are exempt from state and local sales taxes. The threshold was increased from the original exemption of $0.75 or less, which was in effect since September 1, 2000.

Effective January 1, 2014, under the START-UP NY Program, state and local tax benefits will be provided to approved businesses that relocate, start up, or expand in designated tax-free areas of the state, including areas in New York City, through affiliations with approved public and private universities and colleges. The approved businesses must create jobs in order to receive the program benefits. Under the sales tax benefits given, approved businesses in tax-free areas are eligible for credit or refund of taxes imposed on certain purchases of tangible personal property and utility and other services. A credit or refund is also available for certain purchases of tangible personal property by contractors and repairmen for use in constructing, servicing, or repairing tax-free area realty of an approved business.

2013

Effective December 18, 2013, a motor vehicle purchased in another state by a member of the Armed Forces will be exempt from New York State and local sales taxes upon the member’s return to and registration of the vehicle in New York, provided there is proof of payment in another state of a sales, use, excise, usage, or highway use tax necessary to obtain title.

Effective October 21, 2013, receipts from sales of and fees associated with water and sewer service line protection programs sold to owners of residential property are exempt from state and local sales taxes.

Effective August 1, 2013, sales of highway diesel motor fuel by one registered distributor to another are exempt from the prepaid state and local sales tax if the fuel is (1) delivered to a terminal of a licensed/registered operator, or (2) sold within the terminal where it was delivered.

Effective June 1, 2013, purchases of natural gas that will be converted to compressed natural gas for use directly and exclusively in motor vehicle engines are exempt from state and local sales taxes. The exemption expires on August 31, 2014.

Effective January 1, 2013, receipts from the sale and installation of commercial solar energy systems equipment are exempt from the state sales tax. Municipalities are given the option of conforming their local sales taxes to match the state’s exemption. To date, the city has taken no action to conform its local tax.

2012

Effective December 1, 2012, purchases of military service flags, prisoner of war flags, and blue star banners are exempt from New York State and local sales taxes.

Effective March 1, 2012, receipts from sales of electronic news services and electronic periodicals are exempt from state and local sales and use taxes. An “electronic news service” is an electronically- or digitally-delivered service the predominant purpose of which is the presentation of news content, and that meets certain other conditions. An electronic news service will not be exempt if the price charged for it exceeds a price cap determined annually by the State Tax Commissioner under a statutory formula. An electronically- or digitally-delivered publication will qualify as an “electronic periodical” if its predominant purpose is the presentation of news content and it satisfies other specified conditions. If an electronic news service or electronic periodical is sold with other services or products for a bundled price, rules are provided for determining whether, and the extent to which, the exemption will apply.

2011

Effective September 1, 2011, state and local sales tax definitions relating to diesel motor fuel have been modernized to reflect marketplace changes, resulting in certain changes in the taxation and enforcement of the collection of taxes on diesel fuel. In addition, a sales tax exemption for certain alternative fuels, due to expire after August 31, 2012, has been extended through August 31, 2014. As a housekeeping measure, certain obsolete sections of the City's Administrative Code, which had imposed a special city tax on leaded motor fuel, have been repealed.

2010

Effective June 1, 2010, affiliated for-hire livery vehicles in a city of one million or more are exempt from city, state and MCTD sales taxes. This narrows the definition of taxable transportation-related consumer spending. (See Base Expansions, 2009.)

2009

Effective December 1, 2009, the state and city temporary sales tax exemptions for aircraft charges for storing aircraft while being serviced and tangible personal property purchased and used by the service provider in performing such service, where such property becomes a physical component of the property being serviced was made permanent. (See 2004.)

2006

Effective December 1, 2006, sales of tangible personal property by a gift shop located in a veterans' home described in Title 38 of the U.S. Code are exempt from state and local sales taxes.

Effective December 1, 2006, military decorations sold to an active duty member of the military or veteran are exempt from state and local sales taxes.

Effective December 1, 2006, the portion of the charge that covers the admission to a dramatic or musical art performance at a roof garden, cabaret, or similar establishments are exempt from state and local sales taxes. To qualify for the exemption, the charge for the performance must be stated separately, and charges for other items, such as food, drink and services, must meet certain tests to ensure that they are reasonable and not designed to avoid the tax.

Effective October 1, 2006, the partial state and local sales tax exemption for amusement park admission charges, which was set to expire, has been made permanent. The exemption, equal to 75 percent of the admission charge, applies where the admission fee entitles patrons to ride at least 75 percent of the park's rides at no extra cost (See 2004.)

Effective September 1, 2006, and continuing until August 31, 2011, the alternative motor vehicle fuels referred to (and defined in the law) as E85, compressed natural gas (CNG) and hydrogen are exempt from state and local sales taxes. The alternative motor vehicle fuel designated B20 is partially exempt from state and local sales taxes; during the above period, B20 is subject to a 20 percent sales tax reduction.

Effective September 1, 2006, state and city tax exemptions are expanded to include milk crates purchased by a dairy farmer or licensed milk distributor and used exclusively and directly for the packaging and delivery of milk to customers

On May 21, 2006, the city was authorized by the state to adopt local legislation to exempt from the city sales tax, or reduce the rate of the tax on, residential energy sources that are currently exempt from the state sales tax, which include fuel oil, gas, and electricity used for residential purposes (N.Y. Tax Law, Article 28, § 1105). The city has not acted on this authorization.

Effective March 1, 2006, state and city tax exemptions are expanded to include metered energy services produced by a cogeneration facility owned or operated by a cooperative housing corporation with at least 1,500 apartments and sold to its tenants or occupants.

Under federal law, federally-chartered credit unions are exempt from state and local sales taxes. Legislation has been enacted to exempt state-chartered credit unions from New York State and local sales taxes, effective March 1, 2008.

As an interim measure to encourage federally-chartered institutions to convert to a New York charter, beginning March 1, 2006, federal credit unions may convert and maintain their exempt status for state and local sales tax purposes.

2005

Effective December 1, 2005, state and city tax exemptions are expanded to include the service of removing waste material from a transfer station or construction and demolition debris processing facility regulated by the NYS Department of Environmental Conservation, provided the waste material was not generated by the facility.

Effective December 1, 2005, the state and local sales tax exemption for coin-operated car wash services, which required that the washing, waxing, or vacuuming equipment be operated by the customer, has been modified to cover such services performed by automated equipment without assistance by the customer.

Effective September 1, 2005, state and city tax exemptions are expanded to include the sale and installation of residential solar energy system equipment. Localities, including the city, have the option of adopting the same exemption for local sales tax purposes. The city conformed.

Effective September 1, 2005, state and city sales tax exemptions were adopted for tangible personal property and related installation services purchased by a tenant or landlord, and for tangible personal property purchased by a contractor or repairperson for use directly and exclusively to furnish, equip, alter, or improve leased commercial office space in lower Manhattan. To qualify for the exemption, the lease must be for at least 10 years beginning on or after September 1, 2005, and purchases must be made on or after that date but during the first year of the lease. The exemption expires December 1, 2016. In 2014, the exemption was extended and will expire on December 1, 2018.

2004

Effective December 1, 2004, state and city tax exemptions are expanded to include aircraft charges for storing aircraft during servicing and tangible personal property purchased and used by the service provider in performing such service, where such property becomes a physical component of the property being serviced. This exemption was set to expire on December 1, 2009 but was made permanent (Chapter 204 of the Laws of 2009).

Effective July 28, 2004, an amusement park, for which the admission charge entitles patrons to ride at least 75 percent of its rides at no extra cost, is exempt from state and local sales taxes on 75 percent of the admission charge.

The existing sales tax exemption for the incremental cost of purchasing a hybrid or alternative fuel vehicle was extended until February 28, 2005 and the exemption amount was fixed at $3,000. The exemption was not extended. (See 2002.)

2003

Effective December 1, 2003, an existing sales tax exemption for coin-operated motor vehicle vacuuming equipment located in car washes was expanded to cover such equipment located at facilities other than car washes. (See 1997.)

2002

Effective December 1, 2002, state and city tax exemptions are expanded to include purchases of tangible personal property and certain services (including utility services) used in the production of a film for sale, regardless of the medium used to convey the film to the purchaser.

A temporary exemption was allowed for tangible personal property, excluding motor vehicles, motor fuel, diesel motor fuel, cigarettes, tobacco products, alcoholic beverages, and building materials, under $500 in the Liberty and Resurgence zones of lower Manhattan for three weekends: June 9-11, July 9-11, and August 20-22, 2002. The Liberty Zone is defined as on or south of Canal Street, East Broadway (east of its intersection with Canal Street), or Grand Street (east of its intersection with East Broadway) in the borough of Manhattan. The Resurgence Zone is defined as the area between Canal Street and Houston Street.

The partial sales and use tax exemption based on the incremental cost of purchasing an alternative fuel vehicle has been extended for one year, to February 29, 2004. In addition, the eligibility requirement that the incremental cost be separately stated in the bill of sale has been made inapplicable for 2000 to 2002 model year qualified hybrid vehicles (generally defined as a vehicle that draws power from both an internal combustion engine and an energy storage device rechargeable through a braking system that recovers waste energy). Finally, the incremental cost with respect to a qualified hybrid vehicle will be deemed to be $3,000 where a comparable vehicle without special equipment does not exist for comparison purposes.

2001

Effective March 1, 2001, purchases of tangible personal property and services used or consumed by qualified enterprises located in Empire Zones are exempt from the state's tax base for the next ten years. Localities have the option to include this exemption. The city conformed to the state exemption.

Effective March 1, 2001, state and city's sales tax exemptions are expanded to include manufacturing and industrial pollution control, prevention, and abatement equipment and machinery.

Effective March 1, 2001, the 1965 sales tax exemption for motor vehicle purchases by out-of-state residents is extended to purchases of vessels and trailers sold for use with the vessel, reducing the state's tax base and consequently, the city's tax base. Rules that apply to motor vehicles purchased in one New York sales tax jurisdiction by residents of another New York sales tax jurisdiction and which subject the purchase to the rules and rates of the resident's tax jurisdiction, are amended to cover purchases of vessels and their trailers.

Effective March 1, 2001, state and city's sales tax exemptions are expanded to include computer system hardware used or consumed directly and predominantly in providing the service, for sale, of designing and developing Internet websites.

Effective March 1, 2001, state and city's sales tax exemptions are expanded to include machinery, equipment or apparatus used or consumed directly and predominately to upgrade cable television systems to allow for the receiving, amplifying, processing, transmitting, re-transmitting, switching, or monitoring of telecommunication services for sale and communications equipment used in the transmission of internet access.

Effective March 1, 2001, state and city's sales tax exemptions are expanded to include tangible personal property sold to a contractor, subcontractor, or repairperson for use directly and predominately in the production phase of farming.

2000

Effective December 1, 2000, state and city tax exemptions are expanded to include food and non-alcoholic beverages sold at dining facilities located in senior citizen residences, where use of the dining room is limited to residents and their guests, and where the food and drinks are served only in the dining room or a resident's room.

Effective November 1, 2000, fuel, gas, electricity, refrigeration, or steam used in the production of tangible personal property for sale, previously claimed as a credit against general corporation tax and unincorporated business tax, are exempt from city tax, bringing city tax law into conformity with the state (See All Other Tax Law Changes, 1984.)

Effective September 1, 2000, a state, local, and MCTD sales tax exemption will be phased in over a four-year period, on purchases of the service of transporting, transmitting, or distributing gas or electricity when such services are bought from a company other than the vendor of the gas or electricity. For the one-year period, beginning September 1, 2000, the tax on such services will be reduced by 25 percent (additional 25 percent reductions will occur in the following three years) and such services will be fully exempt beginning September 1, 2003.

Effective September 1, 2000, the state and city's sales tax exemptions are expanded to include, machinery, equipment, and certain other specified tangible personal property used by an operator of an internet data center that sells internet website services, as well as services to the exempt property, and certain other services used in the internet data center.

Effective September 1, 2000, the existing narrow exemption for telecommunications equipment is expanded to include tangible personal property used in providing telecommunications services for sale or internet access services for sale. Additionally, machinery, equipment, parts, tools, supplies, and certain related services used in upgrading cable television systems to enable them to offer digital cable TV service for sale or internet access service for sale are exempt from the state's tax base and, consequently, the city's tax base (the cable TV exemption expired September 1, 2003).

Effective September 1, 2000, the state and city's sales tax exemptions are expanded to include machinery, equipment, or other tangible personal property used by a broadcaster in the production of live or recorded programs for broadcast or in the transmission, as well as services to the exempt property.

Effective September 1, 2000, sales taxes are repealed for candy, soda and certain fruit drinks sold for 75 cents or less through vending machines, reducing the state's tax base and the city's tax base.

Effective September 1, 2000, tangible personal property and building materials used in farm production, utility services, and services provided to farm real property are exempt from the state's tax base and the city's tax base. Additionally, commercial horse boarding operations receive the same exemptions as farms.

Effective retroactive to March 1, 1997, the 1998 exemption for promotional materials is extended to prospectuses, paper, ink, mechanicals, layouts, artwork, photographs, color separations, and similar property furnished to a printer for use in producing promotional materials that are then sold to the furnisher of those items.

Effective June 1, 2000, a sales tax exemption will apply to purchases of gas or electricity used in operating a gas pipeline or gas distribution line or an electric transmission or distribution line. These exemptions will reduce the state's tax base and, consequently, the city's tax base.

1999

Effective December 1, 1999, the state and local sales tax exemption for hot drinks and certain food items sold from vending machines is expanded to include vending machines that accept credit or debit cards.

1998

Effective September 12, 1998, parking charges paid to homeowners' associations (including co-op and condominium housing) by its members, for parking space in a facility owned or operated by the association, is exempt from the 6.0 percent city sales tax and the 8.0 percent Manhattan parking surcharge. Additionally, the 1997 law that exempts parking charges from the state sales tax when the parking facility is operated by a homeowners' association has been amended to include facilities owned by such an association even though operated by a third party (See 1997.)

Effective September 1, 1998, coin phone calls costing 25 cents or less are exempt from the state's tax base, and consequently, the city's tax base.

Effective September 1, 1998, the exemption for telephone central office equipment or station apparatus is expanded to include equipment used directly and predominately in receiving, amplifying, processing, and transmitting telephone or telegraph signals, reducing the state's and the city's tax bases.

Effective June 1, 1998, textbooks purchased by full- or part-time college students for their courses at accredited institutions are exempt from the state's tax base and, consequently, the city's tax base.

Effective June 1, 1998, computer system hardware used or consumed directly and predominately in designing and developing computer software for sale is exempt from the state's tax base and, consequently, the city's tax base.

Effective March 1, 1998, receipts from the sale of the service of installing alternative fuel refueling property (property used for storing and/or dispensing fuel) and receipts from the retail sale of alternative fuel refueling property are exempt from the state and city tax bases (expired February 29, 2004).

1997

Effective December 1, 1997, bus purchases and repairs, coin-operated car washes, coin-operated bulk vending machines and photocopying machines costing 50 cents or less, temporary transportation devices sold through coin-operated equipment, food or drink (except hot drinks or sandwiches) sold through coin-operated vending machines, wine or wine products furnished by the official agent of a farm, winery, wholesaler, or importer at a wine tasting, and receipts from admissions to all circuses are exempt from the state's tax base and the city's tax base.

Effective December 1, 1997 parking services sold by a homeowners' association to its members are exempt from the state sales tax but not from the city's 6.0 percent sales tax on parking.

Effective September 1, 1997, emissions inspection equipment purchased by an official inspection station is exempt from the state's tax base and, consequently, the city's tax base.

Effective March 1, 1997, printed promotional materials delivered through the mail and associated shipping services are exempt from the state's tax base and, consequently, the city's tax base.

Effective February 1, 1997, internet access services, defined as providing connection to the internet and including the provision of communication or navigation software, an email address, email software, news, headlines, space for a website, and website services are exempt from the state's tax base and the city's tax base.

1996

Effective December 1, 1996, vehicles leased by Manhattan residents are exempt from the 8.0 percent parking and garaging surcharge, reducing the city's tax base.

Effective December 1, 1996, parking charges paid to parking facilities owned and operated by municipal corporations, district corporations, and public benefit corporations are exempt from state and city sales taxes. However, the 8.0 percent Manhattan parking surcharge remains in effect.

Effective September 1, 1996, certain parts, tools, supplies and services used or consumed in production processes, including film production, are exempt from the city sales tax, bringing city tax law into conformity with the state. This law was amended October 1, 1997 to include live theatrical performances.

Effective September 1, 1996, the services of installing, repairing, maintaining, and servicing tangible personal property used to produce a product for sale by manufacturing, processing, and assembling are exempt from the city sales tax, bringing city tax law into conformity with the state.

Effective September 1, 1996, the retail sale of shopping papers to publishers and related printing services are exempt from state and city sales tax bases.

1995

Effective December 1, 1995, interior decorating and design services are exempt from the city sales tax.

Effective September 1, 1995, dues paid to homeowners' associations operating social or athletic facilities for their members are exempt from state's sales tax base and, consequently, the city's tax base.

Effective September 1, 1995, meteorological information services are exempt from the state's sales tax base and, consequently, the city's tax base.

1992

Effective September 1, 1992, the additional cost of a new alternative fuel vehicle (AFV) above the sales price of a comparable gasoline or diesel powered vehicle and parts and labor charges related to converting a gasoline or diesel-powered vehicle to an AFV, are exempt from the state and city sales tax base. This exemption, set to expire five years after the effective date, was subsequently extended through February 29, 2004 and again through February 28, 2005. The exemption amount is fixed at $3,000 per vehicle effective March 1, 2004. This exemption expired on February 28, 2005.

1989

Effective December 1, 1989, the city's credit for sales tax paid on machinery and equipment used in the production of tangible personal property changed to an exemption from the city sales tax. The sales and use taxes paid were previously claimed as a credit against the city's business and utility taxes (see All Other Tax Law Changes 1977).

1985

Effective September 1, 1985, Manhattan residents are exempt from the 8.0 percent parking and garaging surcharge, reducing the city's tax base.

All Other Tax Law Changes

2024

Effective April 21, 2024, the NYS Enacted Budget for SFY 2024-25 (HMH Part RR) extends through 2028 the NYS intercept of NYC sales tax collections and redirects them to the New York State Agency Trust Fund, under the Distressed Provider & Assistance Account, for the purpose of relief of financially distressed hospitals and nursing home facilities 9 (The Laws of 2022, Chapter 57 Part RR). The Comptroller will withhold a portion of the sales tax collections, penalties and fees, in the amounts of $150 million per year starting April 15, 2025, in quarterly installments on January 15, April 15, July 15, and October 15. This replaces the original legislated intercept amounts of $200 million per year which were previously allocated to the Distressed Provider & Assistance Account (see 2020). The original intercept amounts were not impacted so no adjustments to previous payments were made. The additional cost to the city will be $37.5 million in 2025, $150 million in 2026, $150 million in 2027 and $112.5 million in 2028 for a total additional cost of $450 million.

2022

Effective April 21, 2022, the NYS Enacted Budget for SFY 2022-23 (HMH Part RR) extends through 2025 the NYS intercept of NYC sales tax collections and redirects them to the New York State Agency Trust Fund, under the Distressed Provider & Assistance Account, for the purpose of relief of financially distressed hospitals and nursing home facilities 9 (The Laws of 2022, Chapter 57 Part RR). The Comptroller will withhold a portion of the sales tax collections, penalties and fees, in the amounts of $150 million per year starting April 15, 2022, in quarterly installments on January 15, April 15, July 15, and October 15. This replaces the original legislated intercept amounts of $200 million per year which were previously allocated to the Distressed Provider & Assistance Account (see 2020). The original intercept amounts were not impacted so no adjustments to previous payments were made. The additional cost to the city will be $37.5 million in 2022, $150 million in 2023, $150 million in 2024 and $112.5 million in 2025 for a total additional cost of $450 million.

In total, the Comptroller will withhold sales tax in the Distressed Provider & Assistance Account in the amounts of $250 million in 2021, $187.5 million in 2022, $150 million in 2023, $150 million in 2024 and $112.5 million in 2025 for a total cost of $850 million.

2020

Effective April 3, 2020, the NYS Education, Labor and Family Assistance (ELFA) Budget (S. 7056-B PART ZZ) establishes that the state will intercept a portion of city sales tax collections and redirect them to the New York State Agency Trust Fund, under a Distressed Provider & Assistance Account, for the purpose of relief for financially distressed hospitals and nursing home facilities. This is in addition to the existing monthly MTA sales tax intercept that is placed into the NYS Agency Trust Fund. The Comptroller will withhold a $200 million portion of sales tax collections, penalties, and fees in quarterly installments on January 15, April 15, July 15, and October 15. The comptroller will defer withholding the total value of the April 15, 2020, July 15, 2020, October 15, 2020 and January 15, 2021 withholdings until January 15, 2021. At that time, the full $200 million will be withheld and the normal quarterly installments will occur thereafter. The city will forgo $250 million in tax revenue in 2021 and $150 million in 2022, for a total cost of $400 million. This act shall expire two years from the effective date. (revised 2022.)

2016

Effective April 1, 2016 (as a result of the state Enacted Budget for SFY 2016-17), the city was mandated to monthly payments of $16,666,667 to the state for debt obligations related to the Sales Tax Asset Receivable Corporation (STARC) starting from May 12, 2016 through April 12, 2019. In 2004, the Sales Tax Asset Receivable Corporation (STARC) issued $2.5 billion in debt to refinance certain obligations related to the city's fiscal crisis. The STARC bonds are secured by $170 million in state sales tax paid to NYC as local aid, which the city has assigned to STARC bondholders. In October 2014, STARC refunded the outstanding debt, generating about $650 million in debt service savings that, due to structuring provisions, accrued to the city. Given the unique structure of the bonds, the state will realize the savings it is due over the next three state fiscal years through the adjustment of sales tax receipts otherwise payable to the city. City sales tax revenue was reduced by $50 million in city fiscal year 2016, $200 million in both city fiscal year 2017 and 2018, and $150 million in city fiscal year 2019, a total revenue reduction of $600 million over four city fiscal years.

2013

Effective July 31, 2013, in relation to the state and local sales tax exemption for tangible personal property used or consumed by broadcasters in the production or transmission of recorded programs, the definition of the term "recorded programs" has been amended to mean "any program contained on any medium," rather than "any program contained on film, tape, disc, or any other physical media."

2011

Effective March 31, 2011, any person who fails to comply with state or local sales tax requirements concerning tax collection, remittance, or return filing can be directed by the State Department of Taxation and Finance to deposit taxes collected, on a weekly basis, in a separate bank account in a Department-approved bank in New York, which the Department has the authority to debit. This measure unless extended, will expire on December 31, 2013. A related measure, also effective March 31, 2011, authorizes the Department, when necessary to protect sales tax revenue, to require quarterly return filers to instead file monthly returns.

2010

Effective July 1, 2010, the state closed the loophole that allowed certain vendors to claim a sale tax refund from the state for debts that are not repaid. Previously, vendors could take the amount found worthless and charged off by the vendor as a deduction.

2008

Effective September 1, 2008, the state passed a technical correction to the upfront exemption of taxes for government entities on fuel purchases intended to ease the processing of the exemption. This technical correction gives eligibility to credit card companies and fuel distributors, which finance the exempt purchase of motor fuel or diesel motor fuel, to claim a refund or credit from the Department of Taxation and Finance. This eliminates the burden on government entities and retailers to file for the credit. The law is intended to be similar to federal tax legislation that creates a system for credit card issuers and fuel distributors to receive refunds of the federal excise tax on fuel purchases. Prior to the correction, fuel retailers could not "back out" the taxes at the time of sale. The exemption appeared on the credit card bill after the purchase. (Refer to Chapter 102 of the Laws of 2008.)

2007

Effective January 1, 2007, the tax law has been amended to provide that where a private label credit card account is held by a lender and all or a portion of a debt owed the lender is charged off by the lender as worthless, either the vendor or lender may claim a credit or refund for sales tax previously remitted by the vendor that is attributable to the worthless account. Prior to this amendment, only a vendor that made and financed sales was eligible for the credit or refund with respect to sales tax paid on worthless accounts.

2006

Effective December 1, 2006, registration agents (persons authorized by the Commissioner of Motor Vehicles to perform the function of registering vehicles) are authorized to collect and remit state and local sales taxes in connection with "casual" sales (those not made through a dealer) of motor vehicles that they register for the buyer. Detailed rules are prescribed concerning the duties and responsibilities of such agents with regard to collection of the sales tax.

Effective September 1, 2006, the state increased the vendor credit for quarterly and annual filers who file and fully remit their tax obligation on time by changing the calculation of the vendor credit from 3.5 percent of the quarterly state sales tax capped at a maximum credit of $150 per quarter to 5.0 percent of the quarterly state and local sales and use taxes with the maximum vendor credit capped at $200 per quarter. This increase in the vendor credit is phased in over two years as follows: (1) beginning September 1, 2006, the vendor credit will be calculated at 5.0 percent of the state and local sales taxes remitted capped at $175 per quarter; and (2) beginning March 1, 2007, the vendor credit will be calculated at 5.0 percent of the state and local sales and use taxes remitted with the maximum vendor credit capped at $200 per quarter. Only vendors who file quarterly or annual returns can apply for the credit.

Effective June 1, 2006, the state sales tax on motor fuel and diesel motor fuel is calculated using a cents-per-gallon rate rather than a percentage rate. The new law allows localities to conform their local sales taxes to the cents-per-gallon. The city did not conform.

2005

Effective January 1, 2005, sellers that contract to sell to New York State agencies or public authorities goods or services valued at more than $15,000, and that make total sales delivered by any means to locations within the state of goods or taxable services valued at more than $300,000, will be required to register as sales tax vendors with the State Department of Taxation and Finance. The registration requirement may also apply to certain affiliates or subcontractors of the seller. Once registered, the seller, affiliate, or subcontractor must comply with all requirements of the sales tax law. The new requirements will not apply to certain contracts, such as emergency contracts, where the seller is the only person capable of fulfilling the contract.

2004

Effective December 1, 2004, a refund is allowed for sales taxes paid by operators of vessels with a seating capacity greater than 20 used to transport passengers by water for hire. A refund is allowed for purchases of the vessels, and of parts, equipment, lubricants, diesel fuel, maintenance, servicing, or repair services related to operation of the vessels. To qualify for the refund, the vessels must be used to provide local transit service in the state pursuant to a certificate of public convenience and necessity or a franchise agreement with New York City.

Effective December 1, 2004, the special recordkeeping and enforcement provisions relating to parking garage operators in Manhattan to continue to ensure compliance with state and local sales taxes on parking services were made permanent. (See 1999.)

2003

Effective September 1, 2003, the city excise tax on cigarettes was added to the sales price of cigarettes on which the state and city sales and use taxes are calculated. The NYS cigarette tax has been included in the sales and use tax base since 1989.

Effective May 24, 2003, state law requires a line on personal income tax returns for taxpayers to report use tax owed.

2002

A New York State tax amnesty program adopted as part of the New York State budget included the state-administered city sales and use taxes. The amnesty applied to outstanding liabilities for taxable periods ending on or before December 31, 2000, or, in the case of quarterly sales tax filers, through tax periods ending on or before February 28, 2001. Taxpayers who qualified for amnesty were eligible for a waiver of certain penalties and a two percentage point reduction in the otherwise applicable rate of interest. Amnesty applications were filed during the period beginning November 18, 2002 and ending January 31, 2003. Effective April 1, 2003, the interest rate on tax underpayments increased by two percentage points.

Cigarette stamping agents are required to prepay state and local sales taxes on the cigarettes they distribute based on a periodically adjusted base retail price established by statute. Effective September 1, 2002, the base retail price adjustment will be made using a new formula that takes into account manufacturers' average list prices as reported to the State Department of Taxation and Finance plus the amount of the state cigarette excise tax; formerly, the adjustment was made based on changes in the U.S. Labor Department's consumer price index for tobacco and smoking products.

Effective August 2, 2002, in order to conform to the requirements of the Federal Mobile Telecommunications Sourcing Act of 2000, state and local sales tax provisions have been amended to provide that all charges for mobile telephone service are to be taxed only at the location of the customer's place of primary use, regardless of where the calls are actually made. "Place of primary use," as defined in the Federal Act, generally means the address representative of where the customer's use of the mobile service primarily occurs, and must be either the customer's residential street address or the primary business street address in the case of a business customer. The sales tax provisions have also been amended to permit the unbundling of certain services sold together for a single price. For example, if taxable mobile telecommunications services are sold together with exempt wireless internet access services for a single price, the charges for the latter, if determinable by a reasonable and verifiable standard, may be broken out and treated as separately stated, nontaxable charges.

2001

As a result of the September 11, 2001 terrorist attack, the filing deadlines for the monthly and quarterly sales tax returns due after September 11, 2001 through December 10, 2001 were extended to December 10, 2001 for filers directly impacted by the terrorists attacks with no penalties or interest incurred.

Effective March 1, 2001, the methodology for computing the use tax on self-produced items, which a manufacturer used in its business operations, is modified from a use tax based on the manufacturer's normal selling price to a use tax based on the manufacturer's cost of materials.

1999

Effective December 1, 1999, the special requirements relating to the services of parking, garaging, or storing motor vehicles at facilities located in New York County (Manhattan) were extended until November 30, 2004. The special requirements were set to expire on November 30, 1999. The special requirements imposed in 1992 included additional recordkeeping and reporting requirements, as well as authorization for periodic onsite inspections (walkabouts) by the Commissioner or his agents. (See 1992.)

1995

Effective September 1, 1995, the state requires cigarette stamping agents to prepay state and local sales taxes (at an even percent blended rate) on sales of cigarettes distributed to licensed wholesalers, chain stores, and retailers.

1992

Effective December 1, 1992, additional recordkeeping requirements as added, provides that persons selling parking, garaging, or storage services within New York County (Manhattan) must give each customer a ticket or other document of sale and keep records of such sale. Also authorizes the Department of Finance to conduct walkabout observations of any parking facility located in Manhattan.

1990

Effective June 1, 1990, the state and city sales taxes due on automobile and boat leases of a duration greater than one year are due in total at the inception of the lease and are no longer spread over the life of the lease.

1989

Effective September 1, 1989, the state enhanced its revenue enforcement capability to improve revenue collections from interstate mail-order sales, prefabricated building materials purchased from out-of-state manufacturers and used in New York, and catalogues printed out-of-state and mailed by in-state firms.

1984
Effective July 1, 1984, sales tax on electricity or electric service used in the production of tangible personal property for sale by manufacturing, processing or assembling can be claimed as a credit against the unincorporated business tax or general corporation tax. The credit is replaced with an exemption from the sales tax in 2000, reducing the city's tax base. (See Exemptions, 2000.)

1977
Effective July 1, 1977, sales and use taxes paid on machinery used in the production of tangible personal property, gas, electricity or refrigeration, and steam for sale can be claimed as a credit against the city's general corporation tax, unincorporated business tax, or utility tax. For sales after December 1, 1989, the credit is replaced with an exemption from the sales tax, reducing the city's tax base.

Sales Tax on Remote Sales

2019
Effective November 5, 2019 an amendment to the tax law regarding the state's economic nexus requirement (conducting over 100 transactions and making more than $500,000 in sales of tangible personal property delivered in the state) wherein a business under these conditions in good faith collected and remitted sales tax at an incorrect local rate must pay the additional local sales tax due but is not liable for penalty and interest on the additional local tax (N.Y. Tax Law, Article 9-A, § 210-A, Section 4b). This relief only applies to sales made during the first four quarterly periods after the business was required to register.

Effective June 24, 2019, the tax law was amended to change the state's economic nexus requirement of a business's annual sales dollar threshold from $300,000 to $500,000 effective retroactive to June 21, 2018. (Note: the number of transactions threshold remains the same)

Effective June 1, 2019, the 2019-20 NYS Enacted Budget legislation appropriates a portion of sales tax revenue generated from legislation that requires remote sellers making $500,000 in sales or 100 transactions (as the state aligns with the SCOUTS South Dakota v. Wayfair (2018) decision), as well as online marketplaces such as Amazon (Part G of the 2019-20 NYS Enacted Budget), to collect and remit sales tax on sales to NYS residents for the purposes of the MTA, retroactive to June 21, 2018. The state intercepted $127.5 million in SFY20 and $170 million in SFY21 in monthly installments. These payments increase one percent annually from SFY22 onward. This results in zero net change in city sales tax collections, as the additional revenue generated from online marketplaces will be withheld by the state for the MTA.

Effective March 26, 2019, the NYS Department of Taxation and Finance released a bulletin stating that businesses without physical presence in New York that exceed the state's economic nexus requirement (conducting over 100 transactions and making more than $300,000 in sales of tangible personal property delivered in the state) are required to collect and remit state and local sales tax effective retroactive to June 21, 2018.

Effective January 15, 2019, the NYS Department of Taxation and Finance released a notice that businesses without physical presence in New York that exceed the state's economic nexus requirement (conducting over 100 transactions and making more than $300,000 in sales of tangible personal property delivered in the state) in the immediately preceding four sales tax quarters are required to register as a sales tax vendor and collect and remit state and local sales tax. This aligns state sales tax laws with the SCOTUS South Dakota v. Wayfair (2018) ruling eliminating the prohibition on a state imposing sales tax collection responsibilities on businesses without a physical presence in that state.

2010
Effective June 1, 2010, sellers who use affiliated persons in providing accounting or legal services or advice to a seller, or in directing the activities of a seller, including, but not limited to, making decisions about (a) strategic planning, (b) marketing, (c) inventory, (d) staffing, (e) distribution, or (f) cash management, will not result in making the seller a vendor with New York nexus. This narrows the definition of what constitutes affiliated out-of-state sales tax vendors. (See 2008 "Amazon.com" Tax.)

2009

Effective June 1, 2009, companies can no longer avoid charging sales and use tax on internet purchases by creating independent but affiliated out-of-state entities to make those sales. A company is required to collect sales tax if an in-state affiliate uses a trademark, service mark, or trade name the same as or similar to that of the remote affiliate or if an in-state affiliate engages in activities that help the remote affiliate develop or maintain a market for its goods or services. This expands the definition of the “Amazon.com” sales tax law passed in 2008.

2008

Effective June 1, 2008, retailers from internet websites, such as Amazon.com, that do not have a physical presence in New York State but enter into an agreement with a New York State resident under which the resident is compensated for referring in-state customers to the seller, whether through an internet web link or by any other means, will be treated as a sales tax vendor with New York nexus. Internet retailers that do not have a physical presence in New York State are not considered sales tax vendors if the gross receipts generated by using in-state referrals are less than $10,000.

Sales Tax Deferments Due to COVID-19

2020

Effective December 18, 2020, the Governor released an executive order allowing restaurants and other food service establishments which were required to suspend indoor dining starting December 2020 to defer sales tax payments due on December 21, 2020 until March 22, 2021 without any penalties or late fees. This relief does not include vendors that are PrompTax filers (see March 20, 2020 executive order for PrompTax filer definition).

Effective May 21, 2020, the Governor released an executive order allowing quarterly and annual sales tax filers who were eligible to defer their payments due on March 20, 2020 until May 19, 2020, to extend their payment deadline to June 22, 2020.

Effective March 20, 2020, the Governor released an executive order allowing quarterly and annual sales tax filers to defer payments due on March 20, 2020 to May 19, 2020 as a result of payment issues related to the COVID-19 pandemic without any penalties or late fees. Issues related to the COVID-19 pandemic include vendors who were unable to or had difficulty meeting tax filing, payment or other deadlines because either their employees were treated or suspected of having COVID-19, records were unavailable, they experienced closure orders or similar disruptions, or were unable to complete work on behalf of their clients due to the outbreak. This relief did not include vendors that are PrompTax filers, which consists of monthly sales tax filers whose sales tax liability is $500,000 or more annually or vendors whose combined total taxable receipts are $300,000 or more in a quarter and elect to participate in the PrompTax Program.

APPENDIX VI
COMMERCIAL RENT TAX

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APPENDIX VI.
COMMERCIAL RENT TAX

1. Commercial Rent Tax & Small Business Tax Credits: An Example of Effective Tax Rate Calculations Tables

Commercial Rent Tax (CRT) & Small Business Tax (SBT) Credits: An Example of Effective Tax Rate Calculations (After June 1, 2018)

Commercial Business Incomes Equal to or Less than $5 Million ($5 M)

Annual Base Rent	Annual Total Income	35% Base Rent Reduction	Base Rent Subject to CRT	Tax Rate	Tax Liability	% CRT Credit Off Liability	CRT Credit	Income Factor	Rent Factor	SBT Credit	Tax Liability After Credits	Effective Tax Rate
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
$250,000	$5.0 M	$87,500	$162,500	6%	$9,750	100%	$9,750	1.0	1.0	$0	$0	0.0%
275,000	5.0 M	96,250	178,750	6	10,725	50	5,363	1.0	1.0	5,363	0	0.0
300,000	5.0 M	105,000	195,000	6	11,700	0	0	1.0	1.0	11,700	0	0.0
500,000	5.0 M	175,000	325,000	6	19,500	0	0	1.0	1.0	19,500	0	0.0
525,000	5.0 M	183,750	341,250	6	20,475	0	0	1.0	0.5	10,238	10,238	2.0
550,000	5.0 M	192,500	357,500	6	21,450	0	0	1.0	0.0	0	21,450	3.9

Commercial Business Incomes Between $5 Million ($5 M) and $10 Million ($10 M)

Annual Base Rent	Annual Total Income	35% Base Rent Reduction	Base Rent Subject to CRT	Tax Rate	Tax Liability	% CRT Credit Off Liability	CRT Credit	Income Factor	Rent Factor	SBT Credit	Tax Liability After Credits	Effective Tax Rate
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
$250,000	$6.0 M	$87,500	$162,500	6%	$9,750	100%	$9,750	0.8	1.0	$0	$0	0.0%
275,000	6.5 M	96,250	178,750	6	10,725	50	5,363	0.7	1.0	3,754	1,609	0.6
300,000	7.0 M	105,000	195,000	6	11,700	0	0	0.6	1.0	7,020	4,680	1.6
500,000	7.5 M	175,000	325,000	6	19,500	0	0	0.5	1.0	9,750	9,750	2.0
525,000	8.0 M	183,750	341,250	6	20,475	0	0	0.4	0.5	4,095	16,380	3.1
550,000	8.5 M	192,500	357,500	6	21,450	0	0	0.3	0.0	0	21,450	3.9

(A) = A
(B) = B
(C) = A * 35%
(D) = A – C
(E) = 0% if A < $250k OR 6% if A >= $250k
(F) = D * E
(G) = [$300k - A / $50k] if A >= $250k & < $300k OR 0% if A >= $300k
(H) = F * G
(I) = 1 if B <= $5M OR [$10M - B / ($5M)] if B >$5M & <$10M
(J) = 1 if A < $500k OR
[($550k - A) / $50k] if A >= $500k & < $550k OR 0 if A >= $550k
(K) = (F – H) * I * J
(L) = F – (H + K)
(M) = L / A

Note: Eligibility for both the CRT Credit and the SBT Credit are based on based on Annual Base Rent (A), i.e. before the 35% Base Rent Reduction.

APPENDIX VI.
COMMERCIAL RENT TAX

2. Legislative History

COMMERCIAL RENT TAX: LEGISLATIVE HISTORY

2018

Effective June 1, 2018, the city created a small business tax credit that made additional businesses (below 96th Street in Manhattan) eligible for full or partial exemptions from their commercial rent tax. Specifically, for businesses with annual incomes of $5 million or less, the small business tax credit increased their threshold for annual base rent subject to taxation from $250,000 to $500,000. It also created a sliding scale tax credit based on a "rent factor" that begins at 1.0 for $500,000 in rent and decreases as rent rises up to $550,000.

For those tenants with an income greater than $5 million but less than $10 million, all rents from $250,000 to $550,000 are reduced by an "income factor" that begins as 1.0 for $5 million in income and declines until reaching $10 million in income. The credit is further reduced by the "rent factor" between $500,000 and $550,000 in rent. Tenants with commercial income over $10 million are ineligible for the small business tax credit. (City Admin Code Title 11, §11-704.4(b))

2001

Effective June 1, 2001, the base rent exemption threshold was increased to $250,000 with a sliding scale credit up to $300,000 (City Admin Code Title 11, §11-704(b)(2)). The value of the credit for base rents above $250,000 and below $300,000 is calculated by multiplying three and nine-tenths percent of base rent by a fraction, the numerator of which is three hundred thousand dollars minus the amount of base rent and the denominator of which is fifty thousand dollars. (City Admin Code Title 11, §11-704.3(a))

2000

Effective December 1, 2000, the base rent exemption threshold was increased from $100,000 to $150,000 with a sliding scale credit up to $190,000.

1998

Effective September 1, 1998, tenants were allowed to reduce their base rent subject to tax by 35 percent, which lowered the effective tax rate to 3.9 percent. (City Admin Code Title 11, §11-704(h))

1997

Effective June 1, 1997, annual base rent exemption threshold was increased from $40,000 to $100,000 and a sliding scale credit was allowed for base rents ranging between $100,000 and $140,000.

1996

Effective June 1, 1996, tenants were allowed to reduce rent subject to the tax by 25 percent, reducing the effective tax rate from 5.1 percent to 4.5 percent.

From March 1, 1996 through May 31, 1996, tenants were allowed to reduce rent subject to the tax by 15.0 percent for the tax period, reducing the effective tax rate from 6.0 percent to 5.1 percent.

1995

Effective September 1, 1995, the base rent exemption was raised for tenants located in Manhattan south of 96th Street from $31,000 to $40,000, which allowed a sliding scale of credit for base rents ranging between $40,000 and $59,999, and completely eliminated the commercial rent tax in Manhattan north of 96th Street and in the other four boroughs. It had been raised from $21,000 to $31,000 on June 1, 1995. In addition, primary tenants became eligible to deduct the rent received from subtenants, even if the subtenant was exempt from the tax. (City Admin Code Title 11, §11-701(7)(i))

1994
Effective June 1, 1994, a full exemption was granted to taxpayers with base rent up from $11,000 to $21,000 in central and lower Manhattan and up to $30,000 elsewhere.

1993
Effective June 1, 1993, a 25 percent tax credit was granted to taxpayers located in Manhattan south of 96th Street whose base rent was between $11,000 and $14,000, and to those located north of 96th Street in Manhattan or in other boroughs whose base rent was between $15,715 and $20,000. (City Admin Code Title 11, §11-704.2)

1989
Effective June 1, 1989, the base rent for taxable premises located in Manhattan north of 96th Street or in other boroughs was reduced by 30 percent. Previously, the base rent was reduced by 20 percent as of June 1, 1987, and by 10.0 percent as of January 1, 1986.

1984
Effective December 1, 1984, the base rent exemption threshold was increased from $8,000 to $11,000. Previously, the base rent exemption was increased to $8,000 on June 1, 1984 and to $5,000 on June 1, 1981.

1977
In 1977, the city began a tax reduction program that effectively reduced the tax rate by 20 percent over four years. The maximum rate was reduced from 6.75 percent as of June 1, 1977, to 6.375 percent in 1980 and to 6.0 percent in 1981. (City Admin Code Title 11, §11-702(a)(2))

1970
On June 1, 1970, a graduated rate schedule was adopted for the commercial rent tax:

Commercial Rent Tax Graduated Rent Schedule	
Base Rent	**Tax Rate**
$0 to $2,499	2.50%
$2,500 to $4,999	5.00%
$5,000 to $7,999	6.25%
$8,000 to $10,999	7.00%
$11,000 or over	7.50%

1963
The commercial rent tax was first imposed in 1963 at a rate of 5.0 percent on annual base rents of $2,500 and over. (City Admin Code Title 11, §11-702(a))

Commercial Revitalization Program

Commercial rent tax special reduction benefits under the Commercial Revitalization Program were originally enacted in 1995 to allow additional reductions from the rent that would otherwise be subject to the commercial rent tax. (City Admin Code Title 11, §11-704(i))

2023
Effective February 1, 2023, the Lower Manhattan commercial rent tax special reduction on five year-or-longer leases, which originally ended on June 30, 2023, was extended to June 30, 2027.

The date upon which the lease must be signed in order to qualify for the special rent reduction was also extended to June 30, 2027.

2020

Effective April 2, 2020, the Lower Manhattan commercial rent tax special reduction on five year-or-longer leases which originally ended on June 30, 2020 was extended to June 30, 2023. The date upon which the lease must be signed in order to qualify for the special rent reduction was also extended to June 30, 2023.

2017

Effective June 30, 2017, the Lower Manhattan commercial rent tax special reduction on five year-or-longer leases which originally ended on June 30, 2017 was extended to June 30, 2020.

Effective June 30, 2017, the date upon which the lease must be signed in order to qualify for the special rent reduction was extended to September 1, 2020.

2015

Effective June 30, 2015, the Lower Manhattan commercial rent tax special reduction on five year-or-longer leases which originally ended on June 30, 2015 was extended to June 30, 2017.

Effective April 1, 2015, the date upon which the lease must be signed in order to qualify for the special rent reduction was extended to June 30th, 2017.

2014

Effective April 1, 2014, the date upon which the lease must be signed in order to qualify for the special rent reduction was extended to June 30th, 2015. The benefit period for the enhanced Commercial Revitalization Program was also extended from March 31, 2022 to March 31, 2024.

2010

Effective April 1, 2010, the benefit period for the enhanced Commercial Revitalization Program was extended from March 31, 2010 to March 31, 2020.

2009

Effective July 1, 2009, the enhanced Commercial Revitalization Program was extended for four more years. The date upon which a lease must commence in order to qualify for the special rent reduction was also extended from June 30, 2009 to June 30, 2013.

2005

Effective December 1, 2005, retail space located south of Murray Street are also exempt from tax as part of the Commercial Revitalization Program.

Effective August 31, 2005, the Commercial Revitalization Program was expanded to include more buildings and provided greater base rent reductions. First, the new law expands the program to include post-1975 buildings located south of Canal Street. Second, the two-third and one-third limits on the last two years of the benefits were eliminated. The new law offered a base rent reduction for the first five years of the lease equal to the lesser of the base year rent paid or 100 percent of the rent paid for the period. Third, the special reduction was made available only for leases other than sub-leases commencing between July 1, 2005 and June 30, 2009. Fourth, the benefit was expanded for all tenants located in the World Trade Center area (including the former Deutsche Bank Building and 7 World Trade Center). Furthermore, a special reduction was allowed for premises located in Manhattan's Special Garment Center District that are used for industrial and manufacturing activities. The special rent reduction was to be applied to eligible leases commencing on or after July 1, 2005, and made available for up to ten years. (2006 legislation specified that no special reduction would be allowed after June 30, 2020.)

1995

Effective April 1, 1995, the Commercial Revitalization Program was established and benefits were initially available only for the pre-1975 buildings located in the title 4 abatement zone in lower Manhattan. Qualifying tenants were eligible for a three- or five-year special reduction to their commercial rent tax liability. The tax reduction period was determined by the number of employees the tenant employs, the length of the initial lease term and the lease execution date. The first year commercial rent tax special reduction was equal to the actual rent paid (called the base year). Within the benefit period, the second and third year benefits were equal to the lesser of the rent paid during each period or the base year. The last two years of benefits under both the three- or five-year programs were generally equal to two-thirds and one-third respectively of the lesser of the rent paid during each period or 100 percent of the base year rent paid.

See Appendix I: Schedule of Tax Incentive Under the Commercial Revitalization Program.

APPENDIX VII
HISTORY OF TAX COLLECTIONS

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APPENDIX VII.
HISTORY OF TAX COLLECTIONS

History of Tax Collections

($ in Millions)

FY	Real Property	Comm. Rent	Mortgage Rec.	Real Property Transfer	Personal Income and PTET[3]	General Corp.[1]	Banking Corp.	Uninc. Business	Sales	Utility	Hotel	Cig	Cannabis	All Other[2]	Audits	Total
1984	3,957	355	110	106	1,547	798	162	162	1,686	192	25	60	—	308	105	9,573
1985	4,227	404	132	147	1,740	877	140	192	1,828	186	26	60	—	368	256	10,583
1986	4,600	447	179	150	1,816	881	170	216	1,877	179	26	58	—	371	279	11,249
1987	4,976	500	253	240	2,163	1,083	244	286	2,044	169	79	57	—	363	277	12,734
1988	5,382	554	201	211	2,088	1,143	258	294	2,199	144	115	55	—	348	334	13,326
1989	5,943	618	214	202	2,445	1,113	242	334	2,315	162	98	52	—	346	314	14,398
1990	6,543	640	154	210	2,532	954	129	332	2,407	179	113	49	—	375	439	15,056
1991	7,251	670	137	141	2,789	950	205	333	2,306	177	104	45	—	342	444	15,894
1992	7,818	649	120	123	3,223	963	310	341	2,262	183	110	44	—	407	528	17,081
1993	7,886	624	118	125	3,451	978	362	389	2,379	190	115	42	—	430	519	17,608
1994	7,773	629	134	149	3,530	1,193	497	382	2,451	208	127	38	—	459	570	18,140
1995	7,474	624	170	167	3,591	1,079	250	379	2,588	197	135	38	—	421	602	17,715
1996	7,100	531	147	175	3,908	1,209	361	496	2,713	214	144	34	—	449	657	18,138
1997	7,291	374	185	215	4,361	1,478	360	561	2,912	215	162	33	—	500	651	19,298
1998	7,239	358	232	288	5,117	1,552	515	671	3,052	223	186	34	—	486	458	20,411
1999	7,599	333	408	424	5,293	1,423	388	657	3,192	222	199	32	—	583	536	21,289
2000	7,790	344	403	483	5,153	1,779	347	805	3,509	247	219	31	—	733	417	22,260
2001	8,156	377	407	473	5,331	1,735	424	820	3,662	300	242	28	—	892	401	23,248
2002	8,648	380	477	425	4,019	1,330	320	791	3,360	258	184	27	—	1,014	485	21,718
2003	9,943	397	526	513	3,923	1,237	213	832	3,535	295	192	159	—	1,023	571	23,359
2004	11,445	426	817	767	5,444	1,540	415	908	4,018	291	217	138	—	1,165	576	28,167
2005	11,464	444	1,250	1,055	6,006	1,994	601	1,117	4,355	340	257	125	—	1,258	600	30,866
2006	12,471	477	1,353	1,295	6,965	2,379	656	1,308	4,417	391	297	123	—	1,306	775	34,213
2007	12,958	512	1,569	1,723	7,005	3,124	1,219	1,670	4,619	360	326	122	—	1,550	1,085	37,842
2008	13,062	545	1,138	1,408	8,584	2,932	628	1,852	4,868	392	379	123	—	1,674	1,016	38,601
2009	14,339	583	515	742	6,450	2,320	1,099	1,785	4,594	398	342	96	—	1,661	948	35,872
2010	16,184	594	366	615	6,858	1,976	969	1,560	5,059	375	363	94	—	1,419	769	37,201
2011	16,868	601	434	795	7,644	2,278	1,346	1,675	5,586	394	422	70	—	1,247	988	40,350
2012	17,945	630	537	912	7,953	2,447	1,278	1,637	5,812	371	476	67	—	1,304	743	42,111
2013	18,751	664	742	1,086	9,168	2,692	1,357	1,808	6,132	385	505	61	—	1,362	1,009	45,722
2014	19,977	710	961	1,527	9,539	2,767	1,227	1,882	6,494	405	536	54	—	1,385	911	48,376
2015	21,317	735	1,155	1,765	10,629	2,873	1,214	1,962	6,742	384	556	50	—	1,427	1,132	51,942
2016	22,974	779	1,234	1,775	10,733	3,354	268	2,040	6,911	354	565	45	—	1,428	1,161	53,621
2017	24,475	816	1,118	1,415	11,064	3,528	(82)	2,005	7,017	371	579	37	—	1,024	1,296	54,662
2018	26,219	853	1,049	1,388	13,380	3,454	(17)	2,182	7,443	371	597	36	—	818	1,337	59,111
2019	27,703	907	1,097	1,547	13,344	4,269	(70)	2,029	7,810	369	625	29	—	1,015	818	61,494
2020	29,650	864	975	1,135	13,551	4,547	(38)	1,939	7,372	356	468	25	—	1,219	1,026	63,090
2021	31,311	869	896	1,045	15,101	5,129	(110)	2,077	6,553	356	85	22	—	1,061	1,139	65,534
2022	29,436	876	1,336	1,903	16,698	5,681	1	2,547	8,544	396	345	20	—	966	849	69,597
2023	31,503	910	898	1,277	17,183	6,010	(36)	2,545	9,540	420	645	16	1	1,184	1,337	73,433
2024	32,859	918	597	1,130	15,671	6,890	(4)	2,789	9,914	409	706	13	4	1,312	968	74,177

Note: Totals may not add due to rounding. For years prior to 1984, refer to archive methodology tax year 2024 and earlier.

[1] In 2015, the City's corporate tax reform was enacted. The reformed City tax, referred to as the Business Corporation tax, merges the taxation of general business corporations, which were formerly taxable under the General Corporation tax, and banking corporations, which were formerly taxable under the Banking Corporation tax. The Business Corporation tax does not apply to S corporations; they will continue to be subject to the General Corporation tax or the Banking Corporation Tax.

[2] For detailed break-down of the Other taxes, see titled table "History of Tax Collections - All Other"

[3] In 2022 the NYC Pass through entity tax (PTET) was introduced as workaround to the State and Local Tax deduction cap (see Appendix III-PIT for additional detail).

History of Tax Collections - All Other

($ in Millions)

FY	Vault[1]	COAD[2]	CMVT	Stock-Trans.[3]	Auto Use	Sec 1127 (Waiver)	PILOTs	Oth. Refunds	Horse Race	Med. Marihuana	OTB	OTB SC	B&L	Taxi Med.	Liq. Lic	P&I Prop Cur Yr.	P&I Prop Prior Yr.	P&I Oth. Ref.	P&I Oth. Taxes	Led. Gas	Ins. Corp. Tax	Trans. Tax	Spl. Tax	Int. on Taxes	Oth. Taxes	Oth. Tobacco Products	Total Other Taxes	NYS STAR Prop.	NYS STAR PIT	All Other Taxes Total
1984	7.7	—	6.6	127.2	22.3	4.7	31.7	(1.1)	0.1	—	10.1	35.1	29.8	4.9	3.1	23.3	—	(8.0)	6.6	2.1	—	1.9	—	—	0.1	—	308.3	—	—	308.3
1985	7.6	2.6	9.2	123.1	22.3	5.8	39.1	(1.6)	0.0	—	9.7	34.7	29.4	5.4	3.9	—	28.1	48.7	—	—	—	—	—	—	—	—	368.1	—	—	368.1
1986	11.5	2.1	8.2	119.2	23.7	8.2	95.1	(1.3)	0.0	—	6.9	36.0	26.3	6.0	2.9	—	31.2	(8.6)	—	1.5	—	2.1	—	—	0.1	—	371.1	—	—	371.1
1987	9.9	2.4	8.3	117.6	24.9	8.4	79.9	(1.5)	0.1	—	12.7	34.9	27.6	5.7	2.6	—	33.0	(7.5)	—	0.8	—	3.1	—	—	0.3	—	363.0	—	—	363.0
1988	11.2	2.6	7.2	117.6	25.3	11.0	63.7	(2.4)	0.4	—	15.9	38.9	26.0	6.6	3.1	—	29.6	(8.5)	—	—	—	—	—	—	—	—	348.3	—	—	348.3
1989	10.8	3.2	9.5	86.2	27.7	14.1	103.1	(1.9)	0.1	—	7.2	36.4	25.4	6.0	3.0	—	21.2	(19.1)	—	0.1	—	3.0	—	—	0.2	—	345.8	—	—	345.8
1990	14.4	1.6	22.5	82.7	42.0	19.1	102.5	(2.3)	0.1	—	3.8	36.9	24.9	4.8	3.2	13.4	21.4	(16.1)	—	—	—	—	—	—	—	—	374.8	—	—	374.8
1991	7.7	1.6	27.6	55.7	31.9	22.5	104.1	(5.6)	0.1	—	2.9	33.5	23.1	4.1	2.8	—	52.7	(22.7)	—	—	—	—	—	—	—	—	342.0	—	—	342.0
1992	8.0	2.7	26.7	114.0	28.2	28.3	88.6	(7.9)	0.0	—	0.7	32.5	22.4	5.3	2.3	20.4	51.5	(16.6)	—	—	—	—	—	—	—	—	407.0	—	—	407.0
1993	8.4	1.8	26.1	114.0	28.1	32.6	103.4	(10.6)	0.1	—	—	28.8	22.2	4.3	2.6	—	87.0	(18.5)	—	—	—	—	—	—	—	—	430.4	—	—	430.4
1994	8.9	1.0	28.5	114.0	28.6	36.4	144.3	(12.1)	0.1	—	—	24.1	21.7	3.8	3.6	20.5	65.8	(30.3)	—	—	—	—	—	—	—	—	458.6	—	—	458.6
1995	7.1	0.8	32.5	114.0	28.0	40.6	117.4	(11.3)	0.1	—	3.5	24.1	21.1	3.4	2.5	4.4	44.4	(11.6)	—	—	—	—	—	—	—	—	421.1	—	—	421.1
1996	8.8	0.8	35.6	114.0	28.0	44.9	117.9	(14.7)	0.0	—	5.5	20.3	21.8	2.8	3.0	7.7	62.6	(9.7)	—	—	—	—	—	—	—	—	449.5	—	—	449.5
1997	8.4	1.0	40.0	114.0	28.1	47.7	134.8	(14.6)	0.0	—	10.1	20.4	20.5	3.3	3.2	11.4	77.8	(5.9)	—	—	—	—	—	—	—	—	500.1	—	—	500.1
1998	1.6	—	43.9	114.0	28.6	64.7	133.9	(12.9)	0.0	—	11.0	20.2	20.7	3.8	3.2	11.8	65.7	(24.6)	—	—	—	—	—	—	—	—	485.6	—	—	485.6
1999	0.4	—	33.8	114.0	32.7	55.6	135.8	(21.8)	0.0	—	11.4	19.8	20.9	3.6	4.1	12.0	46.0	(1.8)	—	—	—	—	—	—	—	—	466.6	31.8	85.0	583.4
2000	0.0	—	51.0	114.0	34.0	63.3	136.6	(17.9)	0.1	—	9.2	20.5	21.2	3.4	3.4	11.0	39.2	(16.1)	—	—	—	—	—	—	—	—	473.1	59.9	200.0	733.0
2001	0.5	—	47.9	0.2	33.9	63.6	170.6	(24.6)	0.0	—	12.5	20.9	21.5	3.1	3.7	10.3	36.8	(13.8)	—	—	—	—	—	—	—	—	387.2	89.4	415.0	891.6
2002	0.4	—	45.0	0.1	34.3	69.8	149.0	(15.9)	0.0	—	1.0	20.7	22.4	4.3	3.7	11.4	45.8	(11.0)	—	—	—	—	—	—	—	—	381.0	112.4	521.0	1,014.5
2003	0.5	—	47.4	5.8	32.4	77.3	146.3	(20.4)	0.0	—	—	19.9	21.9	6.1	4.2	14.0	31.8	(24.1)	—	—	—	—	—	—	—	—	363.1	119.6	540.0	1,022.7
2004	0.4	—	46.4	—	35.9	75.3	236.7	(26.9)	0.0	—	1.3	20.1	22.2	4.5	4.2	18.4	51.5	(2.7)	—	—	—	—	—	—	—	—	487.4	137.3	540.0	1,164.7
2005	0.3	—	42.3	—	28.5	76.0	210.1	(21.3)	0.0	—	—	19.5	22.1	5.8	4.4	23.0	65.0	(1.1)	—	—	—	—	—	—	—	—	474.6	151.7	632.0	1,258.3
2006	0.2	—	44.8	0.1	27.4	99.3	205.6	(25.1)	0.1	—	—	20.0	22.9	7.0	4.6	14.1	29.1	(1.4)	—	—	—	—	—	—	—	—	448.5	165.4	692.0	1,305.9
2007	—	—	46.5	—	28.0	89.0	229.4	(30.6)	0.0	—	—	19.0	22.6	6.9	4.7	11.7	35.0	(5.7)	—	—	—	—	—	—	—	—	456.5	165.1	928.0	1,549.6
2008	—	—	47.5	—	28.4	93.0	186.4	(28.9)	0.0	—	—	17.7	23.7	6.7	4.9	13.6	28.2	(2.9)	—	—	—	—	—	—	—	—	418.3	142.2	1,113.0	1,673.5
2009	—	—	47.7	—	27.7	116.4	221.0	(30.8)	0.0	—	—	3.6	23.5	11.3	4.7	19.6	31.1	(2.2)	—	—	—	—	—	—	—	—	473.5	148.8	1,039.0	1,661.2
2010	—	—	46.2	—	28.1	123.5	262.4	(27.4)	0.0	—	—	3.0	23.7	10.5	5.0	13.5	29.5	(2.7)	—	—	—	—	—	—	—	—	515.1	185.9	717.7	1,418.7
2011	—	—	47.1	—	28.0	120.2	276.1	(23.4)	0.0	—	—	1.3	23.6	11.0	5.3	12.3	34.5	(0.8)	—	—	—	—	—	—	—	—	535.4	218.1	493.9	1,247.4
2012	—	—	53.0	—	28.1	123.8	261.1	(31.4)	0.0	—	—	1.1	22.7	8.0	5.5	11.7	30.8	(0.4)	—	—	—	—	—	—	—	—	514.0	212.2	577.8	1,304.0
2013	—	—	47.7	2.8	28.2	128.7	265.2	(34.0)	0.0	—	—	1.4	24.0	9.8	5.5	14.1	40.5	(0.3)	—	—	—	—	—	—	—	—	533.4	219.1	610.0	1,362.5
2014	—	—	49.6	—	28.9	130.7	270.1	(28.6)	0.0	—	—	1.2	22.6	5.7	6.0	19.6	44.6	(3.3)	—	—	—	—	—	—	—	—	547.2	224.6	613.0	1,384.8
2015	—	—	60.3	—	29.7	145.4	304.6	(33.7)	0.0	—	—	1.0	24.6	3.4	5.9	19.5	37.1	(6.1)	—	—	—	—	—	—	—	—	591.8	201.0	634.5	1,427.3
2016	—	—	64.0	—	29.8	153.8	320.6	(45.4)	0.0	—	—	0.9	25.3	1.4	6.2	21.6	40.7	(5.0)	—	—	—	—	—	—	—	—	613.9	206.7	607.0	1,427.8
2017	—	—	76.0	—	30.7	161.8	351.4	(53.7)	0.0	0.0	—	0.9	25.8	1.5	6.0	20.3	38.6	(5.7)	—	—	—	—	—	—	—	—	653.7	203.9	166.0	1,023.7
2018	—	—	73.1	—	30.3	173.1	376.5	(112.8)	0.0	0.1	—	0.6	24.4	0.5	6.7	22.2	37.3	(3.2)	—	—	—	—	—	—	—	—	628.7	189.0	—	817.7
2019	—	—	84.4	—	29.9	178.4	491.3	(50.5)	0.0	0.2	—	0.7	25.8	1.0	6.3	29.4	52.4	(17.5)	—	—	—	—	—	—	—	1.3	833.3	181.3	—	1,014.6
2020	—	—	62.6	—	28.0	184.9	736.6	(72.9)	0.0	0.3	—	0.6	23.8	0.5	5.4	34.8	56.1	(7.8)	—	—	—	—	—	—	—	1.1	1,054.0	165.5	—	1,219.4
2021	—	—	59.8	—	33.6	187.6	550.1	(58.4)	—	0.5	—	0.6	20.6	0.2	6.1	44.7	63.5	(2.8)	—	—	—	—	—	—	—	0.9	907.1	153.5	—	1,060.6
2022	—	—	59.8	—	28.6	211.7	455.4	(59.6)	0.0	0.7	—	0.4	25.0	0.7	1.1	23.6	78.1	(6.2)	—	—	—	—	—	—	—	0.8	820.1	146.3	—	966.4
2023	—	—	60.5	—	31.0	232.2	652.5	(60.0)	0.0	0.6	—	0.4	24.1	0.5	4.7	29.0	74.0	(3.2)	—	—	—	—	—	—	—	—	1,046.3	137.9	—	1,184.2
2024	—	—	64.1	—	28.4	238.8	772.9	(56.9)	0.0	0.5	—	0.4	23.2	0.5	5.7	35.3	78.0	(6.9)	—	—	—	—	—	—	—	—	1,184.0	127.7	—	1,311.6

Note: Totals may not add due to rounding. For years prior to 1984, refer to archive methodology tax year 2024 and earlier.

[1] The vault charge was eliminated in June 1998.

[2] Coin-operated amusement devices tax was eliminated in August 1997.

[3] The stock transfer appropriation was eliminated by the State in 2001.

APPENDIX VIII
STATE AND LOCAL TAX RATES

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APPENDIX VIII.
STATE AND LOCAL TAX RATES

Table 1.
Sales Tax Rates
NYS, NYC, Metropolitan Commuter Transportation District (MCTD) and the Surrounding Region

Locality[1]	Base Tax Rate %	Aggregate[2]
New York State	4.000%	—
MCTD	0.375%	—
New York City	4.500%	8.875%
MCTD Region		
Dutchess	3.750%	8.125%
Nassau	4.250%	8.625%
Orange	3.750%	8.125%
Putnam	4.000%	8.375%
Rockland	4.000%	8.375%
Suffolk	4.375%	8.750%
Westchester	4.000%	8.375%
Mount Vernon	4.000%	8.375%
New Rochelle	4.000%	8.375%
White Plains	4.000%	8.375%
Yonkers	4.500%	8.875%
MCTD Region		
New Jersey[3]	6.625%	—
Connecticut[4]	6.350%	—
Massachusetts	6.250%	—

[1] As of July 21, 2025.
[2] The aggregate sales tax rate includes the base tax rate, the state sales tax rate and the MCTD sales tax rate.
[3] On and after January 1, 2018, sellers authorized to charge the 50% reduced rate are required to charge and collect sales tax at the rate of 3.3125% on all qualifying taxable sales on certain items in Urban Enterprise Zones and in Salem County.
A luxury tax (9.0%) and alcohol consumption sales tax (3.625%) is imposed in Atlantic City. The state sales tax is adjusted so that the aggregate rate does not exceed 13.0%.
On and after January 1, 2018, businesses in Wildwood, North Wildwood, and Wildwood Crest that are subject to the Tourism Tax, will collect the 2% Tourism Tax and 6.625%
Sales tax, for a combined rate of 8.625% on tourism-related sales. This is in addition to the 1.85% tourism assessment and the 3.15% state occupancy fee on hotel occupancies.
[4] Sales tax at a rate of 7.75% applies to the sales of certain luxury items, including most motor vehicles over $50,000 and jewelry over $5,000. Other additional taxes include 1% for computer and data processing services; 2.99% vessels, motors for vessels and trailers used for transporting a vessel, and; 9.35% the rental or leasing of a passenger motor vehicle for 30 consecutive days or less.

Table 2.
Comparison of Sales Tax Rates Across Major U.S. Cities

Locality	Aggregate STX Rate
Seattle	10.350%
Tacoma	10.300%
Chicago	10.250%
New Orleans	10.000%
Los Angeles	9.750%
Phoenix	9.100%
Atlanta	8.900%
New York City	**8.875%**
San Francisco	8.625%
Las Vegas	8.375%
Houston	8.250%
Miami	7.000%
Newark	6.625%
Boston	6.250%

Note: Tax rates are as of July 21, 2025.

Table 3.
Personal Income Tax Top Tax Rates
NYS, NYC, the Surrounding Region and California

Locality	Tax Year 2024 Base Tax Rate %
New York State	10.90%
New York City	3.876%
NYS and NYC Aggregate	**14.78%**

Other States	
New Jersey	10.75%
Connecticut	6.99%
Massachusetts[1]	5.00%
California[2]	12.30%

[1] Massachusetts also has a 4% surtax on many types of personal income over $1.1 million in 2024.
[2] California also imposed a 1% mental health services tax (MHST) on incomes over $1 million.

Table 4.
Business Income Tax Rates
NYS, NYC, Metropolitan Commuter Transportation District, the Surrounding Region and California

Locality	Corporate Tax Rate %	Bank Corporation Tax Rate %	Unincorporated Business Tax Rate %	Subchapter "S" Corporation Tax Rate %
New York State	6.5%[1]	N/A	N/A	Min Tax[2]
MCTD Surcharge[3]	1.95%	N/A	N/A	N/A
New York State - MCTD Region	**8.45%**	**N/A**	**N/A**	**N/A**
New York City	8.85%[4]	N/A	4.00%	8.85
New York State & City	**17.30%**	**N/A**	**4.00%**	**8.85**
Other States				
New Jersey[5,11]	9.00%	N/A	N/A	Min Tax[6]
Connecticut[7]	7.50%	N/A	N/A	Min Tax[8]
Pennsylvania[9]	7.99%	0.95/1.25%/11.5%	N/A	7.99%[10]
California	8.84%	10.84%	N/A	S Corporations: 1.5% (3.5% Bank) LLCs: Minimum Fee Range

Note: Tax rates are as of August 12, 2025 and apply to Tax Year 2024

[1] New York State tax rate for the Entire Net Income (ENI) base is 6.5% for general taxpayers and small businesses, 0.0% for qualified NY manufacturers, 4.875% for Qualified Emerging Technology Companies (QETCs), and 7.25% for taxpayers with greater than $5 million in business income. Other factors are also relevant, such as a capital base tax of 0.1875%, minimum taxable income, and tax credits.

[2] Minimum tax ranging from $19 to $3,750 based on NY receipts for S corporations that are qualified NY manufacturers or qualified emerging technology companies. Minimum tax ranging from $25 to $200,000 based on New York receipts for all other S corporations.

[3] Within the MCTD, a surcharge of 1.95% is added to the base rate, derived from applying a 30.0% surcharge on a current tax rate of 6.5%. Applies before credits.

[4] New York City tax rates are 4.425-8.85% for qualified manufacturing companies, 6.5-8.85% for small businesses, 9.0% for financial corporations, and 8.85% for remaining taxpayers. Other factors are also relevant, such as apportionment (sales-based), an alternative tax base, a capital base tax of 0.15%, a fixed dollar mimimum based on city receipts, and tax credits.

[5] Tax rates for C corporations with income above $100K pay a rate of 9.0%, those with incomes ranging from $50K-$100K pay a rate of 7.5%, and less than $50k pay 6.5%. C corporation minimum tax is as follows: corporations with less than $100K in receipts are subject to a $500 minimum tax; those with $100K-$250K pay $750; those with $250K-$500K pay $1,000; those with $500K-$1M pay $1,500; those with more than $1M pay $2,000. There was a 2.5% temporary surtax on taxpayers with a New Jersey allocated taxable net income of over $1 million from January 1, 2018 - December 31, 2023. The surtax did not apply on S corporations. See note 11 below.

[6] New Jersey S corporations minimum tax ranges from $375-$1500. An exception brings the minimum tax to $2000.

[7] Connecticut's tax is the greater of the 7.5% tax on net income, (maximum tax of $1 million), or $250 (the minimum tax). An additional 10% surtax applies for corporations with $100 million or more in gross income.

[8] Connecticut imposes a business entity tax of $250 for S corporations, LLCs and LLPs.

[9] In Pennsylvania, banks and trust companies pay a shares tax of 0.95%. Title insurance companies pay a shares tax of 1.25% based on the book value of shares as of January 1st for tax returns due on the following March 15th of each year. Mutual thrift institutions are charged a tax rate of 11.5%. Credit unions are not subject to taxation.

[10] Pennsylvania S corporations pay a corporate rate of 7.99% to the extent of built-in gains. S corporations are taxed at the personal income tax rate of 3.07%.

[11] In 2023 New Jersey introduced a 2.5% Corporate Transit Fee under PL.2024, c. 20, lasting from Calendar Years 2024 -2028. This tax applies to all corporations with $10 million or more in taxable net income. This is on top of the current maximum tax rate of 9%.