



ANNUAL REPORT

THE NYC OFFICE OF THE TAXPAYER ADVOCATE

May 1, 2020

BILL DE BLASIO, MAYOR ● JACQUES JIHA, PH.D., COMMISSIONER

New York City Office of the Taxpayer Advocate

2020 Annual Report

(Reporting Period: April 1, 2019 – March 31, 2020)

Executive Summary

Enclosed please find the fifth annual report of the Office of the Taxpayer Advocate (OTA), an office established in 2015 within the Department of Finance (DOF) to assist customers and to recommend improvements to the agency's policies and procedures. OTA is independent from other offices within DOF but reports directly to the commissioner. This report highlights OTA's work from April 1, 2019, through March 31, 2020.

Since its establishment, OTA has assisted thousands of customers with tax questions and contributed to the improvement of many DOF policies and procedures. In this report, OTA presents 13 new recommendations. The report also documents the actions taken by DOF in response to previous OTA recommendations, including those implemented after the publication of OTA's 2019 report. The success stories included here provide examples of the important work performed by OTA's dedicated staff.

Among the improvements that OTA has helped facilitate in its most recent reporting period were improvements to DOF property tax payment programs, such as the launch of the Property Tax and Interest Deferral (PT AID) Program in April 2019, and the automated monthly payment program. This work is key to the Department of Finance's mission to administer the tax code and revenue laws of the city fairly, efficiently, and transparently, instilling public confidence and encouraging compliance while providing excellent customer service.

We appreciate the efforts of Taxpayer Advocate Eunhyong Choi and her team. More information about the Office of the Taxpayer Advocate is available at www.nyc.gov/taxpayeradvocate.

Sincerely,



Jacques Jiha, Ph.D., Commissioner

Summary of 2020 Recommendations

The Office of the Taxpayer Advocate has made 13 new recommendations in this report. Seven concern business tax issues. They are as follows:

- 1) Availability of Form NYC-EXT for Short-Period Filers
- 2) “Invalid” Extensions
- 3) Credit Reductions
- 4) Forms as “Cases” in BTS
- 5) Scanning Envelopes
- 6) CRT Small Business Credit for Part-Year Filers
- 7) Appealing a Notice of Disallowance

Four recommendations concern issues surrounding the assessment and collection of property taxes:

- 8) Old Property Charges Showing on Current Tax Bill
- 9) Dropped BBLs
- 10) Delay in Property Tax Bill Receipt
- 11) Notification of Changes to Property Tax Account

The remaining recommendations relate to issues concerning DOF procedures:

- 12) DOF Information Distribution
- 13) Intra-agency Communication for Unrelated Charges

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Part I: Introduction

A. Annual Report to NYC Council

The Department of Finance is required to submit an annual report to the New York City Council no later than May 1 detailing the activities of the Office of the Taxpayer Advocate during the preceding year. This annual report must include the following:

- (1) The number and nature of inquiries received by the Taxpayer Advocate regarding property tax exemptions or business tax exemptions, whichever is applicable, for reporting period¹ 2019-20;
- (2) The number, nature, and resolution of complaints received by the Taxpayer Advocate;
- (3) Any recommendations made by the Taxpayer Advocate to the commissioner;
- (4) The acceptance and denial rates of such recommendations by the commissioner;
- (5) The number and nature of inquiries referred to the Taxpayer Advocate by the ombudspersons at the department; and
- (6) The number and nature of inquiries referred to the Taxpayer Advocate by 311.

B. Taxpayer Advocacy

For nearly five years, OTA has advocated on behalf of New York City taxpayers and property owners through its handling of “inquiries” and “cases” involving business income and excise and property taxes administered by the Department of Finance.

Inquiries

Inquiries are specific requests from taxpayers for discrete information or assistance. The most common reason taxpayers seek guidance from OTA is that they don’t understand how their taxes were calculated, or how to comply with tax laws. OTA helps taxpayers navigate the department and locate the appropriate operating units or responsible parties to resolve their issues.

Case Advocacy

OTA will affirmatively advocate on behalf of any taxpayers who can show that they have attempted to resolve an issue with DOF which has not been resolved or timely addressed, or that DOF is unfairly or incorrectly applying a law, regulation, or policy. OTA will also act on behalf of taxpayers who can show that they face immediate or long-term harmful action, including the immediate seizure of funds or other property. OTA also handles cases that have the potential to affect multiple taxpayers or that present unique or compelling public policy issues. The average time during the 2019-20 reporting period for OTA to investigate, advocate² a case was 95 days. The integration of new technologies as part of DOF’s effort to improve service for New York City taxpayers has contributed to a temporary slowdown in OTA’s processes.

¹ DOF’s fiscal year runs July 1 through June 30, whereas OTA’s runs April 1 through March 31; to distinguish, we will use the terms “tax year” or “reporting period” to refer to OTA, and “fiscal year” in reference to DOF.

² OTA strives to provide relief for every case, but for various reasons—including taxpayers who do not respond to contacts or do not cooperate with OTA requests, and bright-line laws or DOF policies—OTA has been unable to provide relief in about 14% of all closed cases in its first four full years.

Cases and inquiries come to OTA via submission of form DOF-911 and through the following channels:

1. OTA website
2. Service requests through 311
3. Telephone calls and messages to OTA
4. Emails
5. Walk-ins at the OTA office at 375 Pearl Street, 26th Floor
6. Faxes
7. Referrals from city council members
8. Referrals from other DOF business units
9. Letters
10. Outreach events

The Office of the Taxpayer Advocate works closely with DOF's core operating units, including Tax Audit and Enforcement, Treasury and Payment Services (including Collections and Payment Operations), Property, External Affairs, and Legal Affairs. OTA acts through formal and informal requests to these operating units for information. When OTA's informal requests are not responded to in a timely fashion, or the responses provided are insufficient to resolve a taxpayer's issue, OTA will submit a formal operations assistance request (OAR) and impose a deadline for response. If the operating unit does not act, OTA will submit a taxpayer assistance order (TAO) directly to the commissioner.

During this reporting period, OTA issued three formal OARs and no TAOs, the result of improved communication between OTA and DOF's other units and divisions. OTA's recurrent meetings with the Treasury and Payment Services Division and bi-monthly meetings with the Property Division, both implemented in the summer of 2017, have led to most issues being resolved through informal communications. In early 2020, OTA staff also started meeting periodically with DOF's Finance Information Technology (FIT) Division in an effort to resolve some of the issues related to the implementation of new technology. OTA staff have also begun attending biweekly meetings related to the DOF property tax lien sale, in order to better understand that process.

C. Taxpayer Bill of Rights

OTA officially opened for business on October 19, 2015. Shortly thereafter, DOF issued a new NYC Taxpayer Bill of Rights:

- The Right to Be Informed
- The Right to Quality Service
- The Right to Understand How Your Property Tax Is Determined
- The Right to a Fair and Just Tax System
- The Right to Retain Representation
- The Right to Pay No More than the Correct Amount of Tax
- The Right to Finality
- The Right to Privacy
- The Right to Confidentiality
- The Right to Challenge the Department of Finance's Position and Be Heard

Part II: Updated DOF Responses to Prior OTA Recommendations

DOF committed to implement or otherwise resolve recommendations in prior reports. A number of those recommendations are still in the process of being implemented. Here, OTA discusses the progress DOF has made toward their completion.

To further illustrate the progress made and strides taken to fulfill the Department of Finance's obligation to better serve taxpayers, we have categorized each of the past recommendations under one of the four pillars of DOF's mission: fairness, efficiency, transparency, and exceptional customer service.

FAIRNESS

Business Tax Hardships

In the 2017 annual report, OTA proposed assisting small business owners experiencing hardships.³ In the 2019 report, OTA outlined some of its proposals for business collection alternatives aimed at helping small and unincorporated businesses, including flexible installment agreements, improved and better defined penalty abatements,⁴ a statute of limitations on collections,⁵ and solutions that allow businesses to compromise debts.

To better address these recommendations, at the direction of the commissioner, OTA formed a working group with other DOF units and divisions, including Treasury and Payment Services, Legal, and Audit. Some of the accomplishments of this group have included a draft of the section of DOF's Internal Finance Manual outlining penalties and abatements, and official forms and directions for DOF's offer-in-compromise procedures.⁶

Members of the working group also collaborated with the DOF Collections Division on another strategic initiative in which the agency agreed to adopt streamlined payment plans for business taxpayers. This initiative resulted in DOF offering more generous payment plan terms to low- and moderate-income individuals, as well as individuals with qualified financial hardships, including down payments as low as 5%.

The Department of Finance remains in favor of imposing a statute of limitations on business tax collections. The agency has determined that this will require state legislation and continues to search for ways to elevate its priority.

As a result of the COVID-19 crisis, DOF has implemented multiple temporary hardship provisions for business taxpayers, including waiving business and excise tax late payment or underpayment penalties, waiving late penalties on real property transfer tax returns, and relaxing payment plan requirements.

Exemption Revocations

OTA's 2018 recommendations asked for a specific indication of which exemptions have affected a property owner's account.⁷ DOF had previously responded that it was looking into ways its property tax system (PTS) could address this recommendation.

³ See 2017 Recommendation No. 9: Property and Business Tax Hardships.

⁴ See also 2018 Recommendation No. 22: Reasonable Cause Penalty Abatements.

⁵ See also 2018 Recommendation No. 17: Statute of Limitations.

⁶ See also 2018 Recommendation No. 18: Offer-in-Compromise.

⁷ See 2018 Recommendation No. 11: Enumerating Exemptions upon Approval, Revocation, or Reinstatement.

In January 2020, FIT provided OTA access to various PTS user roles to the many working group portals. In a joint effort with FIT and other units, such as Payment Operations' Refunds Unit, training sessions for OTA personnel provided the latest information and user skills to improve overall investigation capabilities and communication. One of the new functions of PTS provides up-to-date information on the status of current exemptions, award totals, and historical data. Though these new changes allow OTA to better explain to individual taxpayers how internal adjustments affect their accounts, OTA has made a further recommendation this year (see 2020 Recommendation No. 8, Part VI) regarding the need to provide advanced notice to taxpayers of any changes to their account and a transparent breakdown of charges.

CRT Legislation to Correct a Technical Error⁸

In the 2019 report, OTA drew attention to a technical error in the recent commercial rent tax (CRT) legislation (section 11-704.4 of the NYC Administrative Code). The new legislation implemented a credit that effectively raised the rent threshold required to pay CRT from \$250,000 to \$500,000⁹ but did not raise the filing requirement threshold, which remained at \$200,000.¹⁰ The result was that only taxpayers not obligated to pay CRT whose rent was between \$200,001 and \$249,999 were subject to a \$100 non-filing penalty. DOF plans to include the resolution of this technical error in its proposed city legislation providing for part-year return filers (see 2020 Recommendation No. 6, Part VI).

EFFICIENCY

Responding to Billing and Collection Inquiries

In OTA's 2019 annual report, DOF stated that it was in the process of establishing a customer contact center including representatives from FIT's Business Tax Services team and the divisions of External Affairs, Payment Operations, and Property to help respond to basic billing inquiries. Phase one of the Personal Exemptions Administration (PEA) Contact Service Center (CSC) was officially launched on July 1, 2019, with taxpayer calls being rerouted from 311 to agency staff to answer questions and resolve issues that 311 could not handle. As of February 2020, the CSC has responded to more than 14,000 phone calls regarding property tax benefits or the Rent Freeze Program, with a first-call resolution rate of 87%. Phase two of the CSC—full integration of Microsoft Customer Relationship Management (CRM) and the automatic call distributor—was implemented on February 26, 2020. Automating distribution provides efficiency in work assignment to avoid overloading the CSC and maintain a high resolution rate.

Benefit Takeovers

OTA previously made a recommendation for qualified surviving spouses to automatically assume the Senior Citizen Rent Increase Exemption (SCRIE) or Disabled Rent Increase Exemption (DRIE) benefit, rather than filing a benefit takeover application.¹¹ DOF had agreed to further examine whether such a change would involve state regulations and to work with Legal Affairs and External Affairs to get this on DOF's legislative agenda. The proposed rules for the Rent Freeze Program (a new Chapter 52 within Title 19 of the Rules of the City of New York,

⁸ OTA referred to this issue as a "loophole" in previous reports, but "technical error" is a more accurate term.

⁹ Taxpayers paying rent between \$250,000 and \$500,000 may be subject to CRT if their total income exceeds \$5 million. Hence the new legislation characterizes the higher threshold as a "credit," rather than as an exemption.

¹⁰ See 2019 response to 2018 Recommendation No. 20: Commercial Rent Tax (CRT) Filing Requirement.

¹¹ See 2018 Recommendation No 6: Benefit Takeover Application and Redetermination.

proposed October 16, 2019) include a policy change to allow for automatic benefit transfer to a surviving spouse or registered domestic partner. Implementation will occur upon promulgation of the final rules.

Proof of Disability

OTA previously recommended that DOF staff be trained on how disability information may be taken from IRS wage and income transcripts to better process Disabled Homeowner Exemption (DHE) applications.¹² Senior & Disabled Programs (SDP) is in favor of such a training. OTA had plans to host a panel identifying disability status and income information for benefit applicants in summer 2020, but due to the COVID-19 pandemic, the panel has been postponed. OTA is also exploring different options to conduct virtual or remote outreach (not requiring in-person events).

TRANSPARENCY

Request for Review Process

In our 2018 annual report, OTA recommended establishing a process to provide written confirmation of paper Requests for Review (RFRs). The process would establish an expected timeframe within which an RFR should receive final determination and share this timeframe with all RFR filers, as well as provide a clear statement on the RFR forms explaining that a change in market value will not necessarily result in a change in property tax.¹³ DOF had previously stated that it was having “ongoing discussions” about sending a hard copy acknowledgement letter to applicants who did not provide an email address. Currently, FIT runs a report to find all requests without an individual email address. DOF then asks borough coordinators to mail confirmation letters.

DOF also proposed revising its request for review process to deal with a backlog in applications, including possibly combining RFRs, Request to Update (RTUs), and Clerical Error Review (CERs) into a single form. Upon further analysis, DOF’s Property Division determined its implementation would not be feasible at this time. The reason is related to the processes behind the internal delegation of requests. The borough coordinator determines how requests for review are assigned based on internal rules governing an assessor’s level of expertise. If all requests for review types are on one form, the borough coordinator cannot easily determine the appropriate assessor for each assignment.

The following enhancements have been implemented to reduce the backlog of requests:

- a. An RFR or a CER is considered completed after two levels of review (instead of the standard three) if the review resulted in “no change” on both levels.
- b. The system precludes duplicate filings for the same borough, block, and lot (BBL); different requests (i.e., RTU and CER) are assigned to the same team.

DOF also discussed incorporating a statement differentiating between changes in market value and property tax, starting with the 2020-21 Notice of Property Value (NOPV). DOF has included the following statement on the NOPV for tax class 1, 2a, 2b, and 2c property owners: “Many property owners consider requesting review of their market value in hopes of reducing their

¹² See 2019 response to 2018 Recommendation No. 8: DHE “Benefits Letter.”

¹³ See 2018 Recommendation No. 1: Recommended Enhancements to the Request for Review Process.

property tax. However, your property tax will not go down unless you can prove that the market value should be lower than the effective market value.” DOF does not need to include a similar statement on the NOPV for tax class 2 or 4 properties, because property tax is not based on a capped figure; thus, a change in market value is more likely to affect taxable value.

Installment Agreement Guidelines

OTA previously recommended that DOF prominently feature a link to its installment agreement guidelines on the agency’s website.¹⁴ Upon completion of the DOF Collections Division’s strategic initiative pertaining to payment plans (see p.7), DOF will update its website to include information on the new payment plan program once the COVID-19 crisis is over.

CUSTOMER SERVICE

Confirmation of Taxpayer Submissions and “Next Steps” for Benefit Applications

OTA had recommended that DOF provide specific guidance to benefit applicants regarding the next steps in the application process.¹⁵ DOF’s new property tax system (PTS), which promised electronic exemption and abatement application filing, was rolled out shortly before the publication of the 2019 annual report. Thus, little information was available at the time about its impact. After a year of online capability, DOF can better discern the effects of PTS.

PTS’s Smart File system allows taxpayers to file exemption and abatement applications electronically—prior to PTS, taxpayers had to submit paper applications. Electronic filing streamlines the application submission process while providing for secured document upload and a public access status lookup. Applicants can create an account to file electronically, as well as receive email updates on the progress of their application. As of April 17, 2020, 34% of DHE initial applications and 25% of Senior Citizen Homeowner Exemption (SCHE) initial applications for fiscal year 2020-21 were electronically filed.

DOF has also made strides in communicating with both landlords and tenants. The Rent Freeze Program has supported a platform for landlords to have the ability to download tax abatement credit (TAC) reports. The online DOF Landlord Express Access Portal (LEAP) allows property owners to electronically submit documents necessary for the processing of Rent Freeze applications. This year, DOF will be introducing an online Tenant Access Portal, known as NYC TAP. It will provide a one-stop shop for forms, information, and resources for SCRIE and DRIE benefits. The public will be able to submit renewal and initial applications for Rent Freeze Program benefits. They will also be able to upload required documentation electronically, rather than having to mail a packet of information or visit a Department of Finance business center, as well as check on their initial or renewal application status. In addition, a tenant will be able to authorize a family member or another individual to apply for benefits on his or her behalf. DOF plans to deploy the renewal function in the third quarter of calendar year 2020, followed by the initial application function by the end of the year.

¹⁴ See 2018 Recommendation No. 23: Installment Agreements.

¹⁵ See 2017 Recommendation No. 6: Confirmation of Taxpayer Submissions and “Next Steps” [for Benefit Applications].

Part III: DOF Actions on 2019 Recommendations

OTA made 22 new recommendations in its 2019 annual report. This section provides the status of the implementation of those recommendations.

Recommendation No. 1: Exemptions and Abatements on NOPVs

- a. DOF should include any abatements taxpayers receive on future NOPVs and figure them into the calculations of estimated taxes.**
- b. DOF should break down [on the NOPV] the amount of reduction attributable to each exemption.**

DOF Action:

When it redesigned the 2019-20 NOPV two years ago, DOF had explored including abatements alongside exemptions. Upon revisiting the issue, it has decided not to move forward with it. Because each exemption is specific to one property, including exemption award totals on the NOPV is less likely to be inaccurate. In contrast, because abatements reduce the amount of tax owed, they cannot be calculated until DOF determines the property's tax liability, which does not happen until the roll closes in May. In the case of the co-op and condo abatement, DOF would need the calculation for the whole building, as it is based on the average assessed value of each unit. The interdependence and potential fluctuation that characterizes abatements has led DOF to conclude that putting abatements on the NOPV is not practical.

Regarding the exemption breakdown, DOF does not believe introducing new values on the NOPV that do not actually influence the calculation of taxable value would be helpful to the customer; that is, introducing a calculation within a calculation may add complexity, rather than reduce it. Furthermore, issues of space and ease of reading for understanding reduce the usefulness of such potential additions. Blank space will be reserved on NOPVs without multiple property tax benefits to accommodate the most possible text concerning the breakdown of exemptions, and that space will remain blank if the homeowner receives just one benefit. As DOF recognizes the value of taxpayers learning the precise breakdown, the exemption breakdown currently appears on quarterly property tax bills, as well as the PTS Public Access site.

Recommendation No. 2: Timelines for Clerical Error Remissions [CER]

- a. DOF should roll over to the next lien sale any taxpayer with an open CER request at the time of the 90-day notice.**
- b. DOF should set a timeline for when taxpayers should expect to receive a decision on their CER requests.**
- c. DOF should send taxpayers periodic (e.g., 30-day) acknowledgment letters regarding the status of their CER requests.**

DOF Action:

DOF has reviewed all property owners with pending CERs that could affect an outstanding balance that triggered the property's inclusion in the tax lien sale at-risk pool. It removed all such properties from the 2020 lien sale pool. DOF will put procedures in place so that a pending CER that includes a liability that triggered a property's inclusion in the at-risk pool does not jeopardize a property owner in upcoming lien sales.

In the past year, DOF has cut the processing time of CER requests by more than half—from an average of more than 265 workdays to an average of less than 129. DOF's Property Division has been working with FIT to improve responses to taxpayers who file RFRs or CER requests.

As of March 2, 2020, DOF had more than 200 CER requests yet to be reviewed that the agency received before 2019. To the extent that any of the open CER requests overlap with the current tax lien pool, DOF's Treasury and Payment Services Division will remove those properties.

Currently, DOF does not utilize an automated acknowledgement letter system regarding the status of CER requests.

Recommendation No. 3: Clarification of RPIE Procedures

DOF should publish better guidance regarding the filing and challenging of RPIEs.

DOF Action:

DOF's Legal and External Affairs divisions have updated the forms and webpage for the new RPIE filing cycle. DOF has also promulgated a regulation (19 RCNY § 33-03(2)) adding stricter penalties for repeat non-filers. Yet OTA's outreach has revealed that tax practitioners want more robust guidelines. Thus, OTA will be creating more user-friendly RPIE guidelines for circulation to tax practitioners by winter 2020-21.

Recommendation No. 4: Condominium Allocation

- a. DOF should audit condominium properties for inequities in allocation, particularly those whose allocations vary from the condominium allocation plan initially filed with the state.**
- b. DOF should propose legislation giving it discretion to alter condominium allocation factors for pre-2007 condominiums where patent inequities are found to exist (without requiring the agreement of all owners). Such discretion may involve a phase-out period to allow owners benefiting from the inequity not to be radically penalized.**

DOF Action:

Though condominium owners continue to contact OTA regarding allocation inequities, DOF has not conducted a formal audit of condominium allocation. The Legal Affairs Division stated that condominium allocation is not an appropriate issue for legislation, as it is the result of a DOF policy decision. Regardless of DOF's policies, OTA maintains a log of all condominium owners who have contacted the office with potential allocation issues.

As the reconfiguring of unit allocation factors is not an option at this time, OTA recommends—and DOF’s Property Division supports—that DOF better apprise potential purchasers of condominiums of the need to review the significance of their unit allocation factor prior to purchase. Steps DOF may take regarding unit allocation factors include clearer language on DOF’s website, a dedicated handout, or the creation of a video detailing instructions to prospective buyers and their agents.

Recommendation No. 5: DOF Tutorial Tools—“How To” Use

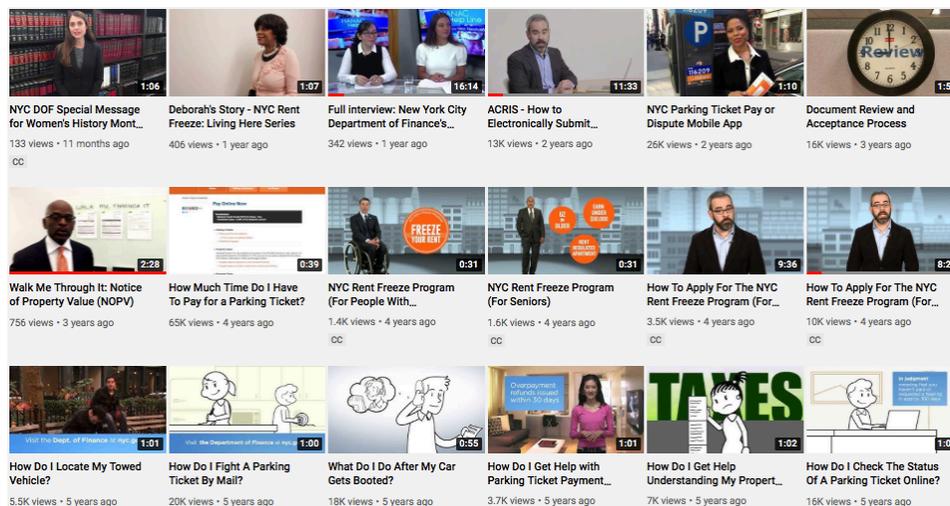
DOF should create a video series instructing property owners on different tools, including digital property maps, how to browse the new property tax system, making a CityPay payment, how to read the annual NOPV, or applying for SCRIE/DRIE.

DOF Action:

DOF’s External Affairs Division offers individual one-on-one assistance with applications at outreach events throughout the year. External Affairs also trains DOF’s partners to assist applicants. The Exemptions Unit has created tutorials, and DOF looks forward to integrating them into outreach efforts.

DOF is in the process of generating self-help tools using its electronic services. These tools include general “how to” videos for using CityPay, setting up automatic monthly payments, and applying to the Rent Freeze Program (see examples below). As additional videos are created, a general landing page on DOF’s main page could host these tutorials.

In addition, DOF has created and expanded brochures and materials to better explain how to access information via the DOF website. To increase accessibility, DOF has also focused its communication efforts via social media, including a recent YouTube demonstration on signing up to pay property taxes monthly and how to make all property tax payments online.



Recommendation No. 6: Understanding the Tax Commission and SCARP

- a. **DOF should create better outreach materials explaining to taxpayers how to file with the Tax Commission and how to file a SCARP petition for appeal. DOF should also link to the required documents from the necessary assessment or exemption forms.**

- b. DOF should highlight that for taxpayers whose assessed value is less than \$2 million, there is no cost to file a Tax Commission petition.**
- c. DOF should create better awareness among the general public that it is not the property's market value, but its assessed value, which the Tax Commission decides, that determines the property's taxable value.**

DOF Action:

As part of its strategic initiative, OTA is working to create a resource for taxpayers appealing their Tax Commission decisions for the upcoming fiscal year, and it expects to publish and circulate materials addressing these matters to the public by fall 2020.

Recommendation No. 7: Face-to-Face Hearings During the RFR Process

Property owners should be provided the opportunity for a face-to-face hearing with DOF when submitting a request for administrative review.

DOF Action:

In our 2019 report, DOF stated that the Property Division was focusing on addressing taxpayers who file RFRs and have not retained representation. Proposals include a review panel to provide face-to-face explanations for owners regarding their RFR determinations, as well as working with OTA to provide more taxpayer-friendly revisions to its notices. Due to current COVID-19 conditions encouraging social distancing, DOF is encouraging taxpayers to conduct online transactions. The online application allows applicants to explain their case in text and attach other documents. The review process is handled in several stages requiring one or two reviews after an initial address by an assessor. In the course of the review, the assessor may contact the applicant for questions or clarifications on their submissions.

Recommendation No. 8: SCHE Ownership Eligibility Date

- a. DOF should publish guidance defining when a property owner is considered eligible for SCHE for purposes of the twelve-month requirement.**
- b. DOF should clarify reapplication procedures via notice for property owners who applied for SCHE prematurely—or, alternatively, DOF should approve applicants with less than twelve months of ownership who applied for SCHE if they would have been eligible for the exemption by submitting at a later date during the application period.**

DOF Action:

DOF's Exemptions Unit will begin a project in summer 2020 to develop a SCHE and DHE program guide, similar to the Rent Freeze guide for tenants, which will include guidance on reapplication procedures. This project will ensure that eligibility requirements are adequately conveyed to the public.

Recommendation No. 9: SCHE Non-Responders to Requests for Missing Documents

- a. DOF should issue clear guidance outlining which documents to request on the missing documents notice (e.g., include how to request a copy of IRS transcripts and enclose IRS Form 4506-T and explain what a trust document entails).**
- b. If an applicant has specified a representative on the application, DOF should also contact the representative, particularly if the applicant does not respond to the missing documents notice within the required time.**
- c. DOF should keep a list of names of community-based organizations for if and when it needs to work with an applicant of limited English proficiency.**
- d. DOF should conduct more public outreach or educational seminars regarding the provision of trust or life estate documents.**

DOF Action:

If necessary documents are missing from a personal exemption application, applicants receive a notice with prepopulated “reasons” as to which documents are still required. The reasons include some guidance on the documents needed, but do not encompass every circumstance, such as how to obtain IRS tax transcripts. While DOF can incorporate such text manually, it must also be mindful of the length and complexity of the notices sent to applicants. DOF will discuss potential further inclusions with OTA.

The ability to send a copy of notices to a representative is currently not available in Smart File. This will be an enhancement request for the future.

Regarding the recommendation to add a list of community-based organizations (CBOs) to the written and digital materials, DOF’s goal is to work with outreach teams to obtain a list of CBOs that are willing to have their contact information published in DOF materials. DOF’s PEA Community Assistance Program is currently working with CBOs to provide assistance.

Lastly, there are no current plans for new outreach proposals separately targeting applicants with homeownership deeds centered in the form of a living trust or life estate; OTA will coordinate with DOF to highlight such documents in future outreach sessions.

Recommendation No. 10: Taxpayers Denied SCHE Who Do Not Reapply

- a. DOF should state clearly on the denial notice the taxpayer’s right to reapply for SCHE or DHE.**
- b. DOF should flag these “one-time denial” applications for consideration in the next tax year and request updated information from the taxpayer.**

DOF Action:

The current denial notices do not include language on the right to reapply. The notices have information on contacting DOF if taxpayers have questions about the decision, as well as information on how to file an appeal with the Tax Commission. Adding language to only denials based on income is not currently viable, as a standard template is used across all exemption programs.

There are current PTS reporting limitations on automatically flagging one-time denials. Instead, External Affairs has been directly reaching out to the Exemptions Unit for a list of applicants denied for income or missing documents, for use in targeted outreach mailings and phone calls. Exemptions is open to continuing External Affairs' effort.

Recommendation No. 11: SCHE/DHE Renewal Uniformity

DOF should propose legislation to the New York City Council amending the NYC Administrative Code¹⁶ to permit DHE owners to renew their benefit biennially, rather than annually.

DOF Action:

DOF's Property Division supported and continues to support this recommendation. However, according to the External Affairs Division, as this is a state matter, legislation has yet to be proposed with the state.

Recommendation No. 12: Potential Issues Regarding Federal Tax

OTA recommends hosting a training session for the SDP unit on how to read and analyze a 2018 federal income tax return for purposes of calculating income for the property tax exemption and Rent Freeze Program.

DOF Action:

SDP agrees that such a training would be helpful. OTA is planning a refresher course in reading the new federal income tax returns. It had been scheduled to take place during summer 2020, but because of the COVID-19 crisis, will likely take place in fall 2020.

Recommendation No. 13: E-STAR Revocations

- a. DOF should propose legislation allowing for:**
 - **the abatement of interest when the wrongful receipt of a Basic STAR or E-STAR exemption is DOF's error; and**
 - **the allowance for an eligible taxpayer to defray the back balance from the revoked exemption by taking Basic STAR retroactively for the years receiving E-STAR.**
- b. Alternatively, DOF should include language on all relevant forms stating that it is the taxpayer's responsibility to remove wrongfully received exemptions in the event that DOF does not do so upon transfer.**

DOF Action:

Currently, DOF's Compliance Unit makes revocations without interest for any exemption removals. In addition, STAR benefits cannot be transferred or reapplied once the benefit has been revoked by either the New York State Department of Taxation and Finance or DOF. Taxpayers only receive the state STAR credit once an exemption applicant's benefit has been revoked.

¹⁶ Correction: New York State law.

The Exemptions Unit has agreed to add language regarding the taxpayer's responsibility to remove exemptions the next time the Request to Remove Property Tax Exemption application is updated.

Recommendation No. 14: Better Publicizing e-Services

DOF should study the reasons for the low e-Services participation and, to the extent necessary, better publicize e-Services.

DOF Action:

E-Services has shown slow, steady growth over the past year. As of February 18, 2020, 106,053 taxpayers had an e-Services logon and at least one account type, and more than half completed at least one e-Services action since 2019. This number comprises 18.5% of DOF's "active" business tax base of 568,328 taxpayers (with "active" being defined as a customer who has at least one open account with a return filed in or after 2018).

Last year, e-Services developed a non-logon payment portal. Between January 1, 2019, and February 20, 2020, there were 21,999 non-login payments totaling \$42 million—or about 1,700 transactions per month, making it the fourth most popular e-Services feature behind standard payments, new registrations, and credit card payments. In light of the COVID-19 crisis, DOF has been encouraging taxpayers to conduct more transactions electronically, which is expected to increase the number of e-Services participants.

Furthermore, DOF's planned update to BTS focuses on making e-Services more user-friendly, which will likely also encourage more taxpayers to create accounts.

Recommendation No. 15: Tax Warrants and Liens

- a. DOF should propose legislation increasing to 30 days the time between the date on the Notice and Demand and the issuance of the warrant.**
- b. Alternatively, DOF should postdate notices by 10-15 business days to allow for mailing delays.**
- c. DOF should increase the limit for issuing warrants to \$5,000, or \$10,000 if the taxpayer enters into an installment payment agreement completed within 36 months.**

DOF Action:

These recommendations were incorporated into the strategic initiative forming the Business Collection Alternative Working Group. Upon analyzing data from BTS, DOF Collections found that even though a warrant legally could be issued 10 days after the Notice and Demand, two-thirds of all warrants were docketed between 31 and 60 days later, and only about 1.5% were docketed in less than 20 days. Because DOF's practices differed from the statute, the working group found legislation surrounding the time to docket warrants unnecessary.

DOF does not agree with postdating notices. Docketing a warrant works to legally protect the City's interest and its ability to collect upon debt if it is not paid. The Collections Division is working with the Tax Policy and Analysis Division to analyze the size and scope of the issue and potential revenue impact of delaying docketing warrants in some instances.

Regarding increasing the dollar limit for issuing warrants, DOF has yet to uncover statistics illustrating taxpayers affected by warrants for small amounts. Without sufficient supporting data, the working group also concluded that raising the balance amount to docket a warrant is unnecessary.

Recommendation No. 16: Particularized Descriptions for Payment Locks:

DOF should define “payment lock” on the period detail report alongside other definitions.

DOF Action:

A “payment lock” is a BTS system hold placed on a credit to ensure the credit is applied to the correct debt. In the case of credit carry-forwards, the carry-forwards are locked until the return is filed, preventing the funds from being used erroneously in a cross-period offset or refunded. Similarly, an audit payment will lock while awaiting the posting of an audit assessment.

The transactions referenced do appear on the period detail letter, which is meant to provide a transaction-level detail on a particular period. Payment Operations will discuss ways to include a more customer-friendly description of “payment lock” in the period detail report.

Recommendation No. 17: OTA Authorization to Generate Period Detail Reports

DOF should train OTA to generate period detail reports on accounts where DOF has already made recommended adjustments.

DOF Action:

OTA has received further training in BTS features related to payments and statistics. It has met with FIT regarding expanding its access role, which includes a request for the ability to generate Period Detail Reports. FIT is open to allowing OTA this level of access and is working to provide it. To the extent that OTA needs period detail reports, FIT has been accommodating.

Recommendation No. 18: Interest Calculators and Guidelines

- a. DOF should update the business interest calculator to include current rates, as well as BCT [business corporation tax].**
- b. DOF should publish interest guidelines as part of its proposed Internal Finance Manual.**
- c. DOF should update the property tax payment plan calculator to include interest calculations for properties with assessed values above \$250,000.**
- d. DOF should link to all interest calculators prominently, where applicable, on its website and in property and business statements of account.**

DOF Action:

DOF recently created guidelines on penalties as part of the proposed Internal Finance Manual, but there is no timetable for publishing interest guidelines to supplement the penalties section. Interest is required on amounts due under various taxes. But interest is not abatable, and the only standards for imposing interest are the dates of its duration, “from” and “to” dates, and the

interest rate. Interest rates are established by statute and/or regulation and cannot simply be changed by administrative practice.

Regarding the penalty and interest calculators, DOF is in the process of upgrading BTS, with the new version to be rolled out in early 2021, which will include a new public version of e-Services. DOF plans to include a business interest calculator on the new e-Services portal, which will likely be modeled after the user-friendly calculator on the New York State Department of Taxation and Finance's website.¹⁷

As for the property tax payment plan calculator, DOF will consider it as updates to PTS are made.

Recommendation No. 19: Property Tax Refund Request Language

- a. DOF property notices should include refund language that differentiates between mixed credits—refunds vs. overpayments vs. SCRIE/DRIE TAC credits—and also includes an updated timeline for taxpayers on when to expect refunds.**
- b. DOF should increase awareness and streamline the refund request process for taxpayers.**

DOF Action:

Over the past 12 months, the primary focus for both Property and Payment Operations has been the implementation of PTS. Due to this focus, the two groups have not had the opportunity to review refund language on notices that Property generates. External Affairs will be partnering with Property, Payment Operations, FIT, and the Executive Office to perform a holistic review of the structure of quarterly property tax bills. One of the objectives of the review will be to include property tax refund language that provides greater transparency and clarity on the origin of credits and their application towards current and future bills.

Recommendation No. 20: DOF Webpage Cleanup

- a. DOF should update its business tax refunds and CRT pages to include correct information on current procedure.**
- b. DOF should publicize procedures, particularly to small business owners, surrounding when business tax refunds are issued automatically.**
- c. DOF should remove obsolete pages completely so that they are no longer searchable.**
- d. DOF should designate an individual or a group to monitor quality assurance of the website.**

DOF Action:

The Web Unit within External Affairs responsible for updating webpages relies on the units responsible for content to report updates. The CRT page has been updated with input from the Treasury and Payment Services and Legal Affairs divisions to include information on the most updated procedures, including the small business tax credit. A webpage regarding business tax

¹⁷ View the calculator here: <https://www8.tax.ny.gov/PAIC/paicHome>.

refunds is being reviewed and updated to reflect the fact that DOF sometimes issues refunds automatically.

According to External Affairs, although obsolete pages are removed, NYC's Department of Information Technology and Telecommunications (DoITT) backup servers sometimes hold onto old data, which can appear in Google searches—a process beyond DOF's control. Note that all current DOF-hosted pages will always have a URL beginning with <https://www1.nyc.gov/site/finance>. DOF continues to work with DoITT to have expired pages removed on a timely basis.

Lastly, regarding quality assurance, one of External Affairs' 2020 strategic initiatives is to do a full audit of the DOF website content and update it as needed based on formal review. To start, External Affairs recently completed a full overhaul of the not-for-profit content.

Recommendation No. 21: Powers of Attorney

DOF should promulgate guidance on its website as well as revise the directions on the POA-2, elaborating on the proposed rules, including explicitly stating when to use each power of attorney, and whether (and in which cases) the other might be accepted.

DOF Action:

On May 16, 2019, DOF promulgated final rules (Rule 27-01(a) of Title 19 of the Rules of the City of New York) regarding the new POA-2, specifying that the POA-2 “must be filed in order to represent principals with respect to matters administered under the Commissioner of Finance and not arising under” specified chapters of the Administrative Code relating to business and excise tax. The Rules went into effect on June 15, 2019. In preparation for the new rules, OTA and other divisions were trained by the Legal Division on specifically when and how to use the POA-2.

Recommendation No. 22: Interdepartmental Guidance

DOF should create a task force to work with other agencies to create guidance regarding which agency is responsible for certain duties.

DOF Action:

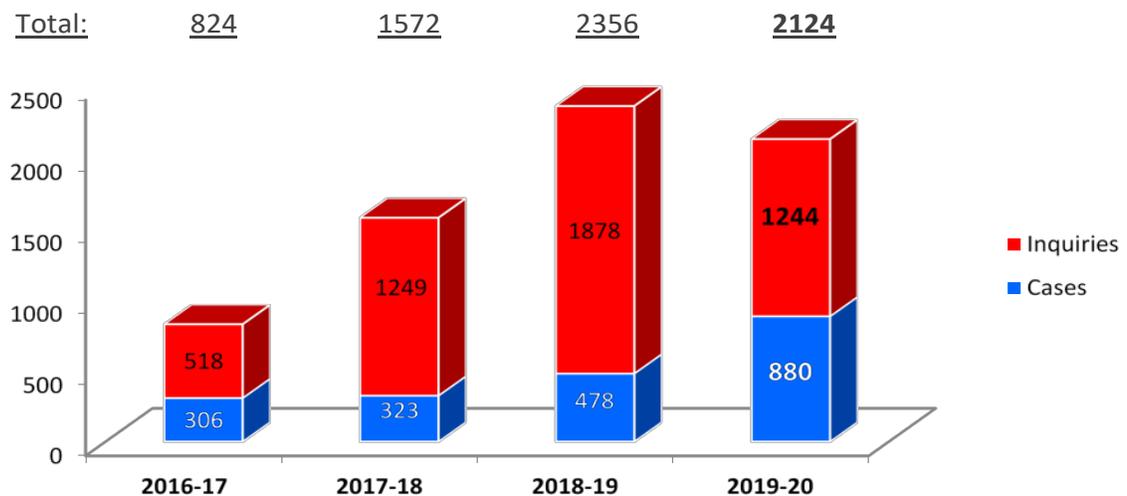
DOF's ongoing interagency data-sharing project is helping to drive forward efficiency and accuracy. As another means of enhancing communication, DOF might consider examining forming a Task Force to outline procedures when administering penalties involving other City agencies. However, DOF's main responsibility is to collect fees assessed by other agencies, not to evaluate the validity of the assessment; therefore, its collaborative efforts in creating guidance may be constricted by duties allocated to different departments. OTA still recommends that DOF provide guidance as to where such taxpayers may be referred, some of which is discussed in 2020 Recommendation No. 13.

Part IV: OTA Statistics for the Reporting Period April 1, 2019, to March 31, 2020, and Cumulative Four-Year Statistics

The following charts and graphs review the recurring issues brought to OTA’s attention over the past reporting period and in the four full-year reporting periods since the office opened¹⁸ in order to spot larger trends.¹⁹

A. Tax Year Case and Inquiry Totals for the Office of the Taxpayer Advocate

For tax year 2019-20, OTA closed 1,244 inquiries and 880 cases. The case increase is a significant, steady gain from the previous years, as a result of expanded outreach generating increased public awareness of OTA and its services. The reason for the decrease in the number of inquiries from the previous year is likely two-fold. First, DOF’s customer contact center now handles many of the “simple” inquiries for which taxpayers previously reached out to OTA (e.g., application status); OTA’s increase in cases reflects the more complicated matters the office was created to address. Second, OTA’s inquiry numbers in 2018-19 temporarily spiked between January and March 2019 due to the inclusion of OTA’s contact information on the 2019-20 NOPV. As that information was not included on the 2020-21 NOPV—and many of those inquiries were redirected to the customer contact center—such an increase did not occur.



No open cases or inquiries are included.

¹⁸ The truncated reporting period for OTA’s first year, 2015-16, is omitted, as it did not represent a full tax year.

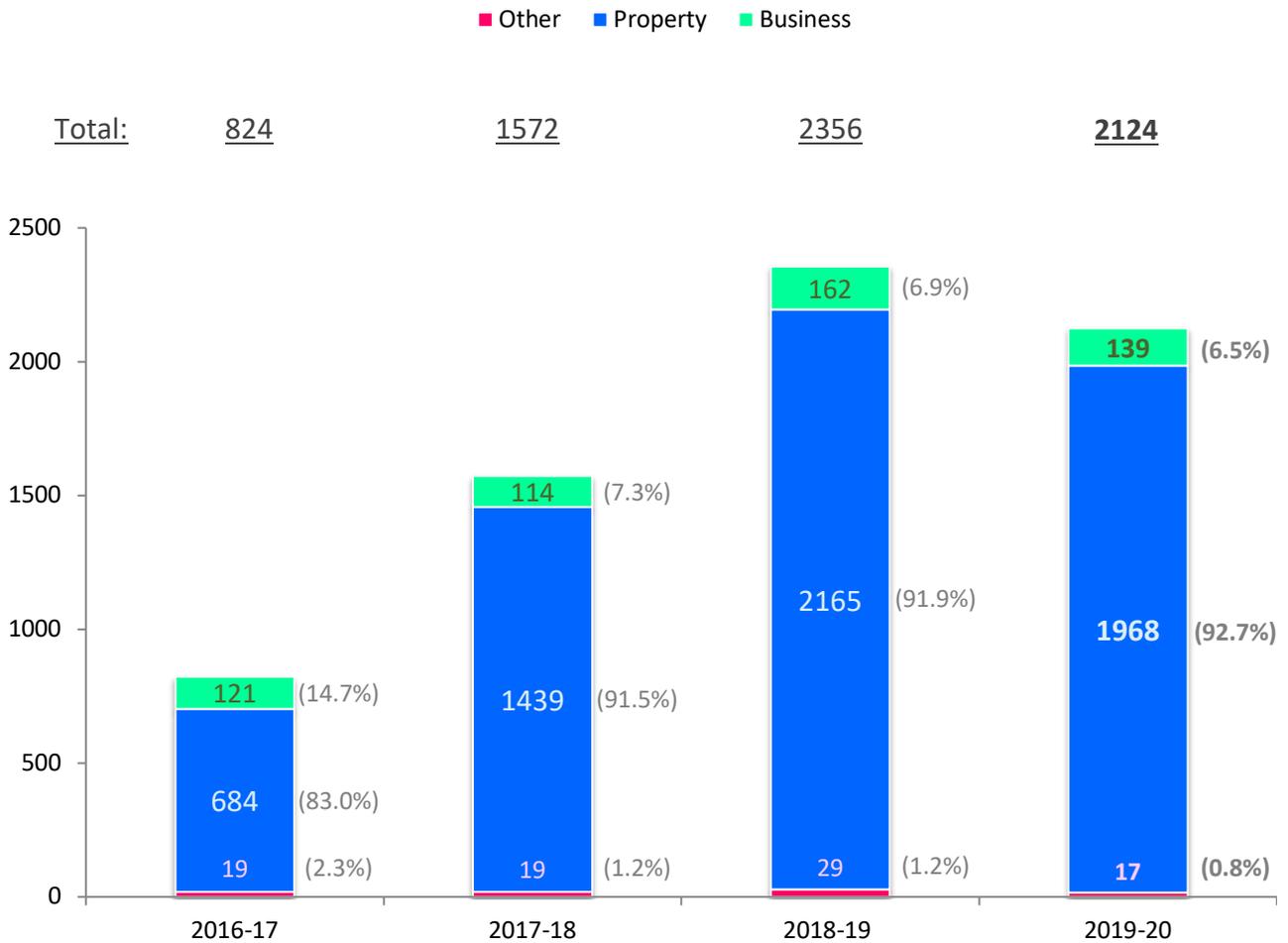
¹⁹ OTA’s quantifying methods are generally based on the number of cases and inquiries closed during the reporting period. Cases and inquiries opened before March 31, 2020, but not closed, are included in a separate chart (see Part IV.N) but are otherwise not considered in these statistics.

B. Total Inventory by Subject Matter

Over 92% of matters handled by OTA in 2019-20 dealt with issues related to property taxes. This is consistent with OTA’s first four years, where 91% of all issues were property-related. Business tax issues decreased in number but increased in complexity; 12% of all 2019-20 business cases involved multiple issues. In 2018-19, 4% did. A small percentage (“Other”) generally involve inquiries outside OTA’s scope, such as parking disputes or personal income tax, the latter of which OTA refers to the New York State Department of Taxation and Finance.

For tax year 2019-20, OTA closed 1,968 property-related issues and 139 business-related issues.

Major Tax Area Work Flow Comparison by Tax Year

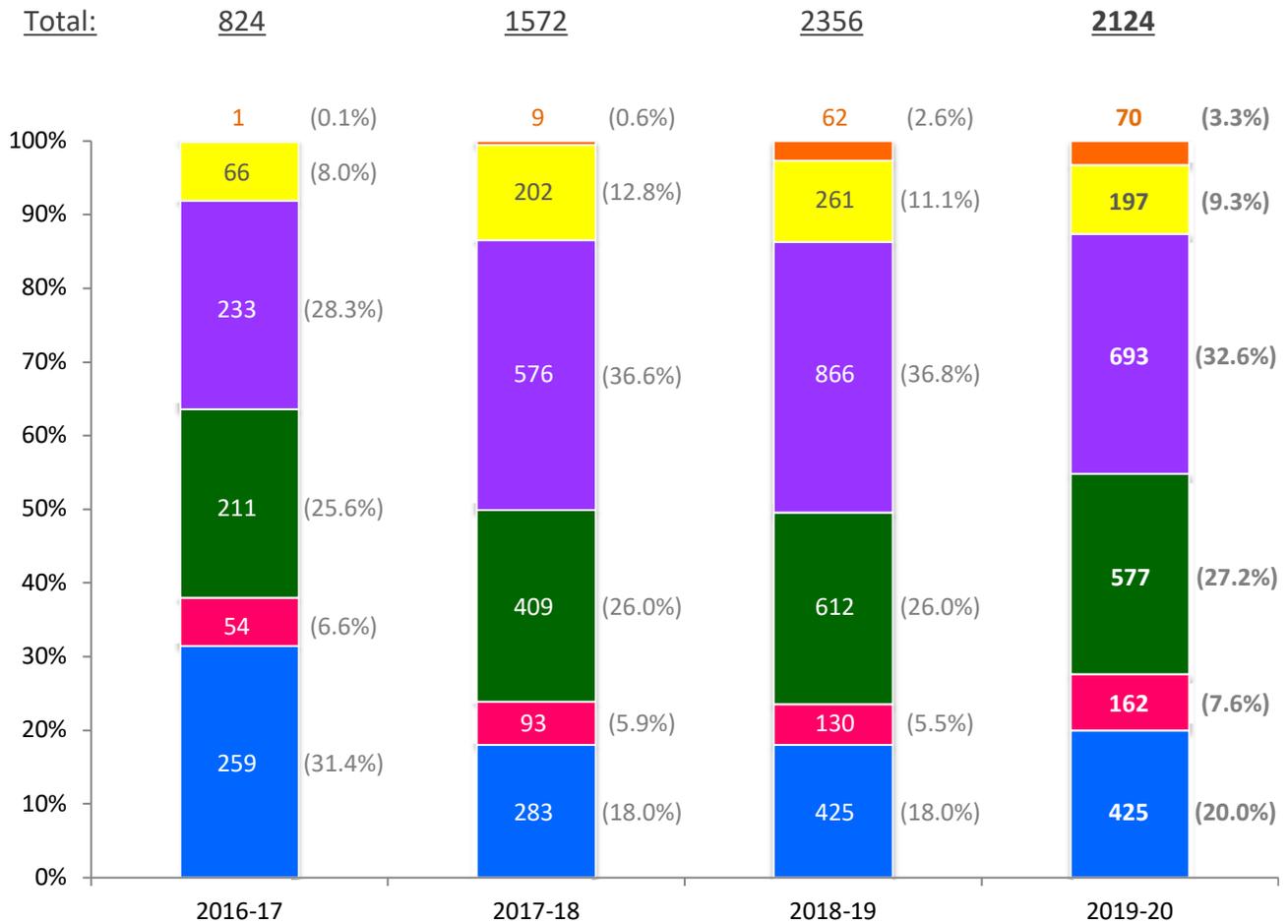


C. Source of Total Work by Borough

OTA’s borough percentage breakdown has remained fairly consistent. The boroughs of the Bronx and Staten Island continue to be areas where more targeted outreach is needed. The “Other” category generally refers to non-local businesses with transactions requiring that they file New York City business tax returns, or to practitioners with general inquiries for whom specific taxpayer information was not specified.

Total Cases and Inquiries by Borough, by Tax Year

■ Manhattan ■ Bronx ■ Brooklyn ■ Queens ■ Staten Island ■ Other



D. Breakdown of Recurring Issues

OTA continues to reassess and improve how it captures data, combining or renaming certain categories and creating new ones when necessary. New issues that OTA began tracking in the past year have been marked with an asterisk; re-categorized or renamed data are marked with a double asterisk. OTA has also found three categories [Inconsistent Action by DOF Employees, Exemption Correction–NFP, Property Ownership Error/Dispute (Non-fraudulent)] to be no longer accurately descriptive, and thus no longer uses them; they are in italics at the bottom of the chart.

Some matters involve multiple issues, and the total number of issues does not match the number of cases and inquiries in the surrounding charts and figures. Note that OTA did not begin to capture recurring issues related to inquiries until August 2018. Prior to that time, OTA captured only case-related recurring issues. OTA closed 2,124 cases and inquiries but lists 2,284 issues because some cases require that multiple issues be addressed and recorded.

Issues related to misapplied payments and unapplied credits increased the most significantly in tax year 2019-20, due to the introduction of PTS, which replaced the decades-old FAIRTAX system. PTS’s ability to clean up previous technological issues will ensure DOF better accuracy and capability in the long run.

Other categories encompassing the majority of OTA’s cases and inquiries include processing delays, issues regarding exemptions or abatements (corrections, denials, revocations, or removals), property valuation inconsistencies, and disputes or confusion about tax calculations.

The “Other/Unknown/Miscellaneous” category features issues that occurred only once or have no separate category. They include: difficulty filing a return, difficulty accessing account information, checking the status of a payment or application, issues not handled by OTA (e.g., state or federal tax, parking fees), updating records, nonspecific tax complaints, taxpayers not receiving bills, or nonspecific inquiries in which the taxpayer could not be reached.

Issues Presented	TY 2016-17	TY 2017-18	TY 2018-19	TY 2019-20	Total
Processing Delay	13	35	288	384	720
Misapplied or Denied Payments – DOF Error	8	23	112	284	427
Denial – Benefit	2	52	156	173	383
Credit – Not Applied	0	0	10	145	155
Inconsistent Market Value/Assessed Value Increase	19	5	80	118	222
Tax Calculations	41	32	107	117	297
Bad Record	15	2	62	102	181
Lack of Noticing/Right to Be Informed	9	10	61	82	162
Lien Sale	0	0	24	78	102
Erroneous Charges/Fees	0	17	23	74	114
Misapplied or Denied Payments – Taxpayer Submission	2	10	70	69	151
Application – Incomplete	0	0	58	69	127
DOF Procedure – Unclear	5	2	63	48	118
Application – Not Received/Lost	0	0	45	47	92
Other/Unknown/Miscellaneous	7	9	49	37	102

Issues Presented	TY 2016-17	TY 2017-18	TY 2018-19	TY 2019-20	Total
Records Request/Verification	0	0	28	35	63
Unclear Notices	24	7	43	29	103
Penalty Abatement Requests	10	10	28	29	77
Refund Misplaced	0	0	7	29	36
Other Charges – Property Tax Bill	0	0	13	28	41
Incorrect Tax/Building Class	4	7	22	26	59
Application – Late	0	0	11	24	35
Application – Forms Not Sent	0	0	21	23	44
Benefit Removal or Revocation	13	39	47	21	120
Benefit Reduction	0	0	16	21	37
Payment Plans – Creation or Default/Delinquent	0	0	12	21	33
Incorrect Benefit or Benefit Percentage Applied	0	0	8	20	28
Exemption Correction – DOF error	69	27	42	19	157
DOF – Unresponsive/Unhelpful	38	13	28	19	98
DOF Policy/Law – Unclear	4	2	27	18	51
Managing Agent Issue	13	28	27	16	84
Residence Eligibility	0	0	19	13	32
Misapplied or Denied Payments – Third Party	1	3	13	12	29
Lien/Warrant Subordination	0	0	5	10	15
Levy/Hold on Account	0	6	9	8	23
Erroneous Refunds	0	0	13	7	20
Data Feed – ACRIS or NY State	3	0	8	5	16
Deed Fraud	2	0	3	5	10
Erroneous Warrant**	0	0	1	5	6
Voluntary Disclosure*	0	0	2	5	7
COVID-19*	0	0	0	5	5
Conciliation Conference – Requested**	0	0	1	2	3
Other Deductions	0	0	3	1	4
Statute Limitation**	0	0	1	1	2
<i>Inconsistent Action by DOF Employees</i>	15	15	8	0	38
<i>Exemption Correction – NFP</i>	6	15	6	0	27
<i>Property Ownership Error/Dispute (Non-fraudulent)</i>	0	6	5	0	11
Total	323	375	1685	2284	4667

E. Cases in Which No Relief Was Granted

OTA strives to provide relief to taxpayers to the extent that remedies are available. Still, in some cases, relief cannot be provided. Of OTA’s 1,987 cases in the past four tax years, 282 (14.19%) have resulted in such an outcome. In nearly half of these cases (49.64%), DOF was unable to provide relief as the result of laws or internal policies that could not be controverted, including certain benefits for which taxpayers were ineligible.

Cases in Which No Relief Was Granted Since OTA’s Inception

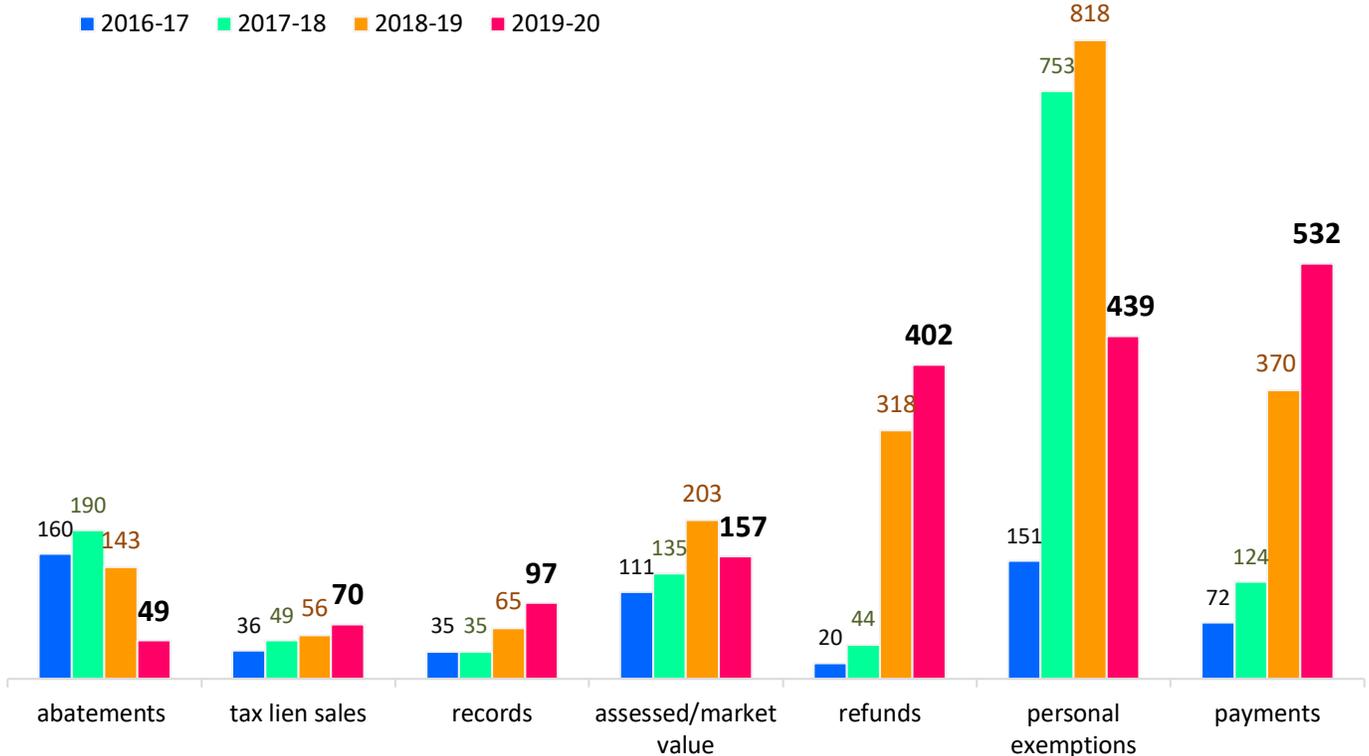
Reason for No Relief	2016-17	2017-18	2018-19	2019-20	Total
Law or DOF policy	42	29	34	35	140
Taxpayer uncooperative/failed to provide documents timely	6	11	20	51	88
Unable to contact taxpayer	7	3	5	19	34
Referred to another City agency	5	4	7	4	20
Total	60	47	66	109	282

Of the “no relief” cases related to law or DOF policies, 92.14% were property-related, about 55% of which were related to personal exemptions, abatements, or valuation. A breakdown of all cases in which “no relief” was granted due to DOF law or policy is available in Appendix 1.

F. Property Tax Inquiries and Cases by Subcategories²⁰

The following charts show breakdowns of property tax inquiries and cases by tax subcategory. In the first chart, we compare the top seven subcategories in which OTA received the most volume by tax year; the second chart is a cumulative breakdown of all subcategories. Of the 1,968 property tax cases and inquiries that OTA handled during tax year 2019-20, 532 (27.03%) involved payments; 439 (22.31%) involved personal exemptions; and 402 (20.43%) involved refunds. Over the past four years, OTA’s highest volume of issues has been personal exemptions (2,161 of 6,256, or 34.54%, of cases and inquiries). The continued increase in payments and refund issues is related to technical issues involving the implementation of the PTS system during the past year; the decrease in exemptions issues is attributed to simple inquiries being

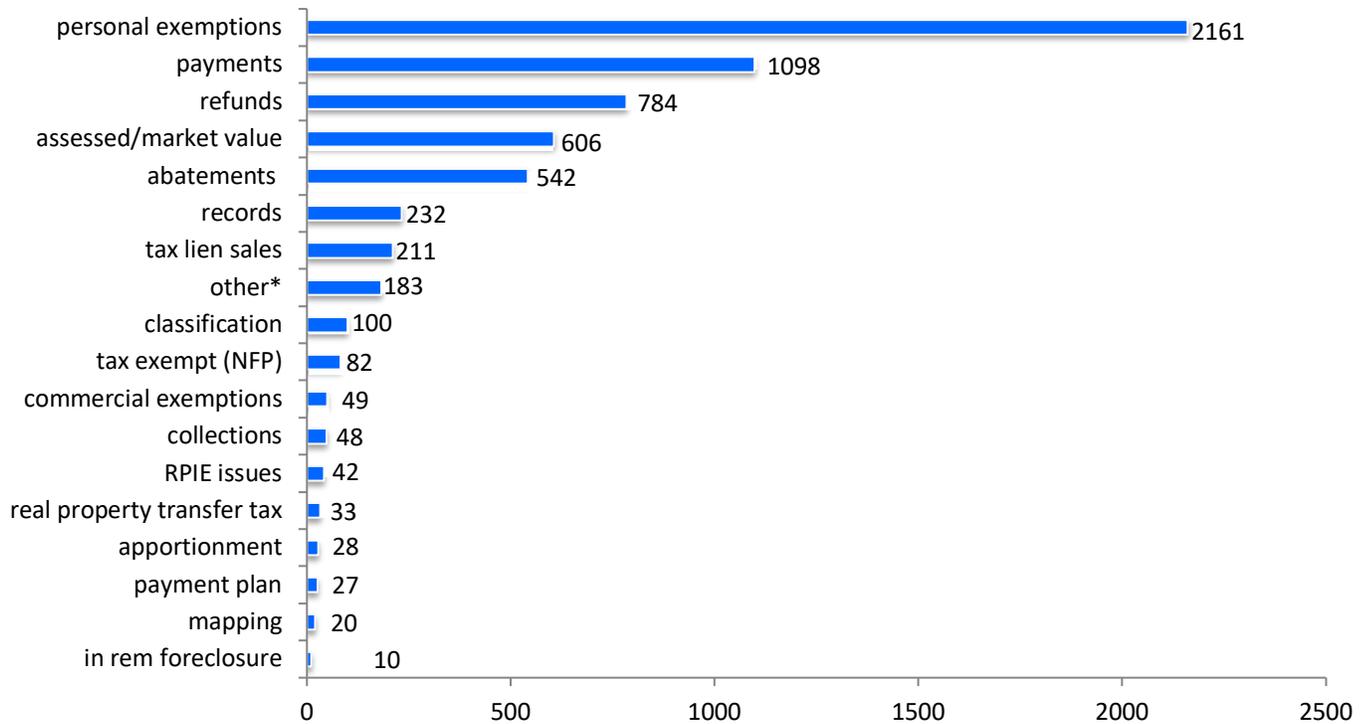
Top 7 Property Tax Cases and Inquiries by Subcategory and Tax Year



²⁰ OTA’s property tax subcategories are: Personal Exemptions (STAR, Enhanced STAR, SCHE and DHE, Veteran, Clergy, and Good Samaritan); Payments (processing of and application of); Refunds (requests for refunds); Assessed or Market Value (issues regarding valuation); Abatements (coop and condo, 421-a, and commercial abatements); Records (how DOF has recorded a property); Tax Lien Sale (questions about properties in the current or previous tax lien sale); Not-for-Profit Tax Exemptions (questions concerning requested, denied, or removed tax exemptions); Property Tax Classification; Apportionment (processing of requesting apportionment or merger requests); Commercial Exemptions (ICIP and ICAP); Collections (attempts to collect prior to a lien sale); Real Property Transfer Tax; Mapping (assignment of lot numbers); Payment Plans; RPIE Penalty (imposed on late and non-filers); In Rem Foreclosure; and Other (unique issues or questions, or disputes that involve hybrid or multiple issues).

rerouted to DOF’s customer contact center. For a full breakdown of all property tax issues, see Appendix 2.

Property Tax Cases and Inquiries by Subcategory for OTA's First Four Full Years, Cumulative

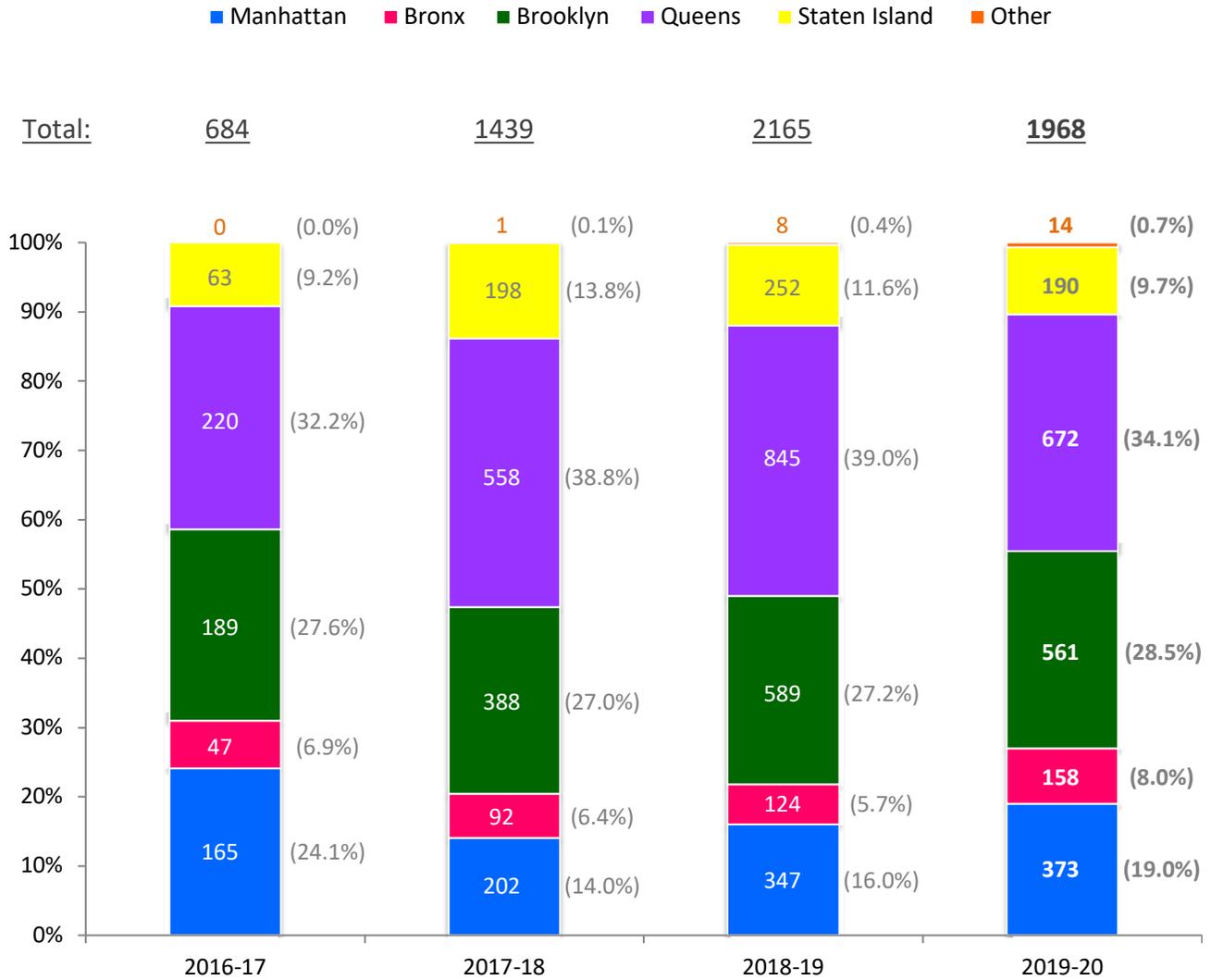


* “Other” refers to a variety of property tax issues that could not be properly classified, including parking tax exemptions related to property ownership; miscellaneous charges not necessarily related to property tax debt (e.g., Environmental Control Board or Housing Preservation and Development debts); erroneous payments made to New York state; issues associated with SCRIE or DRIE; and basic legal or procedural questions. To the extent that those issues recur, they may receive their own category of classification on future reports.

G. Property Tax Inquiries and Cases by Borough

Of all property issues handled by OTA in 2019-20, 34.1% were from Queens, and over a quarter were from Brooklyn. These numbers have also remained fairly consistent over OTA’s first four years. Staten Island and the Bronx are boroughs where additional outreach continues to be necessary.²¹

Property Cases and Inquiries by Borough, by Tax Year



²¹ Property tax inquiries without boroughs involved more general questions and suggestions regarding process.

H. Property Tax Cases by City Council District

OTA handled property tax cases resulting in refunds or abatements for property owners in 48 of New York City's 51 council districts in tax year 2019-20. The refund and abatement amounts are listed below by district. The large increase in total refunds and abatements in 2019-20 was related to a few high-dollar cases – particularly in Districts 1, 4, and 50.

Property Tax Refunds and Abatements by City Council District for Tax Years 2016-17, 2017-18, 2018-19, and 2019-20

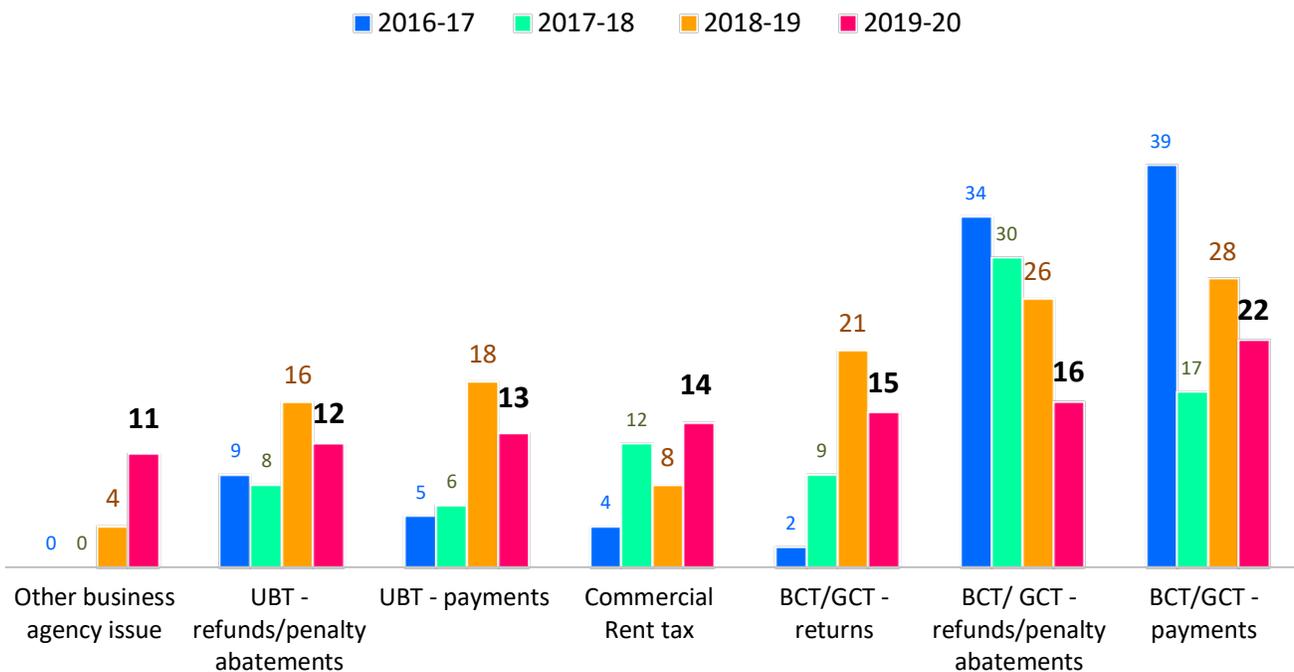
District/ Council Member	Number of Cases				Refunds				Abatements				
	16-17	17-18	18-19	19-20	16-17	17-18	18-19	19-20	16-17	17-18	18-19	19-20	
1	M. Chin	22	6	14	22	\$31,124	\$57,780	\$11,234	\$1,392,115	-	\$3,655	\$7,644	\$215,334
2	C. Rivera	7	11	4	10	-	\$2,324	\$2,422	\$23,985	\$17,107	\$4,168	-	\$4,340
3	C. Johnson	5	8	8	33	-	\$40,422	\$5,250	\$164,943	-	\$2,145	-	\$35,160
4	K. Powers	12	7	15	39	-	\$25,429	\$20,490	\$219,660	\$2,868	\$44,664	\$3,536	\$1,030,706
5	B. Kallos	11	8	7	26	\$35,745	\$13,994	\$9,369	\$82,398	\$20,475	\$30,004	\$24,586	\$15,810
6	H. Rosenthal	7	9	7	33	\$1,912	\$7,359	\$96,142	\$309,913	\$17,184	\$18,975	\$610	\$13,608
7	M Levine	4	1	3	8	\$16,747	-	-	\$19,060	-	-	-	-
8	D. Ayala	1	4	1	3	-	\$1,823	-	-	-	\$642	-	-
9	B. Perkins	2	5	2	2	-	\$618	\$7,390	\$2,052	-	-	-	-
10	Y. Rodriguez	-	-	2	2	-	-	-	-	-	-	\$815	-
11	A. Cohen	2	4	-	7	-	-	-	\$3,909	-	-	-	\$4,879
12	A. King	1	1	4	12	-	\$3,654	\$50	\$8,167	\$19,291	-	\$3,550	\$118,139
13	M. Gjonaj	8	5	7	16	\$159,584	-	\$4,437	\$3,119	\$848	\$2,808	\$2,563	\$10,047
14	F. Cabrera	-	-	1	2	-	-	-	\$464,201	-	-	-	\$508
15	R. J. Torres	2	2	3	8	-	-	\$5,427	\$36,850	-	-	-	\$5,878
16	V. Gibson	-	1	3	-	-	-	-	-	-	\$3,112	-	-
17	R. Salamanca Jr.	2	4	7	17	-	\$5,677	-	\$67,661	-	\$9,699	\$632	\$10,000
18	R. Diaz, Sr.	4	3	10	8	\$5,098	-	\$784	\$2,647	\$31,374	\$14,308	\$1,754	-
19	P. Vallone	8	11	20	32	\$46,594	\$2,321	\$36,083	\$33,673	\$2,969	\$40,674	\$22,285	\$1,623
20	P. Koo	3	5	4	13	\$2,864	\$7,711	\$2,063	\$15,524	\$17,444	\$20,732	-	\$3,517
21	F. Moya	-	6	6	15	-	\$13,866	\$113	\$100,770	-	\$31,527	\$3,017	\$1,850
22	C. Constantinides	5	3	11	17	\$330	\$909	\$12,183	\$18,779	\$2,745	\$5,209	\$3,454	\$33,898
23	B. Grodenchik	15	11	7	18	\$146,748	\$1,522	\$6,606	\$28,422	\$33,261	\$53,960	\$2,105	\$3,761
24	R. Lancman	4	8	4	14	\$2,548	\$3,044	\$5,742	\$40,745	-	\$19,994	\$12,432	-
25	D. Dromm	6	4	8	11	\$383	\$21,589	\$1,750	\$4,932	\$580	-	\$1,875	-
26	J. Van Bramer	5	4	3	13	\$20,662	\$744	\$5,080	\$28,377	\$58,539	\$1,898	-	\$27,682
27	I. D. Miller	7	8	14	20	\$4,720	\$44,738	\$4,661	\$10,323	\$2,407	\$3,056	\$4,737	\$2,504
28	A. Adams	4	4	10	23	\$4,622	\$2,107	\$450	\$7,464	-	\$1,442	\$2,691	\$18,863
29	K. Koslowitz	4	6	8	14	\$1,413	\$41,950	\$3,465	\$8,934	-	\$23,751	\$5,604	\$138,127
30	R. Holden	6	6	4	30	\$393	\$3,700	\$6,702	\$24,182	\$6,684	-	\$1,314	\$7,060
31	D. Richards	4	9	9	16	-	\$1,348	\$10,532	\$21,286	-	\$22,847	\$584	\$11
32	E. Ulrich	9	6	16	20	\$1,268	\$4,406	\$13,357	\$19,741	\$2,062	\$201,452	\$11,816	\$50,198

District/ Council Member	Number of Cases				Refunds				Abatements			
	16-17	17-18	18-19	19-20	16-17	17-18	18-19	19-20	16-17	17-18	18-19	19-20
33 S. Levin	3	2	11	31	-	-	\$68,021	\$502,564	-	\$11,921	-	\$9,549
34 A. Reynoso	1	3	8	12	\$8,499	-	\$54,123	\$270,095	-	\$17,526	-	\$24,979
35 L. Cumbo	4	4	5	14	-	\$13,093	-	\$168,469	-	-	-	\$435,935
36 R. Cornegy Jr.	3	4	3	8	-	\$334,172	\$20,003	\$72,820	-	\$16,297	\$11,325	-
37 [vacant]	-	3	9	9	-	-	\$11,863	-	-	-	\$8,717	\$6,610
38 C. Menchaca	-	3	3	6	-	\$634	\$9,035	\$7,301	-	\$870	-	\$2,914
39 B. Lander	6	7	10	22	\$35,134	\$4,170	\$10,215	\$21,458	-	-	\$1,207	\$40,107
40 M. Eugene	2	1	6	6	-	-	\$1,577	\$2,338	-	\$2,000	-	\$9,903
41 A. Ampry-Samuel	4	1	1	5	\$4,932	-	-	\$533	-	-	-	\$4,306
42 I. Barron	5	3	7	12	-	-	\$1,244	\$584,551	\$656,850	-	\$2,600	-
43 J. Brannan	3	1	11	15	\$947	-	\$7,964	\$9,294	\$41,355	\$7,000	\$2,368	\$5,529
44 K. Yeger	7	3	7	9	\$52,656	-	\$377	\$876	\$22,452	\$3,459	\$3	\$11,917
45 F. Louis	4	4	8	13	\$606	\$3,005	\$7,596	\$5,222	\$108,336	\$13,700	\$5,624	\$50
46 A. Maisel	6	7	8	22	\$10,306	\$6,092	\$1,012	\$24,476	\$5,086	\$3,033	\$11,622	\$23,467
47 M. Treyger	7	1	9	9	-	-	\$63,738	\$1,058	\$8,618	-	\$2,740	\$370
48 C. Deutsch	13	6	19	21	\$84,013	-	\$3,176	\$305,983	\$3,471	\$6,143	\$13,812	\$14,076
49 D. Rose	8	3	9	16	-	\$18,515	\$3,534	\$3,676	-	-	\$7,094	\$173,936
50 S. Matteo	10	15	8	27	\$251	\$1,027	\$21,476	\$1,575,835	\$16,009	\$38,009	\$3,449	\$2,534,582
51 J. Borelli	9	11	19	29	-	\$1,533	\$29,907	\$49,662	\$22,974	\$18,190	\$18,512	\$63,596
Outside NYC	-	1	4	6	-	\$12,000	-	-	-	-	\$2,021	-
Total	265	253	387	796	\$680,097	\$703,274	\$586,641	\$6,770,040	\$1,120,989	\$698,870	\$208,699	\$5,115,332

I. Business and Excise Tax Cases and Inquiries by Subcategories²²

Of the 139 business tax cases and inquiries that OTA handled in tax year 2019-20, 68 involved general business taxes—i.e., business corporation tax (BCT) or general corporation tax (GCT) issues²³—including 22 involving payments, 16 involving refunds and abatements, and 15 involving the filing or processing of returns. Another 38 cases and inquiries handled by OTA involved unincorporated business tax (UBT) issues. Of the 536 business tax cases OTA has handled in its first four full reporting periods, 335 involved BCT/GCT and 125 involved UBT issues. The first chart below shows a breakdown of the top seven business tax subcategories in which OTA received the most volume; the second chart is a cumulative breakdown of all issues; the third chart is a comparison of issues by business tax type. For a full breakdown of all business tax issues by subcategory and year, see Appendix 3.

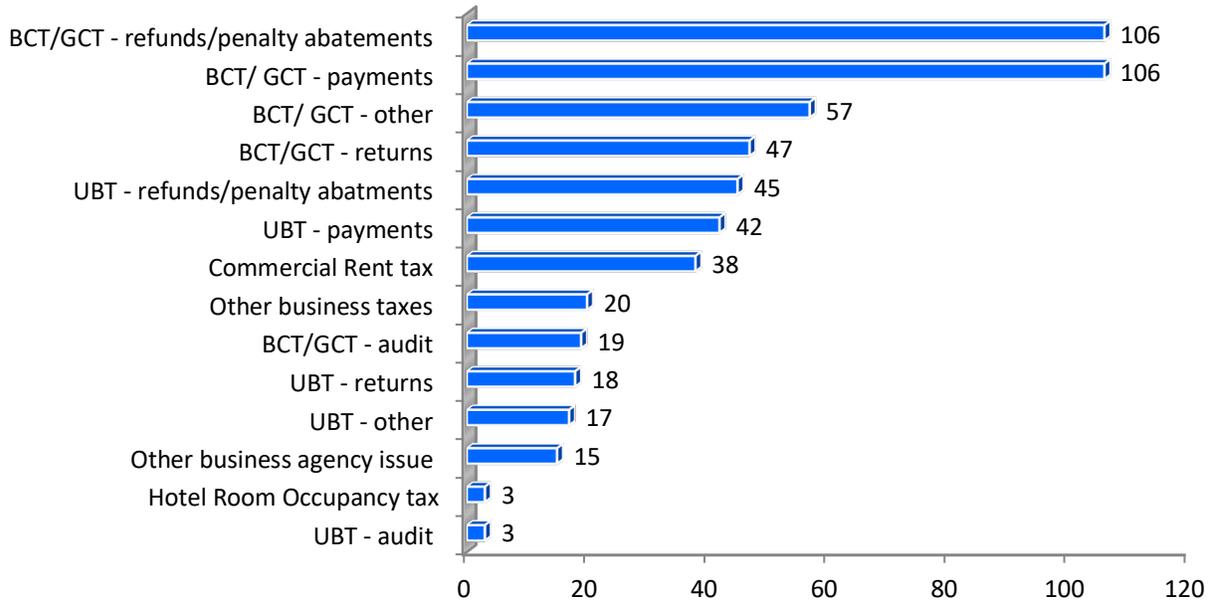
Top 7 Business Tax Cases and Inquiries by Subcategory, by Tax Year in OTA's First Four Full Years



²² The subcategories of business and excise tax cases and inquiries are subdivided into issue types from four major business tax types: business corporation tax/general corporation tax, unincorporated business tax, commercial rent tax, and other taxes.

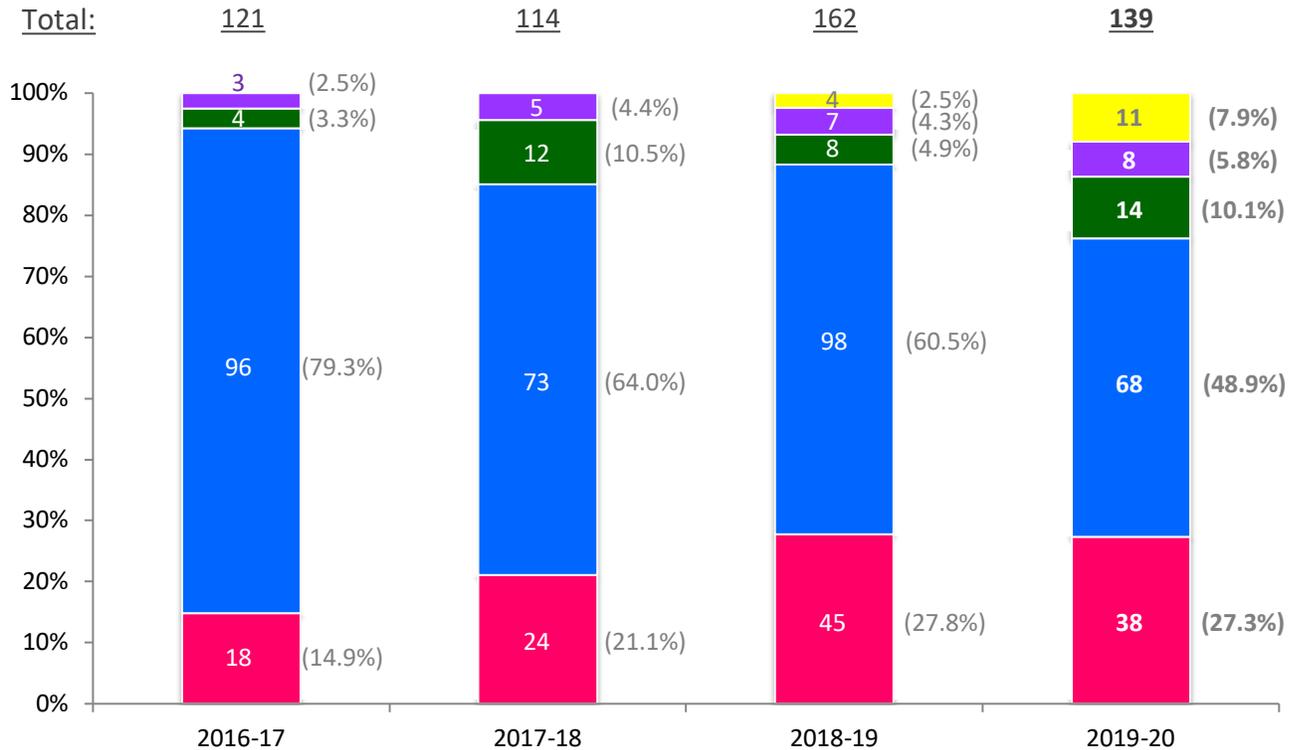
²³ BCT, the business tax which subchapter C corporations are obligated to pay, was created per statute starting in calendar year 2015. Thus, when OTA was created, BCT issues did not exist yet, as all C-corporations paid GCT prior to 2015. As BCT issues become more prevalent, the categories may be bifurcated to account for BCT and GCT issues separately in future reports.

Business Tax Cases and Inquiries by Subcategory in OTA's First Four Full Years, Cumulative



Business Tax Type by Tax Year

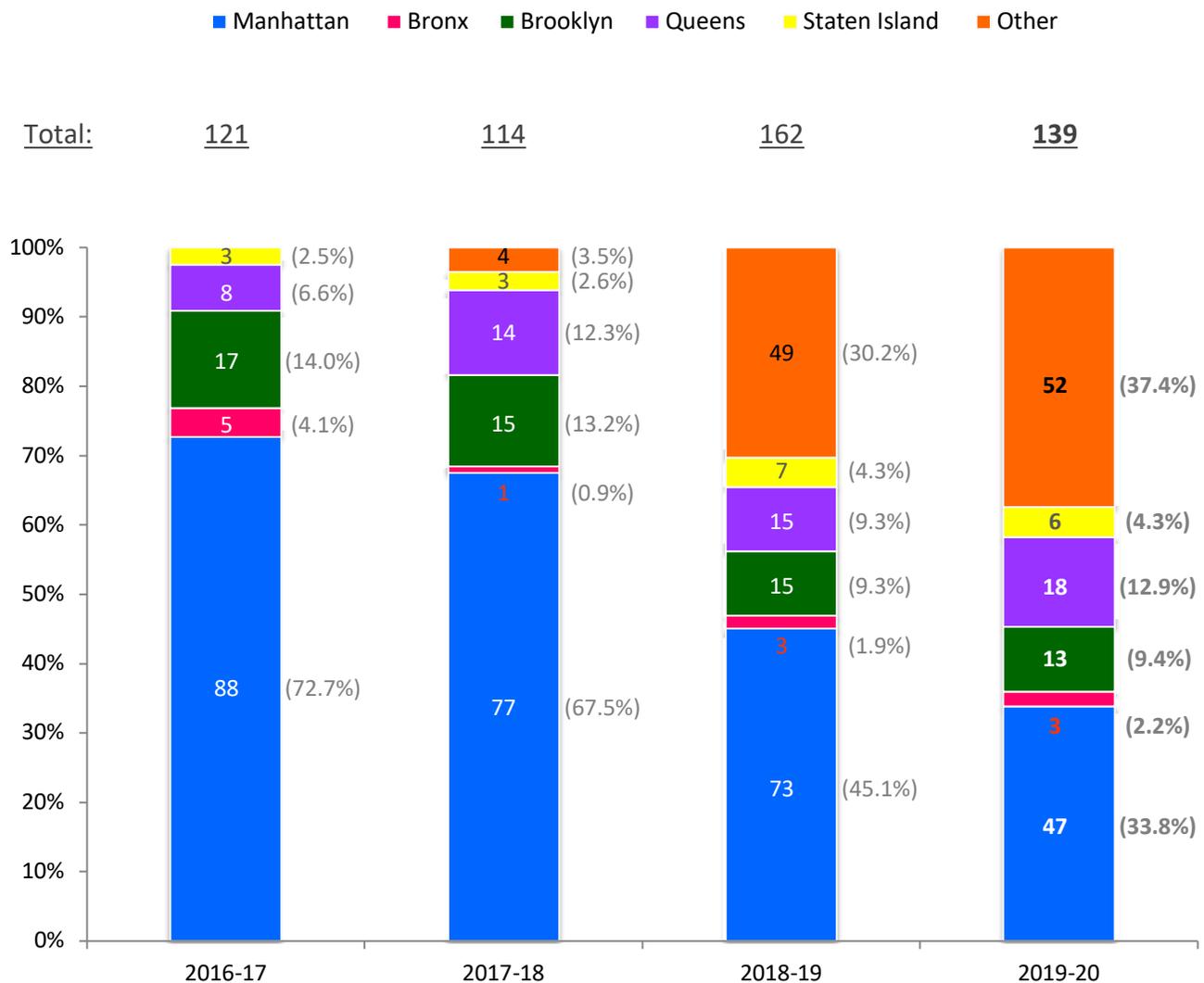
■ UBT
 ■ BCT/GCT
 ■ Commercial Rent Tax
 ■ Other Business Tax Issues
 ■ Other Business Agency Issues



J. Business and Excise Tax Cases and Inquiries by Borough

OTA has seen the most notable growth related to business tax issues either from taxpayers outside the five boroughs with business in New York City, or tax practitioners with general inquiries whose offices were outside the city (“Other”) over the past two years.²⁴ In OTA’s first two full years of existence, about two-thirds of all business tax cases and inquiries came from Manhattan. In tax year 2019-20, there were more cases from outside New York City than any individual borough.

Business Cases and Inquiries by Borough, by Tax Year



²⁴ Where possible, OTA used the location provided for the corporate taxpayer to designate the taxpayer’s borough. The location of the tax practitioner was used only for general inquiries where information on the specific taxpayer was not provided.

K. Business Tax Cases by City Council District²⁵

OTA handled business tax cases resulting in refunds or abatements for business taxpayers in 14 of the city's 51 council districts during tax year 2019-20. Twenty-five cases resulting in either abatements or refunds could not be attributed to a district (e.g., they involved taxpayers doing business outside the city). As indicated in the previous section, OTA's largest corporate tax case load for 2019-20 came from taxpayers located outside New York City who did business within the city. The refund and abatement amounts are listed below by district:

Business Tax Refunds and Abatements by City Council District for Tax Years 2016-17, 2017-18, 2018-19, and 2019-20

District/ Council Member	Number of Cases				Refunds				Abatements			
	16-17	17-18	18-19	19-20	16-17	17-18	18-19	19-20	16-17	17-18	18-19	19-20
1 M. Chin	6	9	3	9	\$6,017	\$1,000	-	\$56,603	\$149,503	\$7,335	-	\$2,906
2 C. Rivera	-	2	2	2	\$86,020	-	-	\$11,351	-	\$2,875	\$11,772	-
3 C. Johnson	1	7	5	10	-	\$859	-	\$18,934	-	\$30,056	\$10,301	\$5,106
4 K. Powers	17	18	7	16	\$204,493	\$542,615	\$130,009	\$145,810	\$61,546	\$10,973	-	\$70,626
5 B. Kallos	-	3	2	-	-	\$1,582	-	-	-	\$964	\$11,348	-
6 H. Rosenthal	1	3	4	-	-	-	-	-	-	\$792	-	-
8 D. Ayala	1	-	-	1	-	-	-	-	\$28	-	-	-
9 B. Perkins	2	-	-	-	-	-	-	-	\$291	-	-	-
10 Y. Rodriguez	-	2	-	-	-	-	-	-	-	-	-	-
12 A. King	-	-	-	1	-	-	-	-	-	-	-	-
15 R. J. Torres	1	-	-	-	-	-	-	-	\$12,749	-	-	-
17 R. Salamanca Jr.	1	1	1	-	-	-	-	-	-	\$9,861	\$16,457	-
19 P. Vallone	1	-	1	4	-	-	\$14,000	\$6,272	\$28,820	-	-	\$1,280
22 C. Constantinides	-	1	-	-	-	-	-	-	-	\$4,378	-	-
23 B. Grodenchik	-	-	-	2	-	-	-	-	-	-	-	-
25 D. Dromm	-	-	-	1	-	-	-	-	-	-	-	-
26 J. Van Bramer	-	3	-	-	-	\$916	-	-	-	-	-	-
29 K. Koslowitz	-	1	-	-	-	-	-	-	-	-	-	-
31 D. Richards	1	2	2	-	-	-	-	-	-	-	\$21,415	-
32 E. Ulrich	1	1	1	-	\$10,052	-	-	-	-	-	\$7,031	-
33 S. Levin	-	1	2	6	-	\$330	-	-	-	-	-	\$13,534
34 A. Reynoso	1	3	-	-	\$59,656	-	-	-	-	\$3,309	-	-
35 L. Cumbo	-	-	1	-	-	-	-	-	-	-	\$385	-
39 B. Lander	1	-	-	-	-	-	-	-	\$221	-	-	-
41 A. Ampry-Samuel	-	3	-	-	-	\$25,330	-	-	-	\$3,346	-	-
43 J. Brannan	-	-	-	1	-	-	-	-	-	-	-	-
44 K. Yeger	1	1	1	1	-	-	-	\$5,019	\$232	\$4,530	-	-
45 F. Louis	1	-	-	-	-	-	-	-	-	-	-	-
49 D. Rose	-	-	2	1	-	-	-	-	-	-	\$1,698	\$1,353
50 S. Matteo	-	1	1	1	-	-	-	-	-	\$135,018	\$2,758	\$8,280
51 J. Borelli	-	1	1	-	-	-	\$13,240	-	-	-	-	-
Outside NYC	4	7	54	25	-	-	\$178,796	\$268,638	\$26	\$35,564	\$1,194,921	\$1,247,120
Total	41	70	90	81	\$366,230	\$572,632	\$336,045	\$512,627	\$253,416	\$249,002	\$1,278,086	\$1,350,205

²⁵ Omitted districts have not had any cases with refunds or abatements through March 31, 2020.

L. Refunds and Abatements by Major Tax Type and Tax Year

OTA has seen notable growth in tax year 2019-20 regarding property tax refunds (\$6,770,040) and abatements (\$5,115,332), related to technical PTS-related adjustments and several high-dollar-impact cases. OTA's case load has increased each year; in 2019-20, issues more than doubled involving misapplied payments, resolutions which often result in a refund or abatement. Overall, OTA intervention has resulted in \$10,527,587 in refunds and \$10,274,601 in abatements since April 1, 2016.

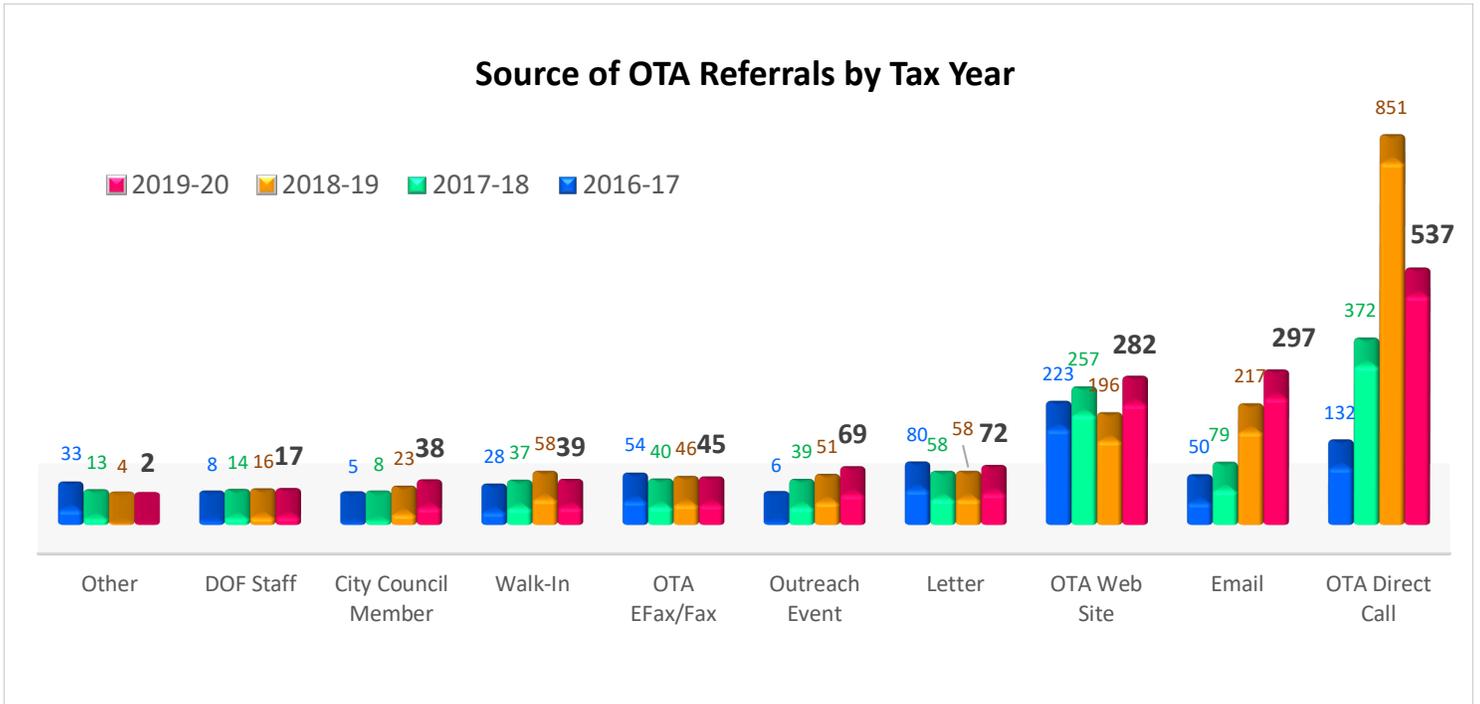
	Refunds		Abatements		Total Refunds	Total Abatements
	Business	Property	Business	Property		
TY 2016-17	\$366,230	\$680,097	\$253,416	\$1,120,989	\$1,046,327	\$1,374,405
TY 2017-18	\$572,632	\$703,274	\$249,002	\$698,870	\$1,275,907	\$947,872
TY 2018-19	\$336,045	\$586,641	\$1,278,088	\$208,699	\$922,685	\$1,486,787
TY 2019-20	\$512,627	\$6,770,040	\$1,350,205	\$5,115,332	\$7,282,668	\$6,465,537
Total	\$1,787,534	\$8,740,052	\$3,130,711	\$7,143,890	\$10,527,587	\$10,274,601

**Breakdown of Property Tax Cases Resulting in Dollar Impact (Refund or Abatement)
By Tax Category**

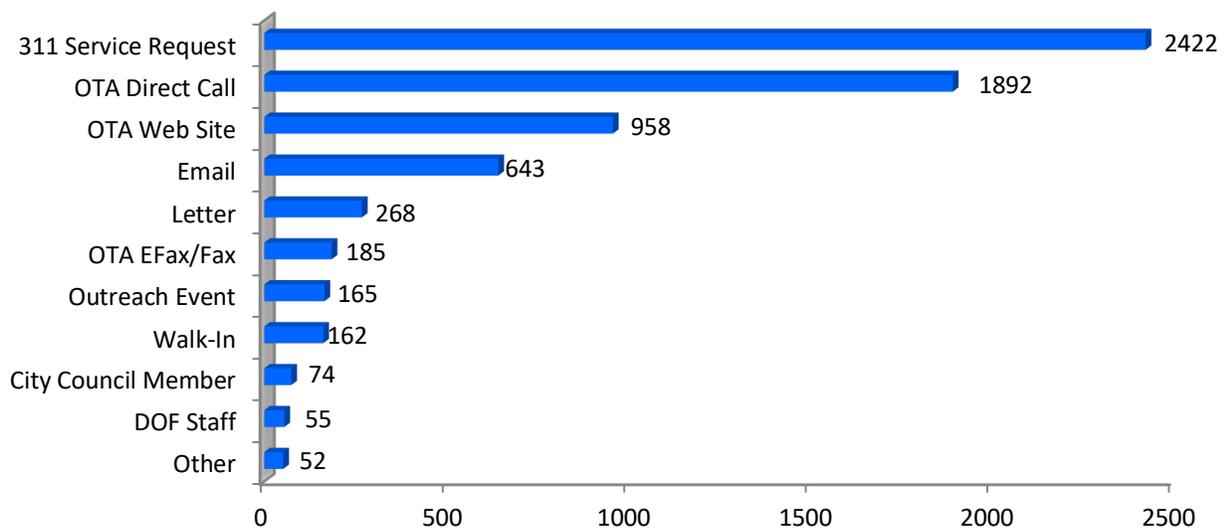
Property Tax Category	2019-20		2018-19	
	# of Cases	\$ Impact	# of Cases	\$ Impact
Refund Requests	297	\$6,567,036	66	\$265,199
Payments	250	\$3,587,505	59	\$142,867
Real Property Transfer Tax	6	\$1,099,546	8	\$13,813
Assessed or market value	34	\$227,210	15	\$3,761
Classification	11	\$173,424	8	-
Abatements (commercial/personal)	24	\$52,321	33	\$37,240
Records	10	\$35,721	3	-
Personal exemptions SCHE	45	\$34,191	92	\$209,511
Tax exempt (NFP)	14	\$33,135	10	\$19,350
Tax-lien sales	27	\$25,836	29	\$57,412
Collections	3	\$22,316	5	\$2,021
RPIE penalty	4	\$10,606	2	\$5,283
Personal exemptions	36	\$9,575	22	\$12,781
Personal exemptions DHE	7	\$3,742	7	\$15,572
Payment plan	5	\$2,052	1	-
Commercial exemptions	8	\$886	2	\$6,050
Other	10	\$270	9	\$4,479
Apportionments	2	-	8	-
RPIE filing	3	-	1	-
In rem foreclosure	0	-	4	-
Mapping	0	-	2	-
SCRIE Miscellaneous	0	-	1	-
Property Tax Total	796	\$11,885,373	387	\$795,340

M. Referrals by Source

OTA has historically received the majority of its requests via 311, a trend that continued for tax year 2019-20. (The spike in direct calls in 2018-19 is related to OTA’s phone number appearing on that year’s NOPVs.) Note that the figures for the most recent two years are larger, partly because OTA began to track referrals for inquiries in August 2018, whereas previously, it had only tracked cases.



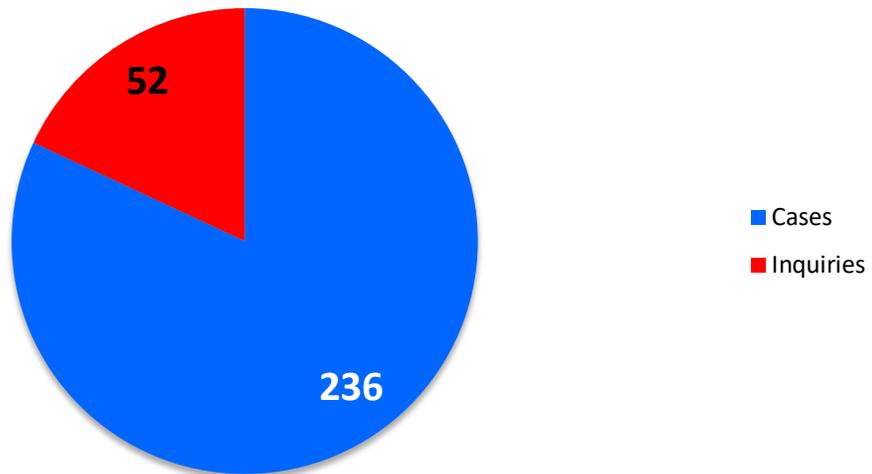
Source of Referrals in OTA's First Four Full Years, Cumulative



N. *Open Cases and Inquiries*

As of March 31, 2020, OTA had 236 cases and 52 inquiries remaining open, in addition to the closed cases above. OTA generally has more open cases than open inquiries at a time, as cases are more complex and require further review.

Open Cases and Inquiries



Part V: DOF-OTA Collaborative Successes

OTA alerts DOF to systemic issues as they arise throughout the year, not just in the annual report. When possible, DOF has addressed these issues before they are committed to paper in an annual report. OTA would like to highlight some significant collaborations to show how they help the department operate more efficiently on a day-to-day basis.

Business Collections Alternative Working Group

OTA's proposals to assist business taxpayers experiencing hardships—particularly small and unincorporated business taxpayers—resulted in the formation of a strategic initiative involving a DOF internal working group in the spring of 2019. Comprising mostly deputy and assistant commissioners of DOF units and divisions—including Treasury and Payment Services, Legal, and Audit—in addition to members of OTA, the working group met periodically to discuss how to implement recommendations OTA had made to assist small businesses or suggest alternatives.

DOF is making significant progress toward implementing at least two of OTA's recommendations: the publication of the section of DOF's Internal Finance Manual outlining DOF laws and policy on penalties and abatements on DOF's website, and the creation of official DOF Offer-in-Compromise (OIC) forms with complete instructions tailored to city law.²⁶ (Previously, DOF had instructed taxpayers to use state OIC forms, which were not relevant and operated under looser state standards, and were inaccurate for city taxpayers.) DOF is working to have the new OIC forms available for download by the end of the year on a new webpage. The new webpage will contain a preliminary assets calculator to determine if a taxpayer would qualify for an OIC before spending time completing the form and submitting the offer.

Outside of the working group, OTA also attended meetings and offered input on the Collections Division's strategic initiative streamlining payment plans for business taxpayers.

PTS Freeze

Each year, PTS undergoes “freeze” periods before the tentative and final assessment rolls and quarterly property tax statements are generated. During that time, DOF staff are instructed not to update individual taxpayer records—including the addition of remission and exemptions—so that the numbers generated are consistent. The “freezes” affect taxpayers waiting for such changes to be applied to their account so they may request refunds or know the exact amount of their outstanding balance. These freezes are unavoidable and cannot be eliminated.

As part of OTA's new monthly meetings with FIT, OTA inquired about notifying taxpayers to ease the burden on anticipatory taxpayers. FIT said that the remissions are scheduled—but that it could easily provide OTA a schedule to give the taxpayer a general idea of when to expect changes to be made to their account again. Allowing OTA to use this schedule makes DOF's processes more transparent and promotes good customer service by being able to provide taxpayers with realistic timeframes.

²⁶ OTA is targeting completion of this project during the 2020-21 cycle.

Unapplied SCHE Amounts on Property Tax Bill

OTA discovered that SCHE benefits were misapplied on property tax bills in October 2019. Despite appearing on the statement of account, the SCHE benefits were not being configured into the calculation of the property tax due (and thus taxpayers were being charged up to double what they actually owed). OTA reported the issue to the Exemptions Unit, which determined that the tax rate was being applied to the billable assessed value (i.e., the pre-exemption value), rather than the taxable value (post-exemption), in effect not giving credit to SCHE on the bill. Exemptions compiled a billing issue log for review, revealing that the error affected 1,641 Senior Citizen Homeowner Exemptions. In total, 1,972 qualified property owners with misapplied SCHE, DHE, and Veterans exemptions were identified, and the issue was rectified prior to the release of the next property tax bill in January 2020.

Part VI: Recommendations for the Current Reporting Period

For the reporting period April 1, 2019, to March 31, 2020, OTA has identified and analyzed new issues and has issued recommendations for corrective measures to mitigate problems encountered by NYC taxpayers and property owners. The issues identified have been categorized into three sections: A) Business Tax; B) Property Tax; C) Procedural Issues.

A. Business Tax

1) *Availability of Form NYC-EXT for Short-Period Filers*

Business taxpayers in existence for less than a year must file short-period returns to cover the period for which they owe taxes. The deadlines to file these short-period returns often do not coincide with deadlines for annual returns. DOF publishes new versions of tax forms only on an annual basis, including Form NYC-EXT, Application for Automatic Extension of Time to File Business Income Tax Returns. Many filers of short-period returns who wish to file a timely extension request must thus use the previous year's extension form if the current one is not available. The extension request must be adjusted manually, or it will be automatically rejected. One hundred ninety-eight extensions filed in 2019 were rejected, largely due to issues with filing short-year returns.

Recommendation:

DOF should publish the new year's extension forms as early in the calendar year as possible, to account for as many short-year returns as possible.

2) *"Invalid" Extensions*

For a six-month extension to be validly filed, a taxpayer must have paid either 90% of the current year's taxes or 100% of the previous year's taxes. If neither of those occur, the extension, although processed in a timely manner, is declared "invalid" once the taxpayer files the annual return. Meanwhile, penalties accrue from the due date of the return, without regard to the extension—meaning the taxpayer could have accrued as much as six months in penalties on an invalidly filed extension by the time they first receive notice.

Furthermore, the automatic correspondence generated by the software upon a taxpayer's filing of an extension states that the extension request has been "accepted" by DOF—even if it is declared invalid later because the taxpayer did not enclose the requisite payment. OTA has created a mock-up of a new NYC-EXT form that includes language stating that a taxpayer's extension may be declared invalid if proper payments are not made.

Finally, the BTS software automatically triggers invalid extension penalties if 90% of a taxpayer's taxes due were not paid on time. As a temporary workaround, DOF's Payment Operations Division has been manually adjusting taxpayer accounts to remove the penalties in the event taxpayers have paid 100% of the previous year's taxes. DOF is looking to resolve this technical limitation.

Recommendations:

- a. DOF should revise its extension form to include better guidelines and notice regarding invalid extensions.

- b. DOF should include an alert when a taxpayer attempts to file an extension form of the possibility that an extension could be declared invalid and trigger penalties without timely payment.
- c. DOF should form a working group with OTA to collaborate with Modernized e-File (MeF), the IRS gateway that controls these autogenerated messages. This group would address revisions to: 1) the process of filing extensions—so that the response form says “received” rather than “accepted,” and 2) methods of payment—to import previous year’s data so that penalties need not be manually adjusted due to criteria not within the system.

3) Credit Reductions

Underpayment penalties on a taxpayer’s account—including those related to an invalid extension, mentioned above—often arise due to systematic adjustments on a taxpayer’s overpayment credits for which the taxpayer never received notice. Business taxpayers rely on those overpayments to be carried forward to future tax periods and are often surprised to find they have been reduced. Since 2015, DOF has made systemic adjustments to 33,551 business and excise tax returns (as of March 3, 2020), resulting in nearly \$500 million in additional taxes owed. Taxpayers can check their credits via e-Services and are sometimes sent Statements of Financial Account showing the reductions. However, 81.5% of business taxpayers active in BTS after 2018 do not have an e-Services account (see Part III, response to 2019 Recommendation No. 14), and sometimes the Statement of Financial Account arrives after the underpayment has occurred. Underpayment penalties cannot be abated due to reasonable cause.

There is an agency-wide effort underway to revise all public-facing notices, including those in BTS.

Recommendations:

- a. DOF should revise and implement the Reduced Refund/Credit Notice in BTS to autogenerate any systematic adjustment.
- b. DOF should form a working group related to the agency-wide public-facing notices revision process.

4) Forms as “Cases” in BTS

Form NYC-221, Underpayment of Estimated Unincorporated Business Tax; Form NYC-222, Underpayment of Estimated Tax by Business and General Corporations; and Form NYC-EXT are separately scanned into BTS as attachments to the main return, rather than as separate tax forms. Through BTS work items, staff may need to manually review these forms if the underpayment penalty calculated by the taxpayer differs by more than \$1,000 from what was calculated by BTS.

DOF’s Payment Operations Division has stated it wants to change how extensions are reported when it rolls out an updated version of BTS in early 2021.

Recommendation:

DOF should change the way BTS inputs data so that the data in these forms are automatically incorporated into a taxpayer’s information.

5) Scanning Envelopes

Before DOF used BTS to record business tax data, the envelopes in which taxpayers sent in tax information and payments were scanned into the system, so that a DOF employee could check the exact date forms were filed and taxes were paid. Since the implementation of BTS, in an effort to make the sites run faster by storing fewer images, DOF no longer scans envelopes for payments. Instead, it estimates back a few days in BTS to when taxpayers might have sent in tax information. Payment dates adhere to the “mailbox rule,” in that they are considered paid the date they are postmarked. Inaccurate results can occur if correspondence or payments were sent close to the deadline and held up by postal delays.

Recommendations:

- a. DOF should develop a process to scan envelopes in so that the correct date is recorded in BTS.
- b. Alternatively, if envelopes cannot be scanned, DOF should input forms based on the postmark date on the envelope, rather than allow a system to automatically back-date it.

6) CRT Small Business Credit for Part-Year Filers

The CRT legislation enabling the small business credit (NYC Admin. Code § 11-704.4) was written only to allow qualifying full-year renters to claim the credit. Inadvertently omitted from the legislation were part-year or part-time renters. Legal has drafted legislation to fix the omission; it has been sent to the New York City Law Department for preparation for the next legislative session of the New York City Council.

Recommendation:

Once legislation allowing part-year filers to claim the CRT small business credit is enacted, DOF should work to provide guidance to implement it, including new filing forms, if needed.

7) Appealing a Notice of Disallowance

A taxpayer receiving a Notice of Disallowance as a result of a refund request may challenge the result via conciliation conference or with the Tax Appeals Tribunal. The notice reads, “You have the right to file a Request for Conciliation Conference or a Petition for Hearing within 2 years from the above mailing date.” There is a difference between the amount of time a taxpayer has to appeal an income tax (two years), and an excise tax (90 days). A taxpayer who misses the deadline is statutorily barred from filing a request. According to the Conciliations Unit, the issue with the form language originates within the dropdown menus generating the forms in BTS.

Recommendation:

DOF should review its dropdown menu system in BTS to better guard against errors, or create a separate notice template specifically for excise taxes when generating a Notice of Disallowance.

B. Property Tax

8) Old Property Charges Showing on Current Tax Bill

The Department of Finance’s switchover from FAIRTAX to PTS to maintain and administer the city’s property tax in 2019 involved the transfer of fifty years of data. During the process, previous period property tax charges were discovered and applied to the current associated lots with little explanation of their origin. Sometimes the charges result from legitimate adjustments—e.g., exemption revocations or dropped lot charges. But sometimes they are erroneous and require further investigation by DOF’s Payment Operations Division. FIT has made every effort to identify and correct erroneous charges and to waive any associated interest.

Still, as these investigations cannot necessarily be completed by the due date on the taxpayer’s quarterly bill, OTA has had to advise taxpayers to pay the old charge so further interest does not accrue and request a refund later. Such advice can prove burdensome on a taxpayer, depending on the amount of the back charge and the taxpayer’s finances.

The quarterly/semiannual property tax bills—called Statements of Account—report the activity that has occurred during a payment period. Although FIT states that there are no immediate plans to add any additional explanatory information, External Affairs is exploring how to revise the property tax bill format in much the same way that the NOPV was revised two years ago (including changing the title from “Statement of Account” to “Property Tax Bill”). Even so, taxpayers should not have to wait for a new property tax bill to be made aware of retroactive changes to their accounts for any reason. The PTS public-facing portal provides some information regarding account changes. But unless taxpayers are aware of adjustments that may be taking place, the chances they will check the portal more than quarterly are slim.

Sample of property tax bill with nonspecific “Debit Adjustment” (relating to three exemption revocations):

Billing Summary	Activity Date	Due Date	Amount
Outstanding charges including interest and payments			\$511.95
Finance-Property Tax		04/01/2020	\$280.00
Adopted Tax Rate			\$10.52
Star Savings	02/05/2020		\$164.75
Debit Adjustment	02/05/2020		\$4,128.32
Total amount due			\$5,095.54

OTA recommendation breaking down “Debit Adjustment” sources:

Billing Summary	Activity Date	Due Date	Amount
Outstanding charges including interest and payments		Text	\$511.95
Finance-Property Tax		04/01/2020	\$280.00
Adopted Tax Rate			\$10.52
Star Savings	02/05/2020		\$164.75
Debit Adjustment	02/05/2020		\$4,128.32
* Veterans Exemption	01/11/2019 - 04/01/2020		\$2,100.00
* Senior Citizens Homeowners' Exemption	01/11/2019 - 06/30/2019		\$1,690.00
* Enhanced STAR - School Tax Relief	01/11/2019 - 06/30/2019		\$338.32
Total amount due			\$5,095.54

Recommendation:

DOF should provide an explanation for the origin of any back charges appearing on a taxpayer's property tax bill in either greater detail on the notice or via separate form letter.

9) *Dropped BBLs*

In the transition to PTS, certain suspended charges from BBLs that no longer exist have been assumed by other lots. These “dropped lot charges” occurred when a BBL that still had a tax balance on it ceased to exist (usually in a condominium, when a new declaration was filed). The unit or units taking over the space previously occupied by the non-existent BBL—the “successor lots”—would thus become responsible for these back charges. In the previous system, these back charges were not applied to the successor lots for several years, accumulating interest.

In April 2019, DOF billed these 2,191 successor lots under the nonspecific heading, “Finance—Additional Property.” This was the only notice property owners received of these charges, which on average were about \$550. Treasury and Payment Services and FIT are looking into whether it is feasible to distinguish dropped lot charges from other charges on the bill but have not reached a conclusion.

Recommendation:

DOF should give taxpayers better notice of what the “Finance—Additional Property” charge on their April 2019 statement meant via separate letter.

10) *Delay in Property Tax Bill Receipt*

About 1% of all property tax complaints received by OTA came from taxpayers who made changes to their accounts but had still not received their property tax bills. Two-thirds of these complaints are from taxpayers who had paid off their mortgage and had not received property tax bills. These taxpayers had previously been making property tax payments through escrow and had requested that their billing statements be rerouted from their mortgage company to a personal address. Multiple billing cycles later, they had not received any statements. Property owners should receive notice about standard processing time, so that they can monitor whether perceived delays are normal or the result of a specific issue.

Recommendation:

DOF should provide taxpayers with a timeframe when they will be receiving their property tax bills after a change in address or recipient, and if there is a delay, provide taxpayers procedures to report or rectify it.

11) *Notification of Changes to Property Tax Account*

DOF does not currently have an automated notification system that updates owners when changes—including revocations, remissions, or other adjustments to the amount of taxes due—are made to their accounts. Property owners can find this information via the PTS public-facing site, or upon their next affected quarterly/semiannual property tax bill. Property owners are not necessarily monitoring their accounts often, and the math behind balances and remissions is not

always straightforward. It should thus logically follow that they be notified when changes are made to their account. OTA has drafted a preliminary form that could be automatically generated and provided to property owners when new balances or remissions are applied to their account.

Recommendation:

DOF should automatically send property owners a notice when changes are made to their accounts, rather than waiting for the changes to appear on periodic statements.

C. Procedural

12) *DOF Information Distribution*

DOF has business centers in all five boroughs that handle inquiries. In February 2020, cashiers at these five locations assisted an average total of 4,289 taxpayers per day, processing an average of 423 property-related payments. When customers visit business centers, they typically experience a minimum wait time of five minutes before their number is called to the window. The average wait time in February 2020 was 6 minutes, 29 seconds. DOF could leverage this down time by making more information available on all benefits and services. Both paper communication and digital content can generate public awareness of current programs and any changes to programs.

Recommendation:

DOF should create more available information in different media forms—both digital and paper—to achieve effective communication.

13) *Intra-agency Communication for Unrelated Charges*

More than 3.5% of OTA's property tax cases in tax year 2019-20 involved a taxpayer finding charges not related to property tax on their bill. Taxpayers are often unclear whom to contact about the origins of these charges, or whether they wish to contest them. DOF has a page listing the agency to contact regarding other charges (<https://www1.nyc.gov/site/finance/taxes/property-other-agency-charges.page>); however, this page is not easy to locate, particularly for a taxpayer less familiar with navigating the DOF website.

Recommendations:

- a. DOF should more prominently feature a link to the "Other Agency Charges" page in areas where it is more relevant to taxpayers, such as the www.nyc.gov/nycproperty site, or by featuring the URL on property tax bills.
- b. OTA should work with DOF to compile a list of interagency liaisons to answer non-property-tax-related questions.

Part VII: Success Stories

Below is a sample of cases and outcomes illustrating OTA's accomplishments via its collaborative efforts with other DOF units and divisions.

PROPERTY

1. NFP Exemption – At-Risk Lien Sale Candidates

Although not-for-profit (NFP) exemption renewal laws have been in place since 2012, there are still organizations that struggle to complete the renewal process annually because of changes in leadership, aging out of the previous leaders, or simply due to unfamiliarity with the NFP renewal process. OTA receives NFP requests for assistance from organizations that have received impending lien sale notices due to large, unanticipated tax bills.

Two church properties that were lien sale candidates received confirmation that their properties would be removed from the lien sale pool if they submitted a qualifying NFP exemption application. Under the guidance of OTA, each duly submitted the necessary documents. OTA received an assurance in writing from the NFP Unit that both properties would be removed from the list of lien sale properties. Instead, the liens were erroneously sold, and each entity reached out once again to OTA. OTA immediately contacted the lien sale ombudsperson, who in turn cancelled the sales.

On February 27, 2020, the New York City Council passed Intro 245-B, which prohibits any liens from being sold on not-for-profit entities that received the NFP exemption in the prior two years, had an NFP exemption application pending, or were appealing the denial of an NFP exemption application. With this new measure in place and the continuing efforts of the Department of Finance NFP Task Force, the number of NFPs going through the lien sale process should diminish.

2. CER/ICAP Exemption – Assessed or Market Value

A builder taking advantage of the Industrial and Commercial Abatement Program (ICAP) benefit built a new property in 2015 and, as the owner, leased it to a tenant to be used as a bank. ICAP provides property tax abatements for periods up to 25 years to encourage builders to invest in new commercial projects. The ICAP benefit is based on the valuation of the property from the first year of the benefit.

The builder/owner's Real Property Income and Expense statements (RPIEs) from 2015 through 2017 reported the same monthly rent income from the tenant. Yet, in the year the ICAP went into effect, DOF assessed the property value based on comparable rentals in the area, rather than using the RPIE. Moreover, DOF erroneously valued the property based on the tenant holding a gross lease instead of the more valuable "triple-net" lease that the tenant actually held. The following year, the DOF valuation of the property skyrocketed as it was (correctly) based on the RPIE and a triple-net lease; however, the ICAP calculation continued to be based on the undervaluation of the previous year, resulting in an 80% loss of the taxpayer's ICAP benefit. The taxpayer worried about losing hundreds of thousands in abatements if the property basis for the ICAP benefit remained undervalued and the loss of rent if he were to lose his tenant.

The taxpayer filed a clerical error remission in an effort to correct the ICAP valuation but was denied after a timely response. OTA met with the head of the Property Division within DOF and explained that valuing the property based on comparable rentals was a clerical error, and the

RPIE valuation should have been used. As a result, DOF revalued the property based on the RPIE. Upon revaluation, the taxpayer received \$30,000 in refunds and \$27,000 in abatements for the years in question.

3. Collections – Easement: Erroneous Charges/Fees

A taxpayer purchased a vacant lot in Staten Island in 2002. The property had an easement on it in 1987, but that easement was terminated, as evidenced by a document filed with Richmond County in 1988. In spite of the termination document—and multiple title searches performed after the 2002 purchase, all showing no easement—DOF’s Digital Tax Map still showed the easement as “active” on the property. DOF therefore held the purchaser responsible for all outstanding easement-related taxes (which were previously being forwarded to an unknown address) from 1989 to the present.

DOF’s Property Division suggested OTA contact the Richmond County Clerk. OTA personnel visited the office in person. The Chief Clerk confirmed that the 1988 easement termination document did include the taxpayer’s property but, when filed, had been attributed to another lot. Furthermore, because the Clerk lacked the authority to retroactively change the records, abating the taxes would be left to DOF’s discretion. OTA discussed the matter with DOF’s Legal Division, which agreed with the conclusion that the easement had been terminated. Land Records then removed the easement from the Digital Tax Map, and the Treasury and Payment Services Division instructed DOF to abate the outstanding easement charges, thus saving the taxpayer \$22,316.

BUSINESS

4. General Corporation Tax – Payments, Stipulation of Settlement

In 2014, a corporate taxpayer settled an action for taxes and civil penalties with the state of New York. The stipulation of settlement also included an amount to be paid to DOF for general corporation tax owed for the years 2002 through 2006. The taxpayer’s successor in interest paid the amount outstanding shortly thereafter, pursuant to the settlement. However, in 2016, it began receiving tax bills from DOF for these allegedly unpaid sums. The successor entity’s attorney said his client had tried protesting these amounts, pointing to the settlement, sending letters in 2016 and 2018 without resolution. In May 2019, with the balance having increased to more than \$1 million, the attorney contacted OTA, requesting that DOF accept the 2014 settlement.

OTA forwarded the settlement to Collections, who spoke with Legal about whether DOF would honor the state settlement. The recommendation from Legal was to honor the settlement. Collections abated all penalties and interest on the account, reducing the taxpayer’s outstanding balance from \$1,041,202 to \$0.

5. General Corporation Tax – Refund/Reasonable Cause Penalty Abatement

A corporate taxpayer had unsuccessfully requested a “reasonable cause” abatement from DOF and consequently engaged OTA. The taxpayer, a general corporation tax filer, is a holding company whose primary business activity is managing companies and other enterprises particularly in the life science sector, with most of its business activity in New York City. Due to professional malfeasance by its controller, the company failed to file its return by the deadline, resulting in the controller’s termination and the assessment of a late filing penalty against the company.

Legally, the term “reasonable cause” is generally fact-specific. OTA helped the taxpayer company’s representative understand the taxpayer’s obligation to prove reasonable cause in order to claim the abatement, and which facts might aid the taxpayer’s case. Upon the taxpayer’s submission of supporting documents, OTA advocated for another DOF review of the taxpayer’s request. After revisiting the taxpayer’s case, Payment Operations found reasonable cause for abatement of the taxpayer’s penalty of \$32,155, resulting in a credit to the company’s account and the subsequent issuance of a refund.

6. General Corporation Tax – Returns, Incorrect Notice of Change

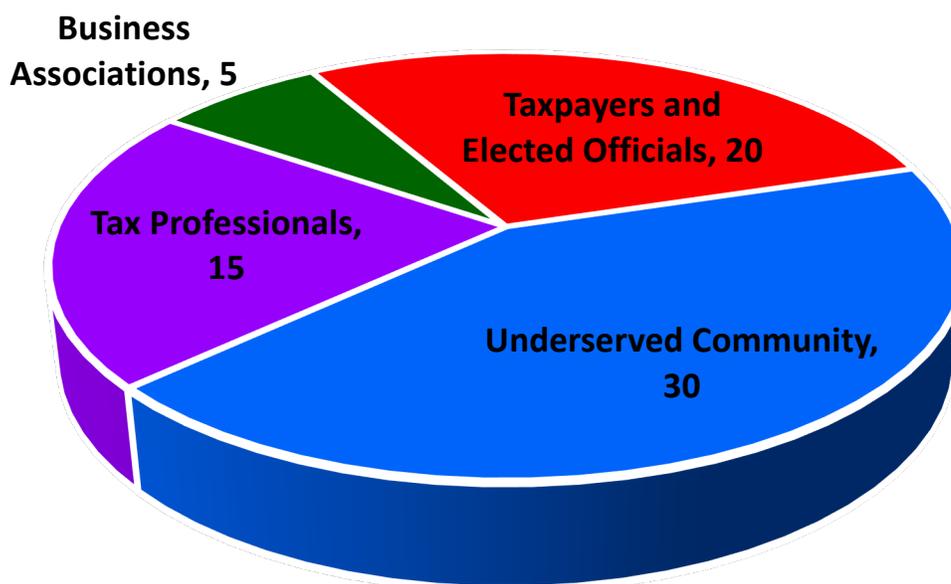
When businesses receive a formal DOF notice of amounts due, the recipients should receive a notice containing a level of detail sufficient to verify the debt. In forms that otherwise appear to be in order, changes of any size in the final reporting numbers can have a significant impact on the calculation.

OTA was contacted by a bank requesting assistance with a DOF Notice of Change, claiming a miscalculation of their 2017 NYC-2A. The notice itself showed only a change in income tax. When OTA cross-checked the e-Services site, however, it discovered further details specifying changes in DOF’s record. OTA compared Form NYC-2A Schedule B, Form NYC-2A/BC (for six members), Form NYC-2.5A, and Form NYC-2.5A/BC (for three members) in BTS against the taxpayer’s records.

With OTA’s help in conducting a holistic review, the taxpayer was able to locate discrepancies between the city’s records and the original filing. Three areas with differences were discovered—NYC-2A Schedule B, NYC-2.5A, and Form NYC-2A/BC—and submitted to Payment Operations for review. The overall difference in tax led to a \$3,239 credit reflecting a successful team effort among the taxpayer, OTA, and Payment Operations.

Part VIII: OTA Outreach Efforts

During tax year 2019-20, OTA participated in 70 outreach events, with a focus on reaching underserved, under-resourced, and limited English proficiency populations. OTA is working with several community-based organizations to better spread the word about the services and benefits available to New Yorkers.



Nearly half of OTA’s outreach (42.8%) focused on reaching underserved communities.²⁷ In May 2019, OTA hosted its third annual symposium for taxpayers of limited English proficiency, featuring a week of events for taxpayers and practitioners, which, for the first time, took place in locations in all five boroughs. Similar to previous years, the Manhattan event was tailored to educating tax professionals on topics including “Introducing the Taxpayer Advocate Service and Problem Solving,” “Selling and Conveying New York Real Estate,” “Individual Taxpayer Identification Number (ITIN)—Updates,” “IRS Withholding, Payment, and Translation Services,” “Examination—What happens if your return is selected for Audit,” “Criminal Investigations—Why do some taxpayers get offers in compromise and others get prosecuted for evasion?” and “Leveraging the US Small Business Administration to Expand.” The other days involved more informal gatherings at community centers in Queens, the Bronx, Staten Island, and Brooklyn, where taxpayers and professionals could attend with specific tax questions. Among our partners in these events were the New York State Taxpayer Rights Advocate, local IRS taxpayer advocates, the federal Small Business Association, and other community-based tax organizations.

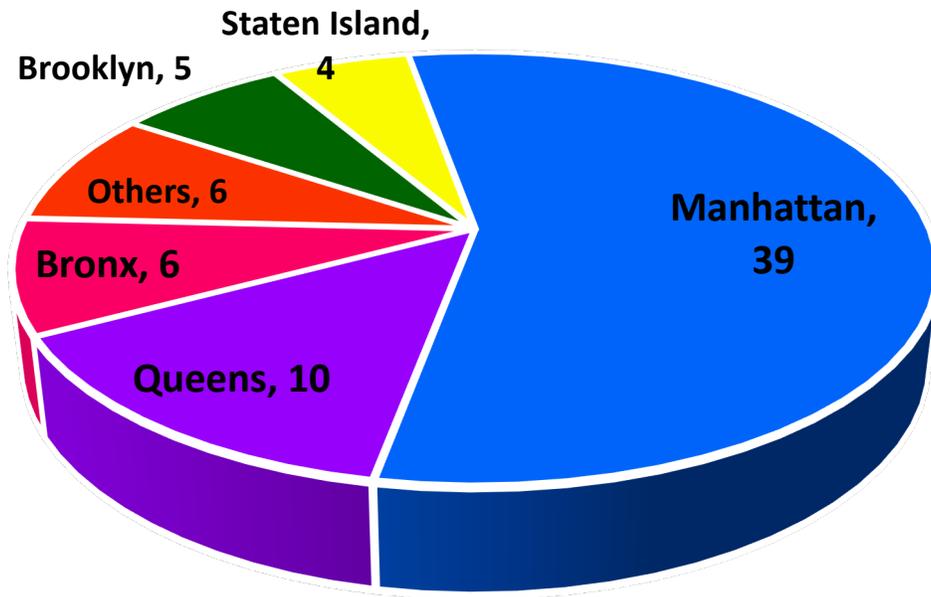
OTA also organized meetings throughout the year with both government officials and community organizations, including five with business associations, such as the Hotel Association of New York City and the Times Square Alliance, and eight involving council

²⁷ Includes five symposiums for taxpayers of limited English proficiency hosted by OTA. In addition, OTA also participated in fourteen events for the tax professionals with limited English Proficiency clientele and eleven events for the veterans and disabled.

members and state senators. Fourteen of OTA's events focused on reaching tax professionals or regional practitioners, eight of which offered Continuing Legal/Professional Education credit.

OTA was on hand to assist with 10 NOPV events in preparation for the upcoming 2020-21 fiscal year and was also a presence at DOF's annual TaxRAPP symposium, speaking on a panel and providing a table with our resources.

By borough, Manhattan hosted the most events with 39 (55.71%), due, in part, to many meetings with external practitioners being held in OTA offices. Ten outreach events took place in Queens; six in the Bronx; and six outside New York City.



Due to the COVID-19 outbreak, OTA has started exploring options for virtual outreach. This will likely become a significant component of OTA's outreach for 2020-21. OTA will be contacting the organizations with which it has partnered in the past to discuss further plans.

GLOSSARY

Abatements – A reduction in real estate tax liability through credit rather than a reduction in taxable assessed value. The city has several abatements, on which more information is available at <https://www1.nyc.gov/site/finance/benefits/benefits.page>.

ACRIS – The Automated City Register Information System is a database of all property documents filed with the City Register—deeds, mortgages, etc.

Actual Assessed Value – The assessment established for all tax classes, without regard to the five-year phase-in requirement for most class 2 and all class 4 properties.

Assessed Value – The value of a property for real property taxation purposes. In New York City, property may have three assessed values: actual assessed value, transitional assessed value, and billable assessed value. The amount each can rise each year is capped at certain percentages for class 1 and class 2A, 2B, and 2C properties.

Assessment Ratio – The ratio of assessed value to market value.

BBL – Borough, block, and lot number. The parcel number system used to identify units of real estate in New York City.

Benefit Takeover – These cases refer to tenants seeking to take over benefits from a program participant who has died or permanently vacated the premises.

Billable Assessed Value – The assessed value on which tax liability is based. For properties in classes 2 or 4, the billable assessed value is the lower of the actual or transitional assessed value.

Borough Numbers – 1= Manhattan; 2= Bronx; 3= Brooklyn; 4= Queens; 5= Staten Island

Business Tax System – Collection and accounting system for all business taxes, which went live in early 2016. GENTAX is the software that runs the BTS system.

Computer Assisted Mass Appraisal – Collects property-related information and performs valuation calculations for residential and commercial properties. It interfaces with DOF's assessment system (RPAD) through customized applications.

Comparable Sales Method – The process by which a property's market value is estimated based on the sales price of similar (comparable) properties.

Condominium – A form of ownership that combines individual ownership of residential or commercial units with joint ownership of common areas such as hallways, etc.

Cooperative – A form of corporate ownership of real property whereby shareholders are entitled to use dwelling units or other units of space.

DDC – The New York City Department of Design and Construction, which builds and renovates City-owned structures and delivers roadway, sidewalk, sewer, and water main construction projects in all five boroughs.

Delinquency – The amount of tax liability that remains outstanding after the due date, allowing for any grace period, if applicable.

DEP – The New York City Department of Environmental Protection, whose mission is to protect public health and the environment by supplying clean drinking water, collecting and treating wastewater, and reducing air, noise, and hazardous materials pollution. Among DEP's duties is to manage and conserve the city's water supply.

Disability Rent Increase Exemption– A program begun in 2005 to protect lower-income disabled adult tenants living in rent-regulated properties from future rent increases.

DOF – The New York City Department of Finance, whose mission statement is to administer the tax and revenue laws of the City fairly, efficiently, and transparently to instill public confidence and encourage compliance while providing exceptional customer service.

DOT – The New York City Department of Transportation, whose mission is to provide for the safe, efficient, and environmentally responsible movement of people and goods in New York City and to maintain and enhance the transportation infrastructure crucial to the economic vitality and quality of life of city residents.

Effective Market Value – A theoretical value used in class 1 and class 2A, 2B, and 2C properties that is calculated by dividing the assessed value by the assessment ratio. It is, in effect, what the market value of the property would be were it subject to the same caps as assessed value.

Equalization – Changes in assessed value made by a taxing jurisdiction to ensure that all properties (or all properties within a tax class, if applicable) are assessed at the same percentage of market value.

Exemption – A provision of law that reduces taxable value or income.

Exempt Value – The amount or percentage of assessed value that is not subject to taxation. Property may be fully exempt or partially exempt; in the case of veterans exemptions, the exempt amount is taxable for education purposes.

FAIRTAX – Financial system for business taxes, property taxes, and property-related charges. As of early 2019, it is a read-only archive; all business data has been converted into BTS; property data is being converted to PTS.

Fiscal Year – A 12-month period used for financial reporting. New York City's fiscal year runs from July 1 to June 30.

FIT – Finance Information Technology, DOF's IT division, is in charge of applications for property collections and accounting; tax policy, audit, and assessment; and parking and payment; as well as systems modernization and network operations.

Grace Period – The period of time, beyond the due date, in which payment may be made without incurring a penalty.

HPD – Established in 1978, the New York City Department of Housing Preservation and Development’s mission is to promote the construction and preservation of affordable, high-quality housing for low- and moderate-income families in thriving and diverse neighborhoods in every borough by enforcing housing quality standards, financing affordable housing development and preservation, and ensuring sound management of the City's affordable housing stock.

Levy – An assessment of tax.

Liability – A debt or financial obligation.

Lien – A legal claim against property for outstanding debt.

Market Value – The most probable price that a property should command in a competitive and open market. This definition also requires that the buyer and seller be willing, but not compelled, to act.

Multi-family Housing – A residential structure with more than one dwelling unit.

Notice of Property Value – An annual notice containing information about a property’s market and assessed values. DOF determines property values every year, according to state law. New York City’s property tax rates are applied to the assessed value to calculate property taxes for the next tax year.

Office of the Taxpayer Advocate – OTA is an independent Department of Finance office that helps city taxpayers solve property, business, and excise tax issues after they have exhausted DOF’s normal channels. OTA also recommends policy changes and can request that DOF take action on behalf of taxpayers.

Operations Assistance Request – Form OTA-0924. A formal request for assistance from a DOF unit or function to complete an action on a case sent by the Office of the Taxpayer Advocate when the Taxpayer Advocate does not have the authority to take the required actions. The OAR provides a written trail of requests to a unit or function and its responses to OAR.

Parcel – A piece of land under ownership.

Personal Exemptions Operating System – Vendor-hosted system of all personal exemptions for real property.

Property Tax System – DOF’s system to store property tax data, which went live on March 4, 2019.

Request for Review – A form enabling city property owners to provide supporting information to review their estimated market value or building classification. DOF may increase, decrease, or make no change to the property’s market value or classification; RFR decisions may not be appealed.

Request to Update – A form enabling city property owners to request an update of the descriptive data contained on the annual NOPV.

RES/PASS – The revenue enhancement system (RES) is a set of databases used by various DOF divisions and units, including Audit, OTP, the Sheriff’s Office, Collections, and Property. The majority of the data pertains to business and property taxes. These databases’ main purpose is to support the Professional Audit Support System, or PASS. Much of the data contained in these systems have been converted to BTS.

Rent Increase Exemptions – Database of all tenants who are in a rent increase exemption program, such as SCRIE or DRIE.

Real Property Assessment Data – Property data system. Holds all property related information, including lot size, assessed value, etc.

Real Property Income & Expense – An annual taxpayer-filed statement used by DOF to determine value and property tax for certain income-producing properties.

SDP – DOF’s Senior and Disabled Program Unit, a product of the merger of the SCHE-DHE and SCRIE-DRIE units in August 2018.

Senior Citizen Rent Increase Exemption – A program begun in 1970 to protect lower-income senior citizens living in rent-regulated properties from future rent increases.

Tax Class – Property in NYC is divided into 4 classes:

- *Class 1* – Most residential property of up to three units (family homes and small stores or offices with one or two apartments attached), and most condominiums that are not more than three stories.
- *Class 2* – All other property that is not class 1 and is primarily residential (rentals, cooperatives, and condominiums). It includes sub-class 2A (4-6 unit rental buildings); sub-class 2B (7-10 unit rental buildings); sub-class 2C (2-10 unit cooperative or condominium buildings); and class 2 (buildings with 11 or more units).
- *Class 3* – Mostly utility property.
- *Class 4* – All commercial and industrial properties, such as office, retail, factory buildings, and all other properties not included in tax classes 1, 2, or 3.

Tax Rate – The amount, usually expressed in dollars per hundred of assessed value, applied to the tax base to determine tax liability. In New York City, a tax rate is established for each tax class.

Taxable Status Date – The date on which the assessed value, taxable status and, if applicable, tax class are fixed for all properties in a taxing jurisdiction.

Taxable Value – Assessed value minus any exemptions. The taxable value is used to calculate a property owner’s annual tax bill.

Taxpayer Assistance Order – A means by which the Taxpayer Advocate can recommend proposed action to the commissioner of the Department of Finance in cases where the law provides relief from significant hardship, or where a unit/function to which the Office of the Taxpayer Advocate issued an OAR declined to take the proposed action.

Taxpayer Bill of Rights – Ten rights to which taxpayers are entitled, the violation of which may meet the criteria necessary for assistance from the Taxpayer Advocate. For full text, see http://www1.nyc.gov/site/finance/about/nyc_taxpayer_bill_of_rights.page.

Tenant/Tax Abatement Credit – A landlord’s reduction in property taxes as a result of housing tenants who receive the SCRIE or DRIE benefits.

Transitional Assessed Value – The assessed value, during the five-year phase-in of equalization changes, of all class 4 properties and all class 2 cooperatives, condominiums, and rental buildings with more than 10 units.

APPENDIX

Appendix 1: Part IV.E (p. 26)

Types of Cases in Which No Relief Was Granted Due to Law or DOF Policy

	2016-17	2017-18	2018-19	2019-20	Total
Property	41	27	30	31	129
Personal exemptions	9	9	6	6	30
Assessed or market value	14	4	4	7	29
Abatements (commercial/personal)	10	4	1	3	18
Tax lien sales	0	6	4	3	13
Classification	3	1	1	0	5
Apportionment	0	0	4	0	4
NFP exemptions	0	0	4	2	6
Records	2	1	1	0	4
Commercial exemptions	2	0	1	1	4
RPIE	0	1	1	2	4
Collections	0	0	1	0	1
In rem foreclosure	0	0	1	0	1
Payments	0	1	0	1	2
Refunds	1	0	0	4	5
Other	0	0	1	2	3
Business	1	2	4	4	11
GCT/BCT – other	0	1	1	0	2
GCT/BCT – refunds/penalty abatements	0	1	0	2	3
GCT/BCT – payments	0	0	0	1	1
Commercial rent tax	0	0	0	1	1
UBT – audit	0	0	1	0	1
UBT – payments	0	0	1	0	1
UBT – other	0	0	1	0	1
UBT – refunds/penalty abatements	1	0	0	0	1
Total	42	29	34	35	140

Appendix 2: Part IV.F (p. 27)

Complete List of OTA Property Tax Cases and Inquiries, by Tax Year

Tax Subcategory	TY 2016-17	TY 2017-18	TY 2018-19	TY 2019-20	Total
Payments	72	124	370	532	1098
Personal exemptions	151	753	818	439	2161
Refunds	20	44	318	402	784
Assessed/market value	111	135	203	157	606
Records	35	35	65	97	232
Tax lien sales	36	49	56	70	211
Other*	45	29	51	58	183
Abatements	160	190	143	49	542
Classification	21	18	24	37	100
Tax exempt (NFP)	7	15	28	32	82
Collections	4	10	13	21	48
Commercial exemptions	4	9	15	21	49
RPIE issues	5	12	6	19	42
Payment plan	6	2	7	12	27
Real property transfer tax	2	6	13	12	33
Mapping	1	2	12	5	20
Apportionment	4	2	17	5	28
In rem foreclosure	0	4	6	0	10
Total	684	1439	2165	1968	6256

Appendix 3: Part IV.I (p. 32)

Complete List of OTA Business Tax Cases and Inquiries, by Tax Year

Tax Subcategory	TY 2016-17	TY 2017-18	TY 2018-19	TY 2019-20	Total
BCT/GCT - payments	39	17	28	22	106
BCT/ GCT - refunds/penalty abatements	34	30	26	16	106
BCT/GCT - returns	2	9	21	15	47
Commercial rent tax	4	12	8	14	38
UBT - payments	5	6	18	13	42
UBT - refunds/penalty abatements	9	8	16	12	45
Other business agency issue	0	0	4	11	15
UBT - returns	2	3	4	9	18
Other business taxes	3	3	6	8	20
BCT/GCT – other	19	14	16	8	57
BCT/GCT - audit	2	3	7	7	19
UBT - other	2	7	5	3	17
UBT - audit	0	0	2	1	3
Hotel room occupancy tax	0	2	1	0	3
Total	121	114	162	139	536