



ANNUAL REPORT

THE NYC OFFICE OF THE TAXPAYER ADVOCATE

May 14, 2021

BILL DE BLASIO, MAYOR ● SHERIF SOLIMAN, COMMISSIONER

Table of Contents

Executive Summary	3
Summary of 2021 Recommendations	4
Part I	
Introduction.....	5
A. Annual Report to NYC Council.....	5
B. Taxpayer Advocacy.....	5
C. Taxpayer Bill of Rights.....	6
D. Not-for-Profit Ombudsperson.....	6
Part II	
Recommendations for the Current Reporting Period.....	7
Part III	
OTA Statistics for the Reporting Period April 1, 2020, to March 31, 2021, and Cumulative Statistics	11
A. Tax Year Case and Inquiry Totals for the Office of the Taxpayer Advocate.....	11
B. Total Inventory by Subject Matter	12
C. Source of Total Work by Borough	13
D. Breakdown of Recurring Issues	14
E. Cases in Which No Relief Was Granted	15
F. Property Tax Inquiries and Cases by Subcategories	16
G. Property Tax Inquiries and Cases by Borough.....	18
H. Property Tax Cases by City Council District	19
I. Business and Excise Tax Cases and Inquiries by Subcategories	22
J. Business and Excise Tax Cases and Inquiries by Borough.....	24
K. Business Tax Cases by City Council District.....	25
L. Refunds, Abatements, and Corrections by Major Tax Type and Tax Year.....	27
M. Referrals by Source.....	28
N. Open Cases and Inquiries.....	29
Part IV	
DOF-OTA Collaborative Successes.....	30
Part V	
Success Stories.....	31

Part VI

OTA Outreach Efforts34

Part VII

DOF Actions on 2020 OTA Recommendations35

Part VIII

Updated DOF Responses to Previous OTA Recommendations.....39

Glossary42

Appendix.....47

New York City Office of the Taxpayer Advocate

2021 Annual Report

(Reporting Period: April 1, 2020 – March 31, 2021)

Executive Summary

Enclosed please find the sixth 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 recommend improvements to the agency's policies and procedures. OTA is independent from other offices within DOF but reports directly to the DOF commissioner. This report highlights OTA's work from April 1, 2020, through March 31, 2021.

At the close of this reporting period, DOF was still dealing with the effects of the COVID-19 pandemic, which has impacted the lives of millions of New York City residents and businesses. OTA, along with the majority of DOF, transformed from an in-person office to a completely virtual operation and has provided taxpayers with the same high-quality service throughout the past 14 months. The tax issues arising as a result of the pandemic demonstrate why OTA's services are so important to our city; OTA has handled more than 200 COVID-19-related cases and inquiries—nearly 10% of its overall workflow.

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 nine new recommendations based on, among others, lessons learned from communication during the COVID-19 pandemic; the need for new guidance on certain benefits; and ease of access during the not-for-profit renewal process. The report also documents the actions taken by DOF in response to previous OTA proposals, including those implemented after the publication of OTA's 2020 report. The success stories included here provide examples of the important and, in some cases, life-changing work performed by OTA's dedicated staff.

Among the improvements that OTA has helped facilitate in its most recent reporting period were new offer in compromise forms to assist business taxpayers with outstanding debts, the introduction of fillable PDFs for personal exemption applications, and providing community-based organizations and tax professionals with COVID-19-related program updates. This work is key to DOF's mission to administer the tax and revenue laws of the City fairly, efficiently, and transparently, instilling public confidence and encouraging compliance while providing excellent customer service.

Summary of 2021 Recommendations

The Office of the Taxpayer Advocate has made nine new recommendations in this report:

1) **COVID-Centric and Virtual Hybrid Outreach Opportunities**

Plan more outreach sessions to promote public awareness of policies and regulations established due to the COVID-19 pandemic.

Permanently implement videoconferences, email blasts, and live video broadcasting into DOF's standard operating procedure.

2) **Clerical Error Remission (CER) Communications**

Give taxpayers a dedicated email inbox or phone number to check on the status of their CER. Alternatively, create a portal similar to e-Services where taxpayers can look up this information.

3) **Real Property Income and Expense (RPIE) Notices**

Create a system whereby property owners can register an email address to receive specific electronic notices about their RPIE statement, in addition to mail delivery.

4) **Coop/Condo Abatement Guidance**

Create an information sheet regarding applying for the coop/condo abatement that clarifies for unit owners the managing agent responsibility to file annually.

5) **Premature Cancellation of 421-a Benefits**

Create publicly available guidance for taxpayers wishing to cancel 421-a in order to apply for Senior Citizen and Disabled Homeowner Exemption benefits.

6) **Wire Transfers**

Prominently link to wire payment directions readily available on the NYCeFile site.

7) **Ability to Revert to Quarterly from Semiannual Billing**

Create an automatic reversion to quarterly billing from semiannual for property taxpayers whose assessed value decreased below \$250,000 through the Request for Review or Tax Commission process.

8) **Not-for-Profit Video Tutorial**

Create a video tutorial regarding how to apply for and renew the NFP exemption.

9) **Secondary Contact Information on NFP Applications**

Add secondary contact person's information to the NFP application to ensure a response.

Part I: Introduction

A. Annual Report to NYC Council

The Department of Finance (DOF) 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 (OTA) during the preceding year. This annual report must include the following:

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

B. Taxpayer Advocacy

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

Inquiries

Inquiries are specific requests from taxpayers for 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 DOF policies, regulations, and procedures, 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, which may be based on the incorrect application of 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.

Cases and inquiries come to OTA via submission of form DOF-911 from a variety of sources, including 311 service requests, direct calls, submissions via the OTA webpage, and emails. For a detailed breakdown, see Part III.M.

OTA works closely with DOF’s core operating units, through formal and informal requests to these operating units for information. Most issues are resolved through informal communications, and persistent problems have been addressed through periodic meetings with the appropriate functional units, which remote communication software has made easier for participants to schedule and access.

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.

C. Taxpayer Bill of Rights

OTA officially opened for business on October 19, 2015. Shortly thereafter, DOF issued a 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

D. Not-for-Profit Ombudsperson

OTA also houses the not-for-profit (NFP) ombudsperson, a role that came about with the passage of Local Law No. 42, enacted on March 29, 2020. The law states that the DOF commissioner shall designate an agency employee to serve as NFP ombudsperson for NFP organizations that own property, and that contact information shall be posted on DOF's website and notices pertaining to applications for or denials of exemptions under sections 420-a, 420-b, 446, or 462 of the New York State Real Property Tax Law, as well as notices pertaining to the sale of tax liens.

The ombudsperson's duties include, but are not limited to:

- Responding to inquiries from NFP organizations that own real property about real property tax exemptions and the tax lien sale;
- Coordinating and conducting public outreach to increase public awareness of exemptions from the real property tax and exclusions from the tax lien sale available to NFP organizations that own real property; and
- Coordinating with other City agencies to address consequences that an organization may confront as a result of tax liens.

Part II: Recommendations for the Current Reporting Period

For the reporting period April 1, 2020, to March 31, 2021, OTA has identified and analyzed new issues and has made recommendations for corrective measures to mitigate problems encountered by New York City taxpayers and property owners.

1) COVID-Centric and Virtual Hybrid Outreach Opportunities

Throughout the pandemic, more than 200 cases and inquiries have been directly or indirectly opened due to COVID-19. OTA has helped by presenting DOF legislative and policy updates to groups of taxpayers and practitioners this year. Yet more outreach is needed to encourage compliance, and to help taxpayers avoid unnecessary penalties by taking advantage of collection alternatives for outstanding balances.

Further, in order to comply with COVID-19 restrictions, DOF has shifted away from in-person to virtual outreach events. DOF created a tool for virtual one-on-one assistance regarding exemptions applications, sent out email blasts advertising upcoming informational session events to its large (and growing) user database, assisted 311 by providing DOF property tax and exemptions experts to answer a high volume of complex property-tax related calls, and conducted an entire Notice of Property Value (NOPV) season via videoconference. Many of these techniques and tools will still prove useful in the future to be able to connect to New Yorkers who are unable to attend an event in-person, and thus they will have equal access so long as they have an internet connection.

Recommendations:

- a) Plan more outreach sessions to promote public awareness of policies and regulations established due to the COVID-19 pandemic as well as the policies that can help taxpayers navigate the crisis.
- b) Permanently implement some of the communication techniques used during tax year 2020-21 into DOF's standard operating procedure, including videoconferences, email blasts, and live video broadcasting.

2) Clerical Error Remission (CER) Communications

In a previous report, OTA recommended that DOF set a time as to when Requests for Administrative Review, Clerical Error Remissions (CERs) would be completed or provide periodic updates on the status of the CERs.² OTA understands that DOF does send an acknowledgement letter when CERs are electronically filed; however, as CERs often take months to complete given their often complex nature, taxpayers wanting to know the status of their request are left calling 311 in hopes of receiving an update. Thirty-one percent (16 of 52) of CER cases and inquiries that OTA reviewed in the past reporting period were related to status updates. These CERs had been open for an average of 195 days, during which time the taxpayers claimed they did not receive any notice since filing the request. Additionally, taxpayers are supposed to receive notification as to the decision of the CER but may not get one due to delays in mail delivery. Taxpayers should have a source to obtain an update on the status of a CER which cannot be ascertained in a generic acknowledgement letter.

² See 2019 Recommendation No. 2.

Recommendation: Give taxpayers a dedicated email inbox or phone number to check on the status of their CER, so that they know whether it is still in the queue or was resolved. Alternatively, create a portal similar to e-Services where taxpayers can look up this information themselves.

3) Real Property Income and Expense (RPIE) Notices

Taxpayers must file Real Property Income and Expense (RPIE) statements electronically unless they receive a waiver. However, any specific notices sent to taxpayers about their RPIE—particularly notices of non-filing and penalties—are sent by mail, as required by law. As the postal service may experience mail delivery delays, taxpayers may receive time-sensitive notices late, which is problematic in cases where timing is crucial to “cure” a defect, such as in the non-filing notice with a 30-day window. Missing such a notice can carry financial penalties, as they cannot challenge a non-filed RPIE with the Tax Commission, nor can they abate a penalty for reasonable cause.

The RPIE Unit sends an email blast during the cure period reminding non-filers to cure by the deadline, but they are unable to target specific properties because no email addresses are listed as contacts in the Property Tax System (PTS). But if DOF has a list of emails to which it can send a generic message during the cure period, there must be an opportunity to target specific properties. In addition, half of all 2019 RPIE cure period notices were unanswered, further confirming that an additional mode of communication will help reach taxpayers and improve responses. As RPIE penalties are not meant to be punitive, but rather are meant to encourage taxpayers to file so that properties are more accurately assessed, it is in DOF’s best interest to ensure that taxpayers receive any correspondence that would remind them to file.

Recommendation: Create a system whereby property owners can register an email address to receive specific electronic notices about their RPIE, in addition to mail delivery by the postal service.

4) Coop/Condo Abatement Guidance

Taxpayers are often confused by the instructions to file for a coop/condo abatement. Over 51% (63 out of 123) of abatement issues that OTA handled were related to managing agent issues or a denial. The source of the confusion is rooted in the statutory structure of the abatement which puts the onus on the managing agent to file the forms. A managing agent who misunderstands the directions may misfile the annual “change form” detailing a property’s residents. A misfiled change form can ultimately deny a taxpayer the benefit to which they would otherwise be entitled. Taxpayers may not even realize they have to check with their managing agent about the filing status until it is too late. They should receive clear, concise guidance on how the process works and who is responsible for filing for the abatement.

Currently, there is language on the coop/condo abatement webpage instructing owners and shareholders to inform their managing agent that their unit is their primary residence, and that small coop/condo developments without managing agents can contact DOF for guidance in applying. Still, taxpayers and managing agents could benefit if this information were more prominent.

Recommendation: Create an information sheet regarding applying for the coop/condo abatement that clarifies for unit owners the managing agent responsibility to file annually, and that unit owners should confirm with their managing agent that the change form is filed correctly on time.

5) Premature Cancellation of 421-a Benefits

Taxpayers who otherwise fit the criteria for Senior Citizen Homeowners' Exemption (SCHE) or Disabled Homeowners' Exemption (DHE) benefits cannot apply for them if there is a 421-a tax exemption for their property. However, as the 421-a exemption phases out, taxpayers may be otherwise eligible to receive a greater tax benefit via SCHE or DHE.

To qualify for SCHE/DHE for the start of the next fiscal year, taxpayers may prematurely cancel their 421-a exemption by explicitly requesting their removal directly to the Department of Housing Preservation and Development. The process for removal from the 421-a exemption program in order to meet the qualification for SCHE/DHE involves multiple steps, including confirmed removal from 421-a before the mandated application deadline (March 15) for the upcoming fiscal year. This information is not widely available.

Recommendation: Create publicly available guidance for taxpayers wishing to cancel 421-a in order to apply for SCHE and DHE benefits.

6) Wire Transfers

Taxpayers wishing to pay property taxes via Automated Clearing House Credit wire payment need to follow a two-step process involving first transferring the wire from the bank, then logging into NYCeFile and entering the payment information. The process is necessary due to shortcomings in the Federal Reserve/financial institution design of the Fedwire system, whereby the instrument specifies the information of the payee (DOF), but not the specific account that the payor (the taxpayer) keeps with DOF. Without the second step, DOF cannot match up the wire payment to the correct property and credit a taxpayer's payment. However, the instructions about this process on the NYCePay site are not readily available without a deep search.

To fix this shortcoming in the Fedwire design, DOF is in the process of adding a wire transfer recommendation with its current vendor, including a functionality to the program so that the payment processing can do a more robust match.

Recommendation: Until DOF updates its wire transfer system, prominently link to wire payment directions readily available on the NYCeFile site.

7) Ability to Revert to Quarterly from Semiannual Bills

Property owners whose assessed value hits the \$250,000 threshold must pay semiannually, rather than quarterly. If they are borderline and challenge it via Request for Review (RFR) or the Tax Commission, their value could fall below \$250,000, thus qualifying them for quarterly bills again. However, DOF will only send out semiannual bills.

Although the PTS software in its current iteration does not support automatically switching from semiannually to quarterly billed property taxes, DOF has developed a manual workaround to assist properties that change billing cycles. However, this requires a customer request for the reversion and voluntary effort by DOF staff.

Recommendation: Encourage the PTS vendor to create an automatic reversion to quarterly billing from semiannual for property taxpayers whose assessed value decreased below \$250,000 through the RFR or Tax Commission process.

8) Not for Profit Video Tutorial

The NFP Unit created a user guide for its new application portal, but communication with taxpayers using this system still shows they are having difficulty using the portal. Thirty-five of the property representatives completing NFP applications who came to the ombudsperson were not tech savvy and had trouble using the portal or understanding the user guide. These NFP managers are perhaps at a higher risk of not renewing due to the hurdles on the online application. With DOF looking to create more video content, a video tutorial could be useful to many users who find the format more engaging or easier to understand than a written guide.

OTA has received 19 inquiries in which representatives stated that they tried to submit the application but received errors. Calls with these representatives showed that they were overlooking the information from the guide, or it did not translate well to electronic instructions.³ A video representation of how this works would help to avoid errors that result in additional inquiries.

Recommendation: Create a video tutorial regarding how to apply for and renew the NFP exemption.

9) Secondary Contact Information on NFP Applications

Staff turnover, elders of a house of worship who do not regularly check their emails, or contact information that is no longer valid are among reasons that have prevented NFPs from renewing on time. Although 98% of NFPs renew their exemption timely, the ombudsperson received a list of 534 non-responders and has identified at least 10 instances in which a renewal was not filed due to the reasons provided above. A secondary contact would increase the likelihood of response to notices.

Recommendation: Add secondary contact person's information to the NFP application to ensure a response.

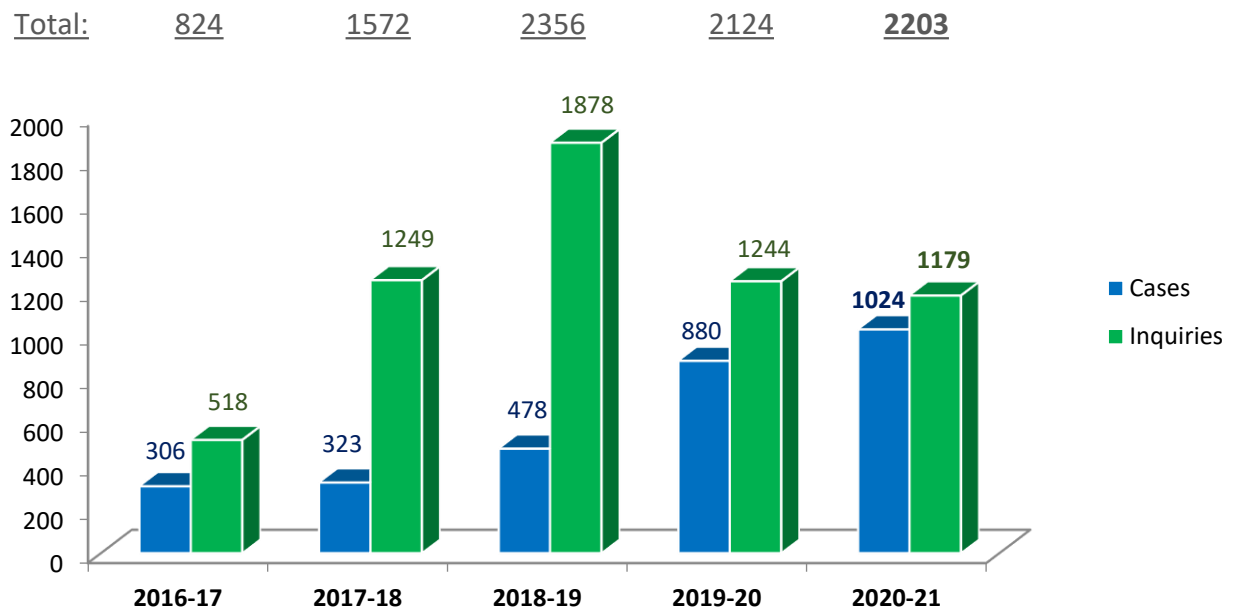
³ One such example involves looking up the parcel with the Entity ID, then adding the parcels to the application. If there are multiple parcels associated with the Entity ID, the applications need to hold the CTRL key to click and highlight each parcel, then add them to the application. If they do not, they may inadvertently submit only one parcel while leaving the others off the application.

Part III: OTA Statistics for the Reporting Period April 1, 2020, to March 31, 2021, and Cumulative Statistics

The following charts and graphs review the recurring issues brought to OTA’s attention over the past reporting period and previous reporting periods since the office opened⁴ in order to identify larger trends.⁵

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

For tax year 2020-21, OTA closed 1,179 inquiries and 1,024 cases. OTA’s cases continue to increase each year (more than 110% growth in the past three years), which shows that taxpayers are continuing to contact the office with more complicated matters annually. The shift to a higher proportion of cases to the overall workflow is also a result of implementation of the Customer Service Center (CSC), which handles simpler customer inquiries, as of July 1, 2019. The consistent overall workload has shown that OTA operated efficiently and effectively in light of transitioning to remote work due to the COVID-19 pandemic.



No open cases or inquiries are included.

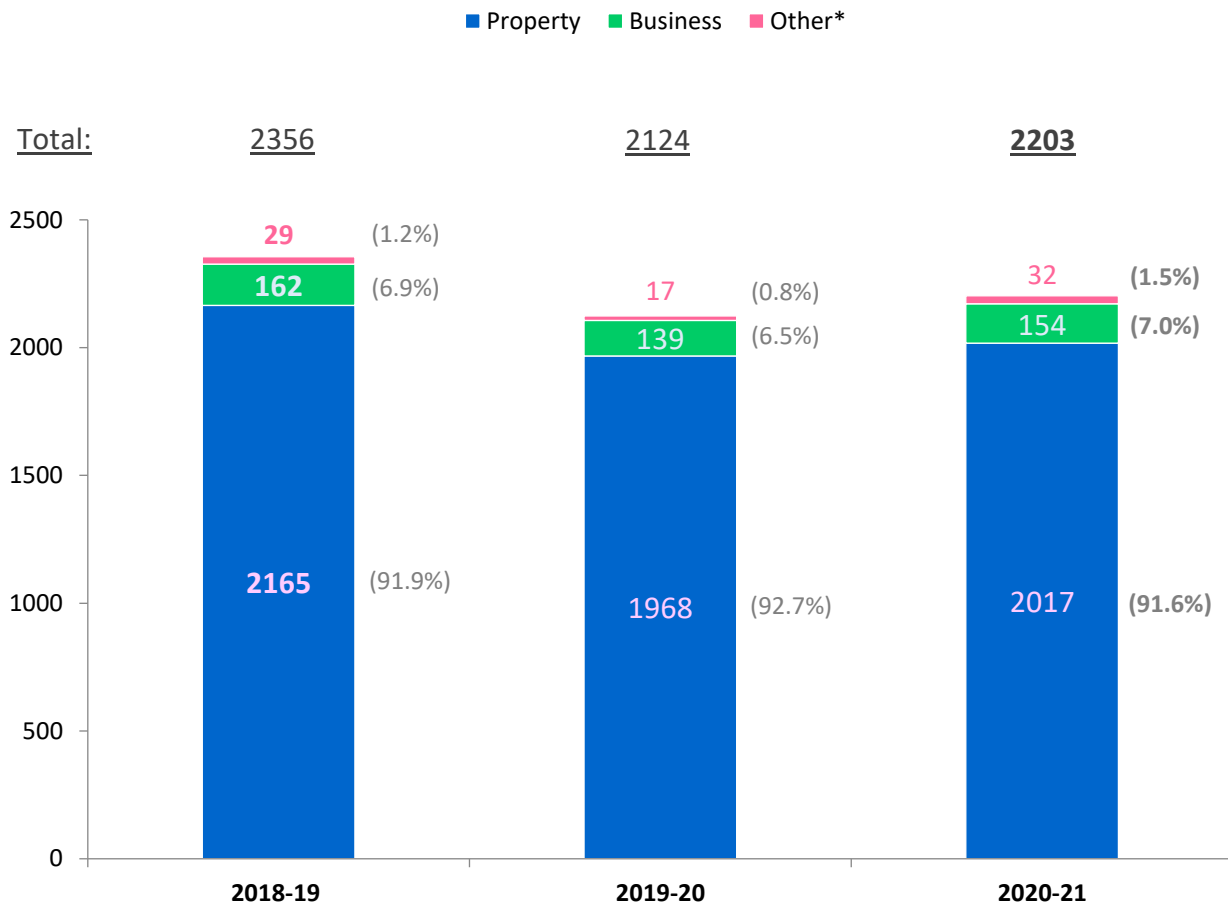
⁴ The truncated reporting period for OTA’s first year, 2015-16, is omitted, as it did not represent a full tax year.

⁵ 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, 2021, but not closed, are included in a separate chart (see Part III.N) but are otherwise not considered in these statistics.

B. Total Inventory by Subject Matter

More than 91% of matters handled by OTA in 2020-21 dealt with issues related to property taxes, which is consistent with previous years. Business tax has made up a smaller percentage of OTA’s workflow historically, because business owners often work with tax professionals, who are more capable of navigating DOF than self-represented property owners.

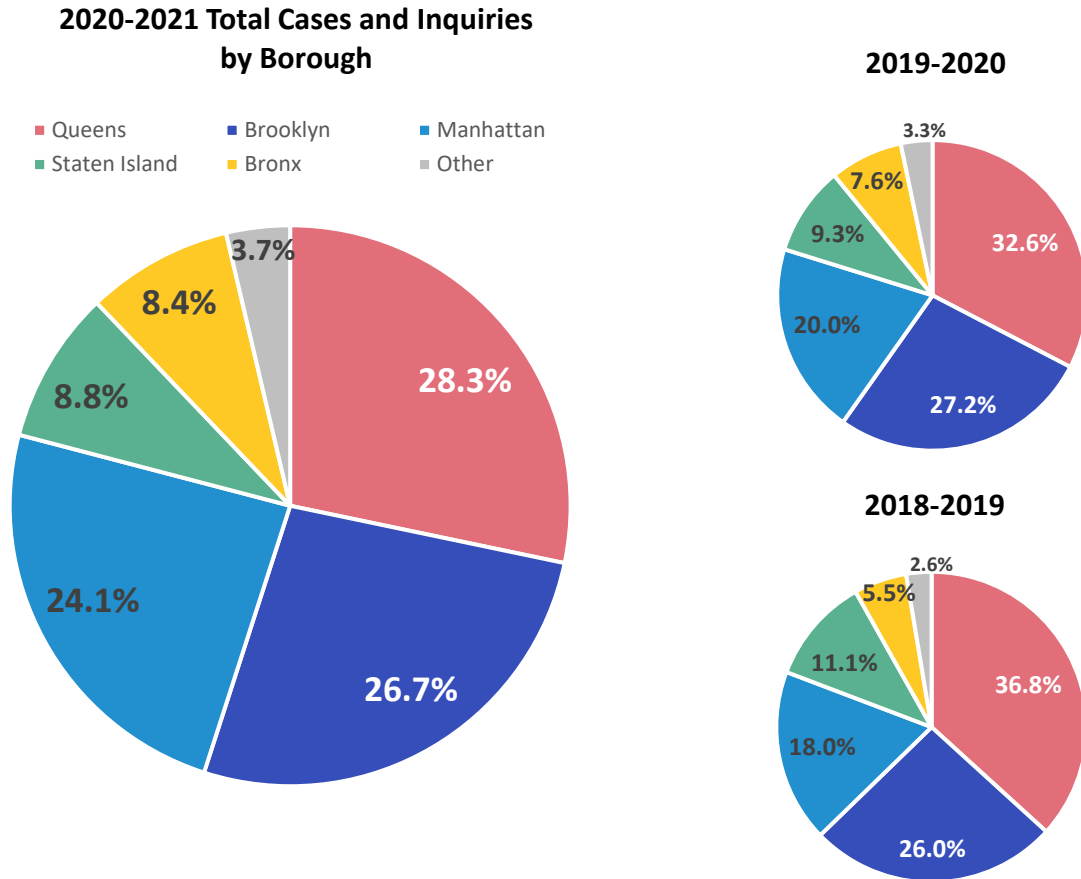
Major Tax Area Work Flow Comparison by Tax Year



A small percentage (“Other”) generally involves inquiries outside OTA’s scope, such as parking disputes or personal income tax. The former is usually referred to the Office of the Parking Summons Advocate. The latter is referred to the New York State Department of Taxation and Finance.

C. Source of Total Work by Borough

OTA’s borough percentage breakdown has remained relatively consistent. The decrease in Queens cases and inquiries may be partially explained by the shrinking percentage of personal exemptions issues coming to OTA, as the borough has the highest number of tax class 1 parcels.⁶ The “Other” category, which continues to rise, mostly involves business tax matters (see Part III.J): either non-local businesses required to file New York City business tax returns, or practitioners with general inquiries for whom taxpayer information was not specified.



⁶ Fiscal Year 2021/22 Tentative Assessment Roll, <https://nycdof.maps.arcgis.com/apps/MapJournal/index.html?appid=a6d4f400f04246c59339cc8cf0dcdf1b>

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. We have supplied the top 20 recurring issues here, and the chart in its entirety in Appendix 1. Some matters involve multiple issues, so the total number of issues (2,613) does not match the number of cases and inquiries (2,203) in tax year 2020-21.

OTA’s top three overall issues continue to be related to misapplied payments, processing delays, and benefit denials. The percentage share that these categories represent of the overall workflow decreased somewhat from the last reporting period, as the breadth of issues that OTA covers has become more diverse over time. This reporting period also saw a significant rise in noticing issues (tied for third) and issues involving unclear procedure.⁷ The 143% increase in unclear procedure issues and tripling of late application issues were largely caused by process changes necessitated by the COVID-19 pandemic. The 38.2% drop in processing delay issues can be attributed to the autorenewal of exemption applications due to state law and improved refund request efficiency. The 63% decrease in unapplied credit issues is due to enhancements to PTS which corrected previous data transfer errors.

Issues Presented	TY 2018-19	TY 2019-20	TY 2020-21	Total (%)	
Total	1685	2284	2613	6582	100.0%
Misapplied or Denied Payments	195	365	312	872	13.2%
Processing Delay	288	384	237	909	13.8%
Denial – Benefit	156	173	198	527	8.0%
Lack of Noticing/Right to Be Informed	61	82	198	341	5.2%
Inconsistent Market Value/Assessed Value Increase	80	118	189	387	5.9%
DOF Procedure – Unclear	63	48	117	228	3.5%
Application – Late	11	24	89	124	1.9%
Erroneous Charges/Fees	23	74	87	184	2.8%
Bad Record	62	102	86	250	3.8%
Tax Calculations	107	117	85	309	4.7%
Records Request/Verification	28	35	80	143	2.2%
Penalty Abatement Requests	28	29	75	132	2.0%
Benefit Removal or Revocation	47	21	70	138	2.1%
Lien Sale	24	78	66	168	2.6%
Payment Plans - Creation or Default/Delinquent	12	21	61	94	1.4%
Credit - Not Applied	10	145	53	208	3.2%
DOF - Unresponsive/Unhelpful	28	19	51	98	1.5%
Incorrect Tax/Building Class	22	26	49	97	1.5%
Other/Unknown/Miscellaneous	49	37	48	134	2.0%
Application – Incomplete	58	69	47	174	2.6%

⁷ 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.

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 2,382 cases in the past three tax years, 264 (11.08%) have resulted in such an outcome. In the largest percentage of cases (38.26%), 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 in OTA’s Past Three Years

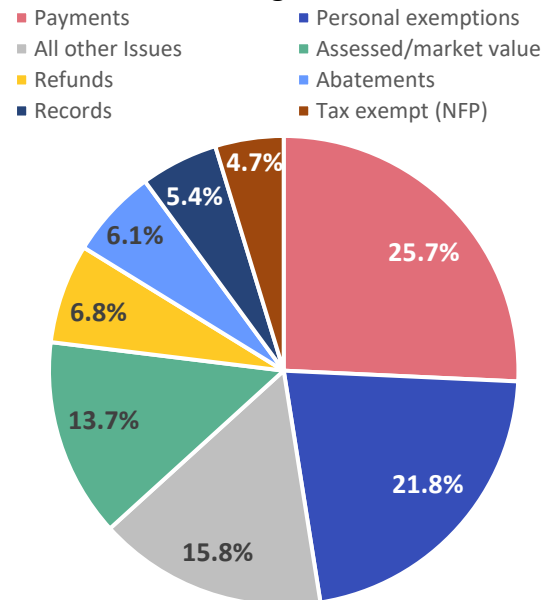
Reason for No Relief	2018-19	2019-20	2020-21	Total
Law or DOF policy	34	35	32	101
Taxpayer failed to provide documents or information timely	20	51	28	99
Unable to contact taxpayer	5	19	23	47
Referred to another City agency	7	4	6	17
Total	66	109	89	264

Of the “no relief” cases related to law or DOF policies, 88.12% were property-related, about 43.56% 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 2.

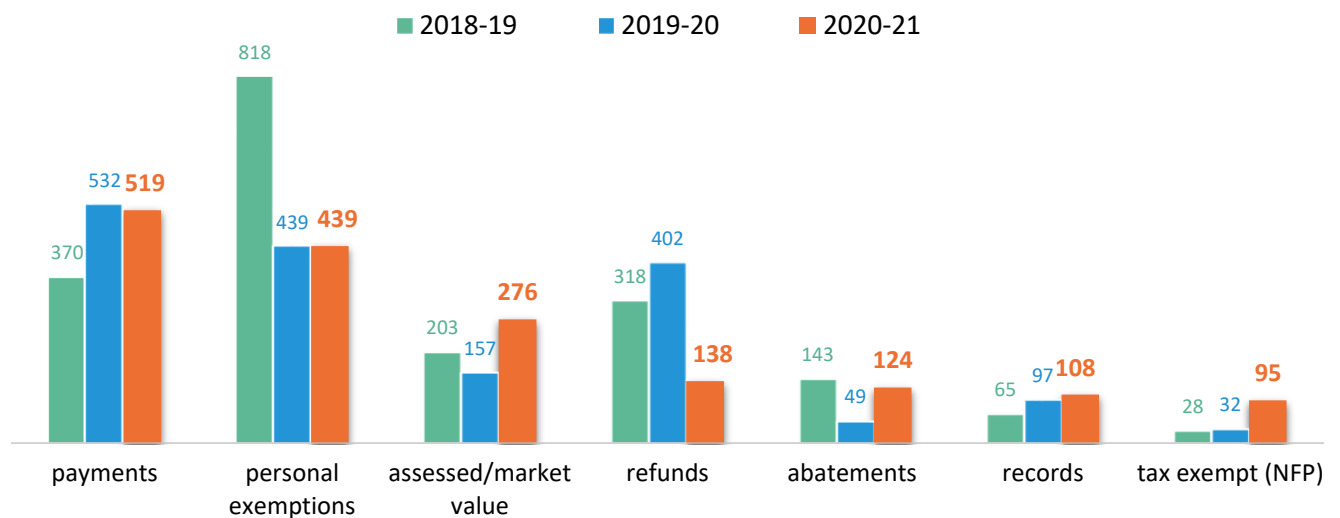
F. Property Tax Inquiries and Cases by Subcategories⁸

OTA's top property tax categories continue to focus on payments, personal exemptions, and valuation. The 65% drop in refund issues is related to certain technical issues involved in the integration of formerly separate databases into PTS that have since been resolved. Likewise, the 153% increase in abatement issues is partially attributed to the "restored taxes" matter, which we discuss more thoroughly in Part IV. Exemption issues continue to decrease, as more simple inquiries are rerouted to DOF's customer contact center and because of the state law authorizing the autorenewal of personal exemptions for the upcoming fiscal year.⁹ NFP issues have nearly tripled with the introduction of the NFP ombudsperson; see Appendix 6 for a breakdown of NFP issues. For a full breakdown of all property tax issues, see Appendix 3.

2020-2021 Property Tax Top Categories



Top 7 Property Tax Cases and Inquiries by Subcategory, by Tax Year in OTA's Most Recent Three Years

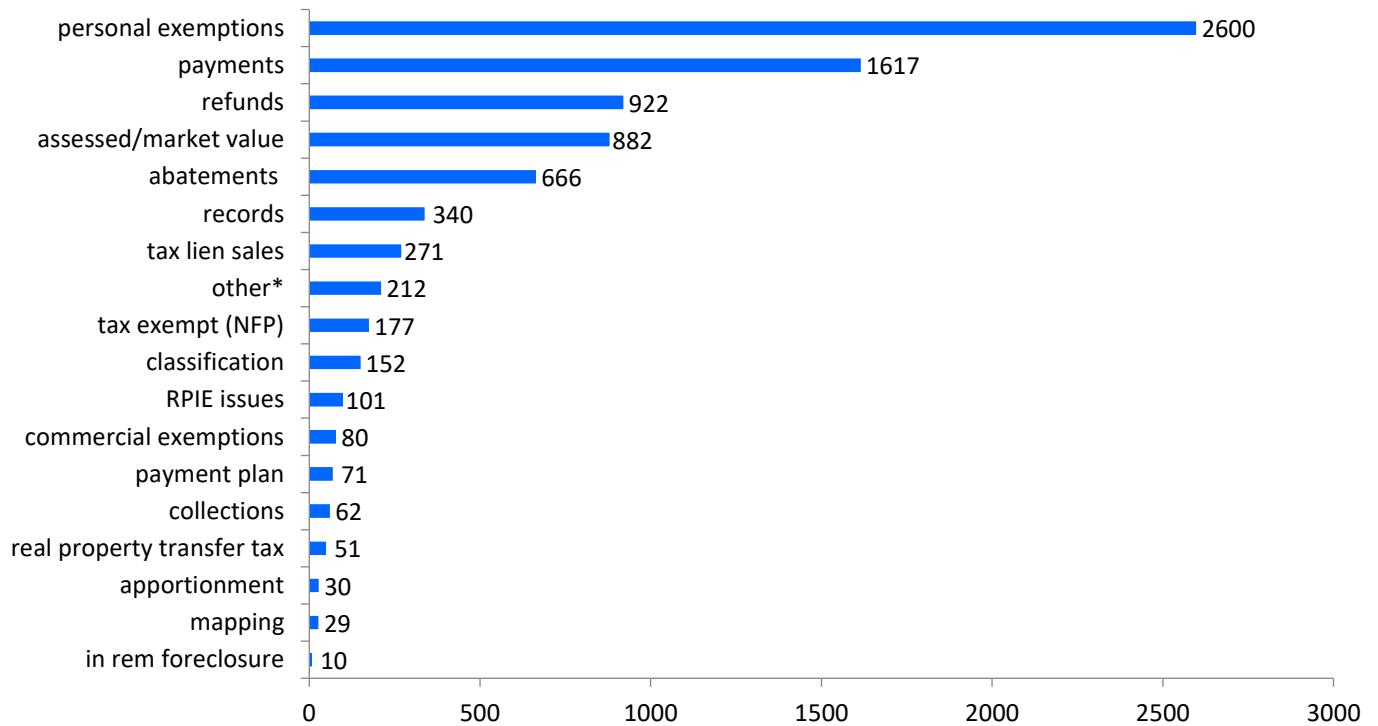


⁸ OTA's property tax subcategories are: Personal Exemptions (STAR, Enhanced STAR, SCHE and DHE, Veteran, Clergy and Good Samaritan); Payments (processing of and application of); Refunds (requests for refunds); Assessed or Market Value (issues regarding valuation); Abatements (coop and condo, 421-a, and 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).

⁹ See New York State law Chapter 381 (2020).

Over the past five years, OTA’s highest volume of issues has been personal exemptions (2,600 of 8,273, or 31.43%, of cases and inquiries); however, since the rollout of the customer service center on July 1, 2019, the cumulative workflow attributed to personal exemptions has decreased by 9%. Although OTA has seen a wider breadth of case topics as the office expands, more than 80% of OTA cases are still from the top five categories (personal exemptions, payments, refunds, assessed/market value, abatements). Treasury and Payments Services comprise 35% of total cases (payments, refunds, tax lien sales, payment plan, collections); however, the total number of those issues has decreased by 25% from tax year 2019-20 (1,037) compared to tax year 2020-21 (775).

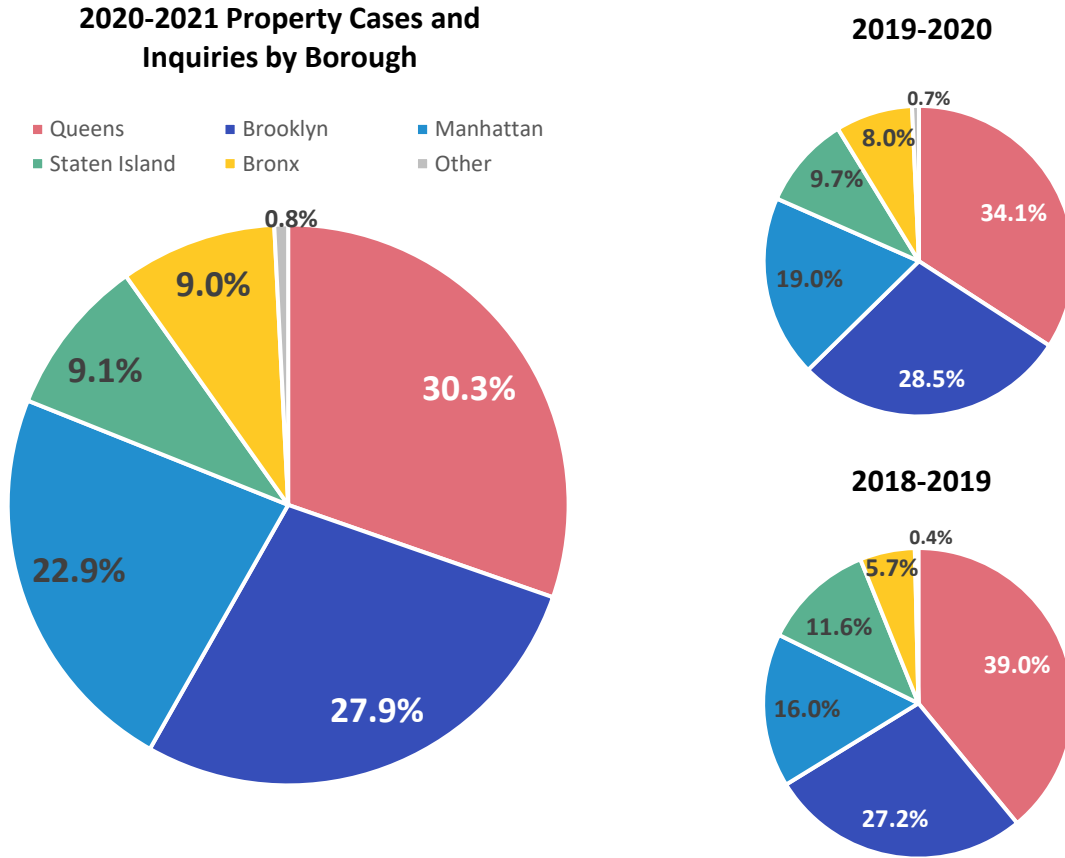
Property Tax Cases and Inquiries by Subcategory for OTA's First Five Full Years, Cumulative



* “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; sidewalk charges; 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 2020-21, 30.3% were from Queens, and more than a quarter were from Brooklyn. These numbers have remained consistent over the past three reporting periods.¹⁰



¹⁰ 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 all of New York City’s 51 council districts in tax year 2020-21. The refund, abatement, and corrections¹¹ amounts are listed below by district. The large increase in total abatements in 2020-21 was related to a few high-dollar cases—particularly in districts 4, 19, and 40, as well as one involving multiple districts. The “Other” category generally encompasses cases involving several properties across multiple districts where the dollar impact could not be easily divided.

Property Tax Refunds, Abatements, and Corrections by City Council District for Tax Years 2016-17, 2017-18, 2018-19, 2019-20, and 2020-21

District/ Council Member	Number of Cases					Refunds					Abatements					Correction
	16- 17	17- 18	18- 19	19- 20	20- 21	16-17	17-18	18-19	19-20	20-21	16-17	17-18	18-19	19-20	20-21	20-21
1 M. Chin	22	6	14	22	62	\$31,124	\$57,780	\$11,234	\$1,392,115	\$61,420	-	\$3,655	\$7,644	\$215,334	\$191,314	\$211,615
2 C. Rivera	7	11	4	10	19	-	\$2,324	\$2,422	\$23,985	\$29,515	\$17,107	\$4,168	-	\$4,340	\$7,346	\$120,615
3 C. Johnson	5	8	8	33	36	-	\$40,422	\$5,250	\$164,943	\$244,771	-	\$2,145	-	\$35,160	\$83,967	\$583,173
4 K. Powers	12	7	15	39	54	-	\$25,429	\$20,490	\$219,660	\$304,176	\$2,868	\$44,664	\$3,536	\$1,030,706	\$7,137,500	\$3,141,856
5 B. Kallos	11	8	7	26	14	\$35,745	\$13,994	\$9,369	\$82,398	\$4,008	\$20,475	\$30,004	\$24,586	\$15,810	\$19,595	\$51,452
6 H. Rosenthal	7	9	7	33	28	\$1,912	\$7,359	\$96,142	\$309,913	\$21,361	\$17,184	\$18,975	\$610	\$13,608	\$3,964	\$22,027
7 M. Levine	4	1	3	8	11	\$16,747	-	-	\$19,060	\$38,271	-	-	-	-	-	\$18,833
8 D. Ayala	1	4	1	3	6	-	\$1,823	-	-	-	-	\$642	-	-	-	-
9 B. Perkins	2	5	2	2	10	-	\$618	\$7,390	\$2,052	\$10,035	-	-	-	-	\$1,882	-
10 Y. Rodriguez	-	-	2	2	1	-	-	-	-	-	-	-	\$815	-	-	-
11 E. Dinowitz	2	4	-	7	16	-	-	-	\$3,909	\$49,381	-	-	-	\$4,879	\$317,078	\$2,241
12 K. Riley	1	1	4	12	14	-	\$3,654	\$50	\$8,167	\$32,537	\$19,291	-	\$3,550	\$118,139	\$4,519	\$1,034
13 M. Gjonaj	8	5	7	16	15	\$159,584	-	\$4,437	\$3,119	-	\$848	\$2,808	\$2,563	\$10,047	\$8,370	\$12,348
14 F. Cabrera	-	-	1	2	5	-	-	-	\$464,201	-	-	-	-	\$508	\$257	-
15 O. Feliz	2	2	3	8	2	-	-	\$5,427	\$36,850	-	-	-	-	\$5,878	-	-
16 V. Gibson	-	1	3	-	2	-	-	-	-	-	-	\$3,112	-	-	-	\$66,636

¹¹ For an explanation of the new “Corrections” category, see Part III.L.

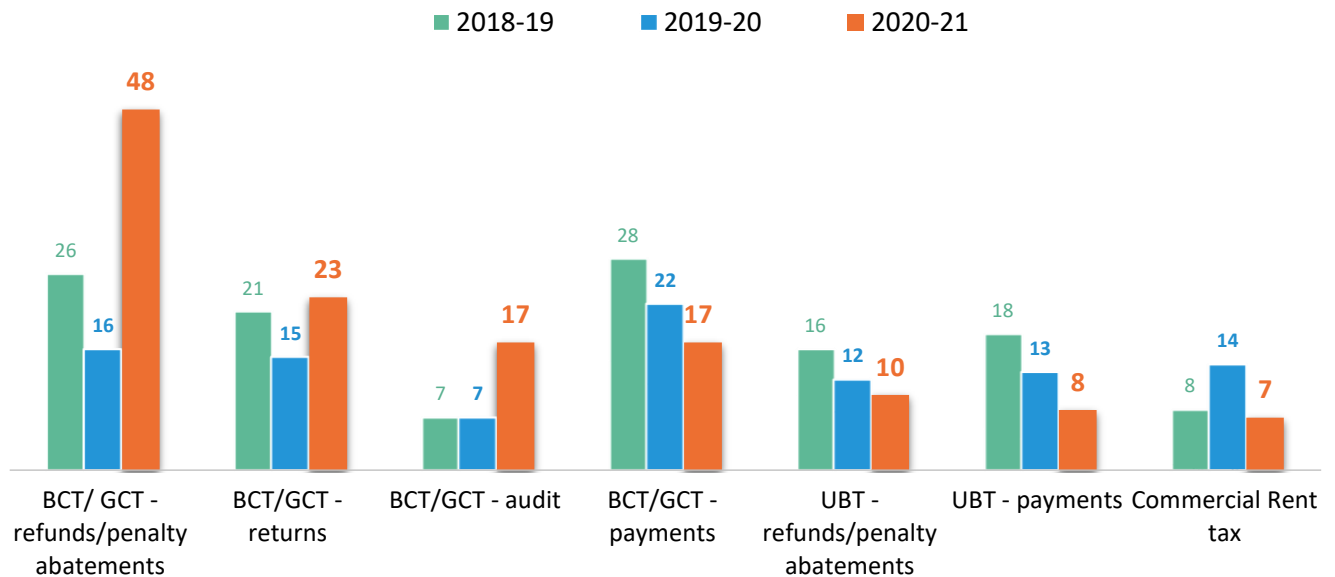
District/ Council Member		Number of Cases					Refunds					Abatements					Correction
		16-17	17-18	18-19	19-20	20-21	16-17	17-18	18-19	19-20	20-21	16-17	17-18	18-19	19-20	20-21	20-21
17	R. Salamanca Jr.	2	4	7	17	10	-	\$5,677	-	\$67,661	\$62,589	-	\$9,699	\$632	\$10,000	\$196,802	\$414
18	R. Diaz, Sr.	4	3	10	8	11	\$5,098	-	\$784	\$2,647	\$12,843	\$31,374	\$14,308	\$1,754	-	\$1,416	\$2,963
19	P. Vallone	8	11	20	32	29	\$46,594	\$2,321	\$36,083	\$33,673	\$14,364	\$2,969	\$40,674	\$22,285	\$1,623	\$15,462	\$1,286,316
20	P. Koo	3	5	4	13	23	\$2,864	\$7,711	\$2,063	\$15,524	\$68,030	\$17,444	\$20,732	-	\$3,517	\$1,700	\$130
21	F. Moya	-	6	6	15	13	-	\$13,866	\$113	\$100,770	\$23,470	-	\$31,527	\$3,017	\$1,850	\$4,966	-
22	[Vacant]	5	3	11	17	15	\$330	\$909	\$12,183	\$18,779	\$1,236	\$2,745	\$5,209	\$3,454	\$33,898	\$389,149	\$1,202
23	B. Grodenchik	15	11	7	18	18	\$146,748	\$1,522	\$6,606	\$28,422	\$66,059	\$33,261	\$53,960	\$2,105	\$3,761	\$14,518	\$415,873
24	J. Gennaro	4	8	4	14	11	\$2,548	\$3,044	\$5,742	\$40,745	\$6,155	-	\$19,994	\$12,432	-	\$4,735	\$3,500
25	D. Dromm	6	4	8	11	9	\$383	\$21,589	\$1,750	\$4,932	\$3,750	\$580	-	\$1,875	-	\$34,715	\$118,029
26	J. Van Bramer	5	4	3	13	11	\$20,662	\$744	\$5,080	\$28,377	\$500	\$58,539	\$1,898	-	\$27,682	\$255,084	\$1,628
27	I. D. Miller	7	8	14	20	15	\$4,720	\$44,738	\$4,661	\$10,323	\$498,629	\$2,407	\$3,056	\$4,737	\$2,504	\$1,600	\$500
28	A. Adams	4	4	10	23	16	\$4,622	\$2,107	\$450	\$7,464	\$37,400	-	\$1,442	\$2,691	\$18,863	\$38,314	\$5,880
29	K. Koslowitz	4	6	8	14	19	\$1,413	\$41,950	\$3,465	\$8,934	\$25,033	-	\$23,751	\$5,604	\$138,127	\$288,703	\$22,328
30	R. Holden	6	6	4	30	17	\$393	\$3,700	\$6,702	\$24,182	\$35,844	\$6,684	-	\$1,314	\$7,060	\$6,716	\$46
31	S. Brooks-Powers	4	9	9	16	14	-	\$1,348	\$10,532	\$21,286	\$4,308	-	\$22,847	\$584	\$11	\$2,953	\$9,265
32	E. Ulrich	9	6	16	20	21	\$1,268	\$4,406	\$13,357	\$19,741	\$11,373	\$2,062	\$201,452	\$11,816	\$50,198	\$1,775	\$7,967
33	S. Levin	3	2	11	31	33	-	-	\$68,021	\$502,564	\$18,394	-	\$11,921	-	\$9,549	\$641,634	\$38,817
34	A. Reynoso	1	3	8	12	14	\$8,499	-	\$54,123	\$270,095	\$33,877	-	\$17,526	-	\$24,979	\$84,382	\$28,368
35	L. Cumbo	4	4	5	14	14	-	\$13,093	-	\$168,469	\$21,117	-	-	-	\$435,935	\$20,876	\$524
36	R. Cornegy Jr.	3	4	3	8	12	-	\$334,172	\$20,003	\$72,820	\$15,509	-	\$16,297	\$11,325	-	-	\$38,828
37	D. V. Diaz	-	3	9	9	7	-	-	\$11,863	-	\$11,993	-	-	\$8,717	\$6,610	\$21,734	-
38	C. Menchaca	-	3	3	6	18	-	\$634	\$9,035	\$7,301	\$209,775	-	\$870	-	\$2,914	-	\$128,391
39	B. Lander	6	7	10	22	19	\$35,134	\$4,170	\$10,215	\$21,458	\$39,283	-	-	\$1,207	\$40,107	\$2,989	-
40	M. Eugene	2	1	6	6	10	-	-	\$1,577	\$2,338	\$729,859	-	\$2,000	-	\$9,903	\$781,595	-
41	A. Ampry-Samuel	4	1	1	5	12	\$4,932	-	-	\$533	\$6,931	-	-	-	\$4,306	\$2,475	\$3,004
42	I. Barron	5	3	7	12	9	-	-	\$1,244	\$584,551	\$808	\$656,850	-	\$2,600	-	\$18,141	-

District/ Council Member		Number of Cases					Refunds					Abatements					Correction
		16-17	17-18	18-19	19-20	20-21	16-17	17-18	18-19	19-20	20-21	16-17	17-18	18-19	19-20	20-21	20-21
43	J. Brannan	3	1	11	15	15	\$947	-	\$7,964	\$9,294	\$55,635	\$41,355	\$7,000	\$2,368	\$5,529	\$4,114	\$2,051
44	K. Yeger	7	3	7	9	27	\$52,656	-	\$377	\$876	\$54,306	\$22,452	\$3,459	\$3	\$11,917	\$71,957	\$19,749
45	F. Louis	4	4	8	13	20	\$606	\$3,005	\$7,596	\$5,222	\$13,020	\$108,336	\$13,700	\$5,624	-	\$2,410	\$71,312
46	A. Maisel	6	7	8	22	17	\$10,306	\$6,092	\$1,012	\$24,476	\$9,354	\$5,086	\$3,033	\$11,622	\$23,467	\$36,403	\$32,508
47	M. Treyger	7	1	9	9	16	-	-	\$63,738	\$1,058	\$217,313	\$8,618	-	\$2,740	\$370	\$32,059	\$281,882
48	[Vacant]	13	6	19	21	23	\$84,013	-	\$3,176	\$305,983	-	\$3,471	\$6,143	\$13,812	\$14,076	\$27,465	\$3,927
49	D. Rose	8	3	9	16	18	-	\$18,515	\$3,534	\$3,676	\$23,020	-	-	\$7,094	\$173,936	-	\$7,188
50	S. Matteo	10	15	8	27	31	\$251	\$1,027	\$21,476	\$1,575,835	\$70,460	\$16,009	\$38,009	\$3,449	\$2,534,582	\$511,411	\$8,151
51	J. Borelli	9	11	19	29	24	-	\$1,533	\$29,907	\$49,662	-	\$22,974	\$18,190	\$18,512	\$63,596	\$76,471	\$5,766
Other		-	1	4	6	17	-	\$12,000	-	-	\$733,824	-	-	\$2,021	-	\$269,359	\$10,550,614
Total		265	253	387	796	903	\$680,097	\$703,274	\$586,641	\$6,770,041	\$3,931,536	\$1,120,989	\$698,870	\$208,699	\$5,115,282	\$11,639,874	\$17,328,944

I. Business and Excise Tax Cases and Inquiries by Subcategories¹²

Of the 154 business tax cases and inquiries that OTA handled in tax year 2020-21, 110 involved business corporation tax (BCT) or general corporation tax (GCT) issues,¹³ including 48 involving refunds and abatements, 23 involving the filing or processing of returns, and 17 involving payments. Another 29 cases and inquiries handled by OTA involved unincorporated business tax (UBT) issues, including 10 involving refunds and abatements. The COVID-19 pandemic has contributed to the overall increase (58) in refunds and abatements issues across the business income tax subcategories. Business tax audits have increased as the result of better outreach to tax professionals. For a full breakdown of all business tax issues by subcategory and year, see Appendix 4.

Top 7 Business Tax Cases and Inquiries by Subcategory, by Tax Year in OTA's Most Recent Three Years

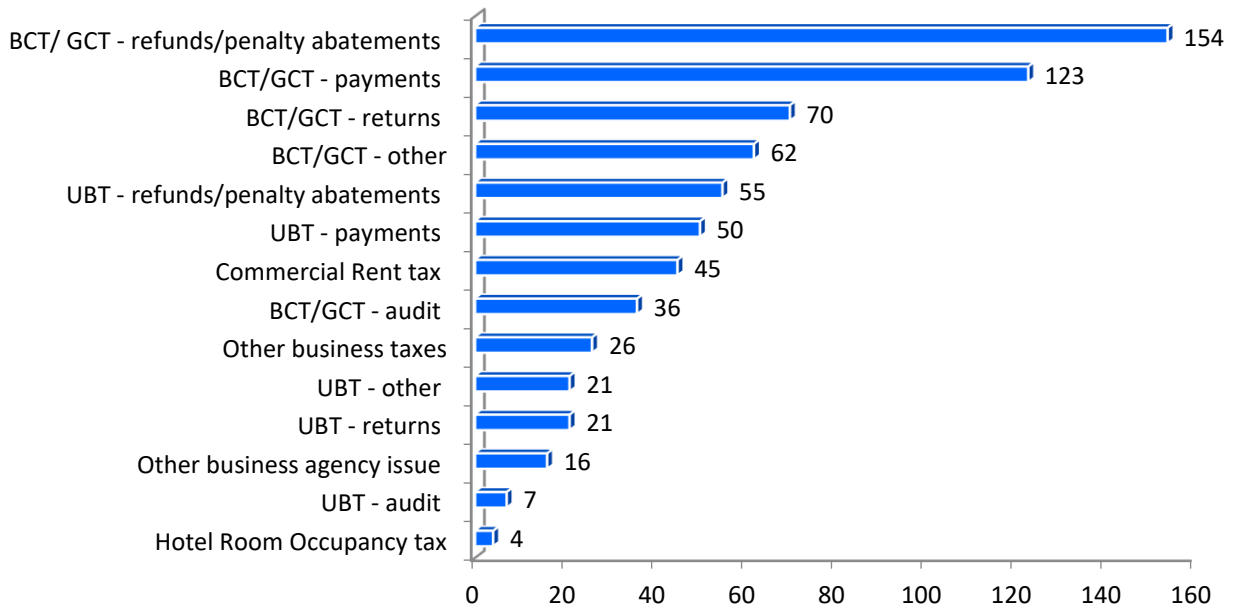


¹² The subcategories of business and excise tax cases and inquiries are subdivided into issue types from four major business tax types: business corporation tax/general corporation tax, unincorporated business tax, commercial rent tax, and other taxes.

¹³ 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 yet exist, 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.

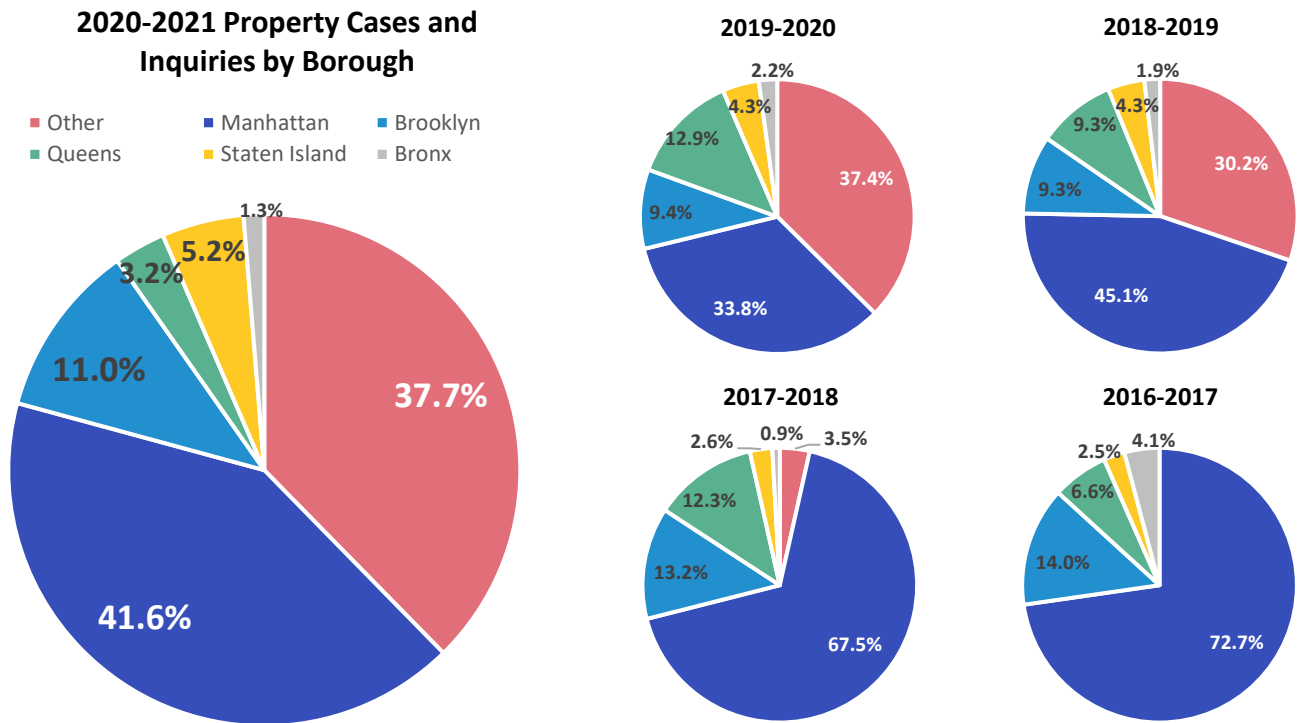
Of the 690 business tax cases OTA has handled in its first five full reporting periods, 445 involved BCT/GCT issues, and 154 involved UBT issues. Payments and refunds/penalty abatements make up 55.3% of all total business cases.

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



J. Business and Excise Tax Cases and Inquiries by Borough

OTA continues to see the most notable growth related to business tax issues 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.¹⁴ In OTA’s first two full years of existence, about two-thirds of all business tax cases and inquiries came from Manhattan. Over the past two reporting periods, that number is approximately equal to cases and inquiries outside New York City, the result of better outreach in particular to several tax professionals who have clients with tax presences in multiple jurisdictions. The decrease in Queens-related business cases may be related in part to OTA’s outreach over the past reporting period being entirely virtual; in previous tax years, OTA had conducted in-person outreach events in individual neighborhoods, of which many of the well-attended ones were in Queens.



¹⁴ 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 District¹⁵

OTA handled business tax cases resulting in refunds, abatements, or corrections¹⁶ for business taxpayers in 21 of the City’s 51 council districts during tax year 2020-21. Forty-four cases resulting in either abatements, refunds, or corrections could not be attributed to a district; as indicated in the previous section, OTA’s largest corporate tax case load for 2020-21 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, Abatements, and Corrections by City Council District for
Tax Years 2016-17, 2017-18, 2018-19, 2019-20, and 2020-21**

District/ Council Member	Number of Cases					Refunds					Abatements					Correction
	16-17	17-18	18-19	19-20	20-21	16-17	17-18	18-19	19-20	20-21	16-17	17-18	18-19	19-20	20-21	20-21
1 M. Chin	6	9	3	9	17	\$6,017	\$1,000	-	\$56,603	\$717,011	\$149,503	\$7,335	-	\$2,906	\$157,890	\$4,000
2 C. Rivera	-	2	2	2	7	\$86,020	-	-	\$11,351	\$23,496	-	\$2,875	\$11,772	-	\$4,222	-
3 C. Johnson	1	7	5	10	6	-	\$859	-	\$18,934	\$36,951	-	\$30,056	\$10,301	\$5,106	\$11,224	-
4 K. Powers	17	18	7	16	20	\$204,493	\$542,615	\$130,009	\$145,810	\$214,790	\$61,546	\$10,973	-	\$70,626	\$432,038	\$2,753,501
5 B. Kallos	-	3	2	-	-	-	\$1,582	-	-	-	-	\$964	\$11,348	-	-	-
6 H. Rosenthal	1	3	4	-	2	-	-	-	-	-	-	\$792	-	-	\$28,877	\$70,000
8 D. Ayala	1	-	-	1	-	-	-	-	-	-	\$28	-	-	-	-	-
9 B. Perkins	2	-	-	-	1	-	-	-	-	-	\$291	-	-	-	\$2,139	-
10 Y. Rodriguez	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 K. Riley	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
15 O. Feliz	1	-	-	-	-	-	-	-	-	-	\$12,749	-	-	-	-	-
16 V. Gibson	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-
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 [Vacant]	-	1	-	-	-	-	-	-	-	-	-	\$4,378	-	-	-	-

¹⁵ Omitted districts have not had any cases with refunds or abatements through March 31, 2021.

¹⁶ For an explanation of the new “Corrections” category, see Part III.L.

District/ Council Member		Number of Cases					Refunds					Abatements					Correction
		16-17	17-18	18-19	19-20	20-21	16-17	17-18	18-19	19-20	20-21	16-17	17-18	18-19	19-20	20-21	20-21
23	B. Grodenchik	-	-	-	2	1	-	-	-	-	\$281	-	-	-	-	-	-
25	D. Dromm	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
26	J. Van Bramer	-	3	-	-	2	-	\$916	-	-	-	-	-	-	-	-	-
27	I. D. Miller	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-
29	K. Koslowitz	-	1	-	-	1	-	-	-	-	-	-	-	-	-	\$193	-
31	S. Brooks-Powers	1	2	2	-	-	-	-	-	-	-	-	-	\$21,415	-	-	-
32	E. Ulrich	1	1	1	-	1	\$10,052	-	-	-	-	-	-	\$7,031	-	\$979	-
33	S. Levin	-	1	2	6	3	-	\$330	-	-	\$7,270	-	-	-	\$13,534	\$6,736	\$31,371
34	A. Reynoso	1	3	-	-	1	\$59,656	-	-	-	-	-	\$3,309	-	-	-	-
35	L. Cumbo	-	-	1	-	-	-	-	-	-	-	-	-	\$385	-	-	-
36	R. Cornegy Jr.	-	-	-	-	2	-	-	-	-	-	-	-	-	-	\$967	-
38	C. Menchaca	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-
39	B. Lander	1	-	-	-	-	-	-	-	-	-	\$221	-	-	-	-	-
41	A. Ampry-Samuel	-	3	-	-	-	-	\$25,330	-	-	-	-	\$3,346	-	-	-	-
43	J. Brannan	-	-	-	1	1	-	-	-	-	\$1,719	-	-	-	-	-	-
44	K. Yeger	1	1	1	1	-	-	-	-	\$5,019	-	\$232	\$4,530	-	-	-	-
45	F. Louis	1	-	-	-	1	-	-	-	-	-	-	-	-	-	\$6,664	-
46	A. Maisel	-	-	-	-	2	-	-	-	-	-	-	-	-	-	\$30	-
49	D. Rose	-	-	2	1	2	-	-	-	-	\$6,914	-	-	\$1,698	\$1,353	-	-
50	S. Matteo	-	1	1	1	1	-	-	-	-	-	-	\$135,018	\$2,758	\$8,280	\$526	-
51	J. Borelli	-	1	1	-	-	-	-	\$13,240	-	-	-	-	-	-	-	-
Outside of NYC		4	7	54	25	44	-	-	\$178,796	\$268,638	\$165,950	\$26	\$35,564	\$1,194,921	\$1,247,120	\$138,733	\$2,521,716
Total		41	70	90	81	118	\$366,230	\$572,632	\$336,045	\$512,627	\$1,174,383	\$253,416	\$249,002	\$1,278,086	\$1,350,205	\$791,217	\$5,380,588

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

Due to an internal policy review of case dollar impact, OTA has adjusted the designation of DOF resolutions for tax year 2020-21 to include a new category, “DOF Corrections,” to reflect misapplied payments that did not result in a refund or a reduction in existing charges. Technical PTS-related adjustments were classified as “corrections.” Corrections accounted for a large part of OTA’s dollar impact this year, much due to one misapplied property tax payment case worth \$10 million, another two worth about \$1 million apiece, and two general corporation tax cases totaling \$3.2 million.

OTA has also seen growth in tax year 2020-21 regarding property tax abatements (\$12,413,334), though more than \$7 million of that was also attributable to a single case. For a full breakdown of property taxes dollar impact by category, please refer to Appendix 5.

Overall, since April 1, 2016, OTA intervention has resulted in \$15,633,506 in refunds, \$22,687,936 in abatements, plus \$22,709,531 in corrections for tax year 2020-21.

	Refunds	Abatements	Corrections	\$ Impact Total
TY 2016-17	\$1,046,327	\$1,374,405	N/A	\$2,420,732
TY 2017-18	\$1,275,907	\$947,872	N/A	\$2,223,779
TY 2018-19	\$922,685	\$1,486,787	N/A	\$2,409,472
TY 2019-20	\$7,282,668	\$6,465,537	N/A	\$13,748,205
TY 2020-21	\$5,105,920	\$12,413,334	\$22,709,531	\$40,228,785
Total	\$15,633,506	\$22,687,936	\$22,709,531	\$61,030,973

REFUNDS	Business	Property	Total
TY 2016-17	\$366,230	\$680,097	\$1,046,327
TY 2017-18	\$572,632	\$703,274	\$1,275,907
TY 2018-19	\$336,045	\$586,641	\$922,685
TY 2019-20	\$512,627	\$6,770,040	\$7,282,668
TY 2020-21	\$1,174,383	\$3,931,536	\$5,105,920
Total	\$2,961,917	\$12,671,589	\$15,633,506

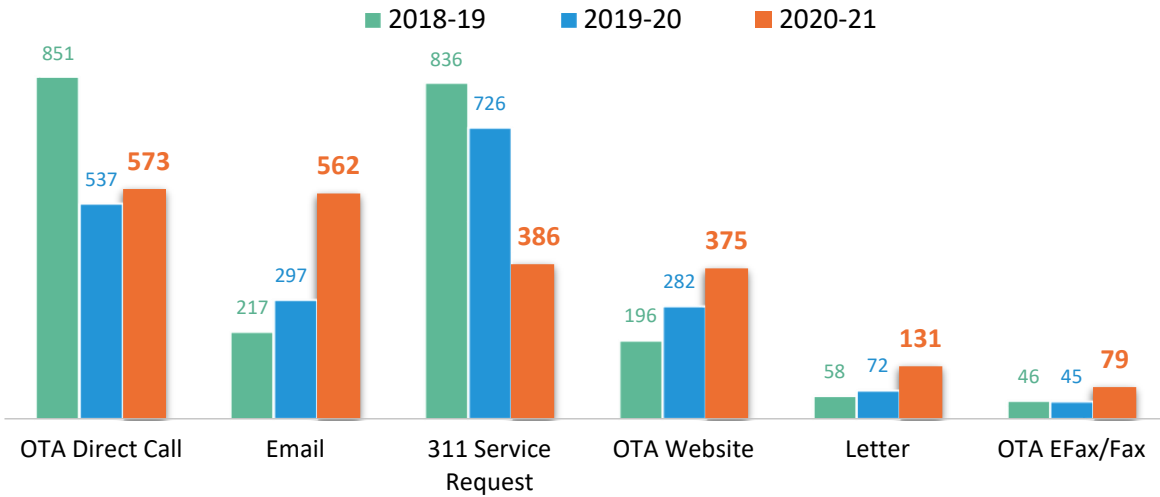
ABATEMENTS	Business	Property	Total
TY 2016-17	\$253,416	\$1,120,989	\$1,374,405
TY 2017-18	\$249,002	\$698,870	\$947,872
TY 2018-19	\$1,278,088	\$208,699	\$1,486,787
TY 2019-20	\$1,350,205	\$5,115,332	\$6,465,537
TY 2020-21	\$791,217	\$11,622,118	\$12,413,334
Total	\$3,921,927	\$18,766,008	\$22,687,936

CORRECTIONS	Business	Property	Total
TY 2020-21	\$5,380,588	\$17,328,944	\$22,709,531

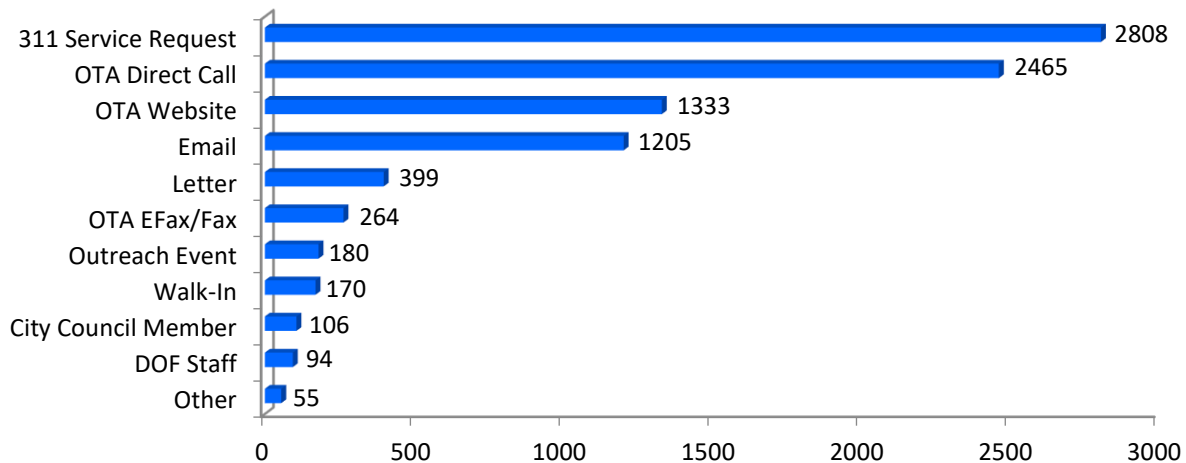
M. Referrals by Source

Direct calls continue to account for the largest source of OTA cases and inquiries while 311 referrals continue to decrease in light of the Customer Service Center successfully handling personal exemptions issues. Additionally, the COVID-19 pandemic has placed an emphasis on virtual communications,¹⁷ resulting in an increase in queries via email (89% growth) and the OTA website (33% growth). Letter referrals have also increased by 82%, largely due to elderly taxpayers who would normally be assisted in person or prefer not to communicate electronically.

Top 6 Sources of OTA Referrals by Tax Year



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

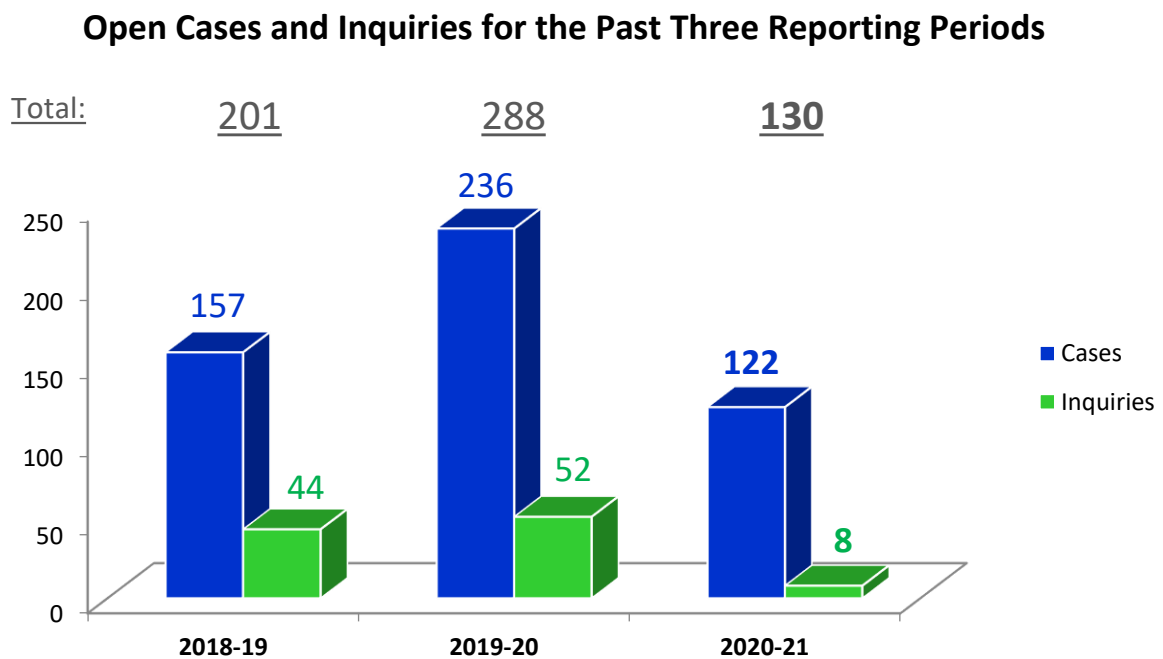


¹⁷ Six of the eight “walk-in” referral cases were opened in the previous tax year but closed in the current one. Two additional walk-ins visited our offices and received our remote information.

N. Open Cases and Inquiries

As of April 1, 2021, OTA had 122 cases and eight 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. Compared to the previous year, the number of open cases decreased by 48% (236 open cases as of April 1, 2020); meanwhile, inquiries decreased by 85% (52 open inquiries as of April 1, 2020).

During the 2020-21 reporting period for OTA, the average time to investigate, advocate, and resolve¹⁸ a case was 87 days. Case resolution time has been affected by OTA's growing trend of receiving more complex cases, which take longer to review and resolve, combined with an overflow of outstanding cases as DOF continues to integrate new technologies.



¹⁸ 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 12% of all closed cases in its first five full years. For a breakdown of cases for which OTA could not grant relief, see Part III.E.

Part IV: DOF-OTA Collaborative Successes

OTA alerts DOF to systemic issues as they arise throughout the year, not just in the annual report. Some significant collaborations showing how OTA helps the department operate more efficiently on a day-to-day basis are highlighted here.

Better EEO Transparency

The Equal Employment Opportunity and Disability Services Facilitator (EEO) is an integral part of DOF. Among other duties, EEO assists taxpayers with disabilities with reasonable accommodations, including extensions of time to file applications for benefit programs, such as personal exemptions and the Rent Freeze Program. As these benefit programs often involve vulnerable populations who need assistance, they may be denied benefits to which they are entitled without reasonable accommodation.

The Taxpayer Advocate met with EEO about how to better improve communication between the offices. EEO informed OTA that the uniqueness of each applicant's situation requires they be evaluated on a case-by-case basis (i.e., that there are no "one-size-fits-all" criteria). EEO also agreed to copy OTA on all final determinations involving cases OTA referred. Such open lines of communication will help OTA better assist vulnerable taxpayers.

Fillable PDF Exemption Applications

Taxpayers applying for exemptions may prefer paper applications to the e-File system. Last summer, OTA discussed with the Homeowner Tax Benefits Unit (HTB) including fillable PDFs as an option to complete exemption applications. Fillable PDFs are a user-friendly format that would allow taxpayers to type in their answers without printing out the form. HTB, the Senior and Disabled Program (SDP), and External Affairs agreed.

With the rollout of DOF's new "evergreen" applications—which can be reused for personal exemptions, as they are not specific to the year of application—all personal exemption applications are now available in fillable PDF form. All applications can be found at www.nyc.gov/exemptionforms.

Restored Taxes Meetings

In June 2020, OTA made the Property Division aware of at least six longstanding open cases involving cooperatives that had restored taxes from previous tax periods, and other cases involving unexplained back charges related to the integration of data in the old property systems. The origins of these charges were unclear, so OTA had trouble discerning the proper procedure to report and resolve them. OTA arranged biweekly meetings involving Exemptions, Payment Operations, and FIT to rectify these outstanding issues. The meetings established the correct procedures and points of contact. By October 2020, with nearly all cases receiving some form of resolution or progress, the meetings were successfully discontinued. The collaboration between OTA and other divisions and units is a prime example of improved interdivisional communication.

Part V: 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. Misclassified Apportionment Corrected

A taxpayer contacted OTA because her property taxes spiked tenfold due to what she perceived as a temporary misclassification during an apportionment.

Taxpayer and her brother purchased a tax class 4 lot in 2010, intending to subdivide it. They began constructing adjoining three-unit buildings on the proposed new lots. DOF assessed the property as one lot with a six-unit building for fiscal year 2014-15—temporarily changing the tax class to 2A and leading to the near-tenfold increase in property taxes. Because taxpayer filed the paperwork for apportionment with DOF in June 2014 (the final assessment rolls close annually in May), the property was not eligible for subdivision until fiscal year 2015-16. That year, the two apportioned lots were reclassified as tax class 1—resulting in a two-thirds reduction in taxes—and they have remained so since.

The taxpayer believed the property should have been assigned to tax class 1 for tax year 2014-15, as well. When the taxpayer first approached OTA in 2015 with this issue, she claimed, but could not verify, that the apportionment date was 2011. As DOF had no proof of the taxpayer's intent to subdivide the property before June 2014, the reclassification to tax class 2A was proper. The taxpayer spent the next five years appealing to local legislators, DOF's External Affairs Division, assessors, and other government officials, gaining more knowledge about her dilemma, but no resolution to the matter was achieved, as elements of it remained unclear.

In the spring of 2020, she asked OTA to reopen the case. The 2011 date she claimed for the apportionment was when she had applied for construction with the Department of Buildings—and the plans and diagrams of the intended apportionment were on file with DOB. OTA presented these documents to DOF's Property Division as evidence of intent. Property agreed that the DOB application was evidence of the taxpayer's intentions and reclassified the (pre-apportioned) property as tax class 1 for the 2014-15 fiscal year. The taxpayer, who had entered a payment plan for the year in question, was no longer in debt for \$34,824.54.

2. Unapplied Amended Condo Declaration Corrections

A member of the board for a condominium in Queens contacted OTA on January 27, 2021, for assistance regarding conflicting common interest percentage (CIP)¹⁹ as submitted to New York City in an Amendment to the Condominium Declaration dated November 28, 2007. The complaint stated that the CIP breakdowns used by the Department of Finance to determine assessed value were incorrect and associated with an earlier condominium declaration dated November 13, 2007.

¹⁹ Common interest percentage is the ownership percentage based on the value of the suffix—or group of units with similar uses, such as commercial or residential—as found in the most recently recorded condominium declaration. It is used to determine ownership percentage for all condos apportioned beginning in July 2007.

Having confirmed that the amendment was timely filed, OTA consulted with the DOF assessor's office and the Tax Map Unit regarding the submission process of the amendment. The assessor's office and Tax Map Unit updated the CIP pursuant to the amendment. The units whose CIP decreased as a result of the change netted a total savings of \$17,756.57, which will be reflected on the 2021-22 final assessment roll.

In addition, under the guidance of OTA, the board filed for a CER on behalf of the affected unit owners for a correction on the CIPs per unit and an adjustment to the assessed value for these units for the most recent six years. OTA advised that only the units in which the assessed value decreases are eligible for a valuation change during the filing of a CER and will potentially result in the affected unit owners' remissions.

BUSINESS

3. Unincorporated Business Tax – First-Time Penalty Abatement

A partnership operating at a loss had merged with a corporation. The merger resulted in a cancellation of debt corresponding with a gain realized by the parent corporation pursuant to a convertible note. The partnership's tax representative was uncertain of how to recognize the debt cancellation gain at the federal level, particularly given that the gain was essentially "phantom income," with no cash exchanged. The representative's research revealed that, despite the nature of the gain, the partnership would have to file a UBT return for the cancellation of debt income for the period ending May 31, 2018.

By the time the representative reached this conclusion, the return was overdue. The taxpayer applied for a voluntary disclosure on August 20, 2019. In response, the taxpayer was informed that the application was rejected because a "[voluntary disclosure] agreement will not be offered for failure to file a single return." A penalty was assessed – the first ever for this taxpayer – and the taxpayer applied for a penalty abatement. The abatement request was in turn rejected because no payments had been made toward the taxpayer's obligations.

OTA found that the taxpayer had made all reasonable efforts that a person of ordinary prudence and intelligence might expect in determining correct procedure and filing the return. Given that the source of the penalty was the taxpayer's own initiative, OTA agreed the taxpayer had reasonable cause. The matter was submitted to the Collections Analytics team for review. The result was a reasonable cause abatement of a \$20,836.96 penalty.

4. General Corporation Tax – Hotel Tax Warrant Vacated

A midtown Manhattan hotel reached out to OTA for assistance after timely mailed hotel tax payments were returned to sender.

On June 19, 2019, the taxpayer had mailed its NYC hotel occupancy tax returns and payments for the tax period from March 1 and May 31, 2019, to the address on the returns. On December 19, 2019, the taxpayer sent the payment for the period from September 1 to November 30, 2019. Several weeks later, both payments came back to the taxpayer marked "Returned to Sender," and stamped "insufficient address" and "unable to forward." Fortunately, the taxpayer had certified proof of mailing showing that the payments were sent on time, as evidenced by postal service tracking and claim information. The taxpayer's payments were eventually accepted and credited.

However, once the payments had posted, the taxpayer received a bill for penalties and interest. Although the penalties for late filing and late payment were waived, the interest charges remained outstanding and led to the issuance of a tax warrant judgement. To determine whether there was a basis for vacating the judgment, OTA reviewed the documentation provided by the taxpayer, including the certified mail receipts and cancelled envelopes, and sent its findings to DOF's Collections Unit.

Collections agreed that the taxpayer's copy of a certified mail receipt dated June 20, 2019, was sufficient proof of timely filing of the hotel tax return with the payments due for the period ending May 31, 2019. As a result of OTA's efforts on behalf of the hotel, the warrant was vacated and interest removed, saving the taxpayer \$1,074.04.

NOT-FOR-PROFIT (NFP)

5. NFP – Renewal Lapse

The NFP exemption on a religious instruction and educational opportunities organization lapsed in Fiscal Year 2014-15 after the administrator passed away and many of the other leaders were elderly and ill. When the new administrator tried to reinstate the exemption in 2018 to avoid a lien sale, she found the property had several violations preventing its approval.

The administrator entered the organization into an installment agreement, which she paid out of her own pocket, cashing Social Security checks to keep the organization afloat, but this proved too burdensome and the NFP defaulted. Furthermore, commercial properties are not eligible to submit extenuating circumstances applications, meaning the NFP had little recourse.

During a review of the property history and case, the NFP ombudsperson learned from the administrator that in February 2020 the NFP had entered into an agreement with an architect to address the violations and remodel the structure on the lot. The ombudsperson assisted the administrator to refile an NFP application with the new plans. Upon review, the NFP unit approved the exemption in full, retroactive to the date of the agreement with the architect. The ombudsperson informed the administrator that the property account had been adjusted to reflect the changes, saving the taxpayer \$12,672.72.

6. NFP – Mid-Year Remission Approvals

A medical center received a midyear approval for an NFP exemption that should have canceled the total outstanding balances for the year. However, the January 2021 property tax bill did not include an adjustment to account for the property taxes paid prior to the NFP approval. The ombudsperson notified the NFP Unit, which promptly resolved the issue, resulting in a refund of \$7,108,893.49.

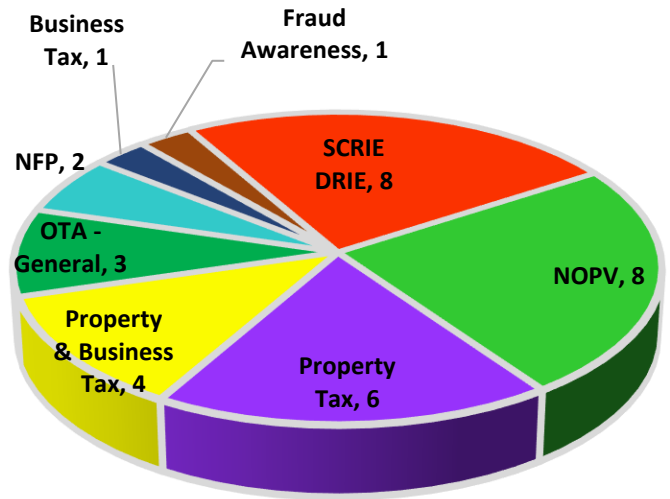
Another midyear approval involved a yeshiva which was granted an exemption on November 6, 2020, but the account was not updated in time for the January 2021 billing period. The NFP Unit resolved the issue after reviewing the property approval and previous payment history, resulting in a credit of \$35,796.27.

In both cases, the ombudsperson was able to offer timely service that allowed these organizations to stay on course budgetarily during a difficult financial year.

Part VI: OTA Outreach Efforts

Typically, OTA reports on per borough events and participation; however, during tax year 2020-21, OTA outreach efforts took advantage of virtual platforms in lieu of in-person events. In total, OTA participated in 33 virtual outreach events and OTA was able to reach out to 2,159 individuals.

OTA sought out community-based organizations (CBOs), elected officials, and government agencies with direct access to taxpayers requesting assistance for specific issues to maximize outreach opportunities in the new digital environment. At the start of the pandemic, OTA also organized the “Moving Forward Under COVID-19” event for CBOs and elected officials regarding DOF and OTA’s services. OTA also participated in six events for tax professionals to provide updates on new legislation and policy changes introduced in response to the pandemic.



Much of OTA’s outreach focused on reaching vulnerable populations, such as the elderly and disabled, with eight out of 33 events covering the Rent Freeze Program. OTA was on hand to assist with all eight of DOF’s NOPV events in preparation for the upcoming 2021-22 fiscal year, with each event averaging 109 taxpayers in attendance. OTA also participated in 10 additional events that covered updates to property tax and exemptions, and business tax.

NFP Outreach:

In its inaugural year, the NFP ombudsperson participated in NFP-centric events and other DOF events. First, the ombudsperson was introduced on August 24, 2020, at the meeting for the NFP Taskforce.²⁰ Next, the ombudsperson and OTA attended the Nonprofit New York monthly Government Relations Council meeting in December 2020. As a result of the meeting, Nonprofit New York and OTA will collaborate in 2021 to communicate with its 1,500 members. The ombudsperson will seek to work with additional umbrella organizations in 2021-22.

Some NFPs do not fall under any umbrella organization and require direct outreach. The NFP ombudsperson worked with the NFP Exemptions Unit and the External Affairs constituent director to reach underserved populations through phone calls to non-responders prior to the 2021-22 property tax year’s adjusted renewal application deadline of April 1, 2021.

²⁰ The NFP Taskforce, formed in 2018, meets periodically and is comprised of representatives from DOF and other City and state agencies in conjunction with outside legal practitioners and leaders within the NFP community. Its goals are to communicate efficiently and transparently about the NFP enrollment process, encourage high renewal rates, and broaden DOF’s outreach to those who may face difficulties understanding agency processes.

Part VII: DOF Actions on 2020 Recommendations

OTA made 13 recommendations in its 2020 annual report. This section provides the status of the implementation of those recommendations.

Recommendation No. 1: Availability of Form NYC-EXT for Short-Period Filers

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.

DOF Action:

Through e-Services in the Business Tax System (BTS), DOF will be making NYC-EXT forms available earlier in the year, prior to January. DOF is reviewing with the BTS FIT team any potential errors before making these available through e-Services. Per FIT, NYC-EXT forms are now evergreen, removing the date restrictions for filing extensions on e-Services.

Recommendation No. 2: “Invalid” Extensions

- 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.**

DOF Action:

Payment Operations is working with the BTS vendor to address the invalid extensions issue: (1) A pop-up to alert the taxpayer that they could be submitting invalid payments, and that amounts entered might not be correct; (2) A “timely extension” letter—DOF will be providing an acknowledgement letter for timely extensions filed. Such requests, when implemented, should help rectify issues with MeF autogenerated messages.

Recommendation No. 3: Credit Reductions

- 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.**

DOF Action:

Implementation is in progress regarding revision of the Reduced Refund/Credit Notice in BTS. DOF will begin to review and prioritize public-facing notices with a working group. There currently is a priority list of requests for the BTS vendor, and a notice for when Payment Operations revises and reduces credits will be added to ensure it is given precedence.

Recommendation No. 4: Forms as “Cases” in BTS

DOF should change the way BTS inputs data so that the data in [underpayment of estimated taxes and extension] forms are automatically incorporated into a taxpayer’s information.

DOF Action:

DOF’s Payment Operations Division has decided no radical changes are needed at this time.

Recommendation No. 5: Scanning Envelopes

- 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.**

DOF Action:

DOF confirmed that the vendor for all tax returns is scanning envelopes into BTS. However, the vendor that handles payments cannot scan envelopes into BTS due to how the envelopes are processed. The vendor includes a five-day prior postmark date to provide the taxpayer a greater benefit of timely submissions. If a taxpayer shows alternative evidence about the date of postmark, staff are instructed to abate late penalties. In the event of Post Office issues, such as a major snowstorm, DOF will meet with the vendor about whether mail is delayed; if so, the staff will change the postmark date to 10 days.

Recommendation No. 6: CRT Small Business Credit for Part-Year Filers

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.

DOF Action:

This recommendation addressed a technical flaw in section 11-704.4 of the NYC Administrative Code that eliminates the credit for short-year CRT taxpayers. DOF has drafted legislation to fix this issue, and it remains on the local legislative agenda.

Recommendation No. 7: Appealing a Notice of Disallowance

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.

DOF Action:

The current user input parameters for the Notice of Disallowance letter include checkboxes for the selection of the two-year vs. 90-day period (as opposed to a dropdown menu or list)—a procedure implemented to require more deliberate action by the user creating the notice. To improve the input screen and mitigate any risk of user error, DOF has implemented a change to BTS so that now the user must add and change the current selection text. This way, they are explicitly directed to the appropriate checkbox for business or excise taxes.

Recommendation No. 8: Old Property Charges Showing on Current Tax Bill

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.

DOF Action:

Payment Operations maintains a standing bi-weekly meeting to improve communications with taxpayers and ensure their understanding of their property tax bill. In addition, Payment Operations is exploring the production of video tutorials to walk customers through how to read property tax bills.

Recommendation No. 9: Dropped BBLs

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

DOF Action:

The cause of the dropped lot issue was the result of a one-time integration error within the old property tax software that PTS corrected. Dropped lot issues are addressed on a case-by-case basis to fix the problems associated with impacted taxpayers. The Property Division reviewed the conditions that generated the issue and has adjusted their remissions process.

Recommendation No. 10: Delay in Property Tax Bill Receipt

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.

DOF Action:

DOF fosters stronger working protocols with mortgage service companies handling property taxpayers' bills to ensure that they are providing DOF with up-to-date information. DOF is also reviewing opportunities to include directions to the taxpayers on steps they can take when they close their mortgage. The Land Records Division confirmed that when a customer changes the property mailing name and address on the web, that information, once reviewed and approved by Land Records, will supersede the prior mortgage data.

Recommendation No. 11: Notification of Changes to Property Tax Account

DOF should automatically send property owners a notice when changes²¹ are made to their accounts, rather than waiting for the changes to appear on periodic statements.

DOF Action:

DOF has reviewed its current practices and has decided that its noticing practices are sufficient.

Recommendation No. 12: DOF Information Distribution

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

DOF Action:

In light of COVID-19, DOF prioritized virtual communications and providing pandemic-related guidance. DOF is working to put forth a long-term media plan to communicate with taxpayers about exemptions programs, using more dynamic means of communications. Such a plan includes informational videos highlighting each of the nine personal exemptions, instructional videos to complete personal exemptions applications, and train-the-trainer videos for CBOs.

Recommendation No. 13: Intra-agency Communication for Unrelated Charges

- 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.**

DOF Action:

Adding a link to the “Other Agency Charges” page on the www.nyc.gov/nycproperty portal was not immediately feasible, as it involved PTS software update requests through a third-party vendor. However, OTA learned that the link could be placed on the “FAQ” page, which links from the portal, and requested that it be placed there. As FIT communicates with the third-party vendor, OTA will continue to encourage FIT that this link be placed more prominently in future PTS software updates.

²¹ Such changes included revocations, remissions, or other adjustments that may affect the amount of taxes due.

Part VIII: Updated DOF Responses to Prior OTA Recommendations

DOF committed to implement or otherwise resolve recommendations in prior reports. OTA discusses the progress DOF has made toward the completion of these initiatives here.

Business Tax Hardships

In last year's annual report, OTA discussed forming a working group with other DOF units and divisions to implement some of the small business owner hardship recommendations.²² OTA would like to highlight the completion of new offer-in-compromise (OIC) forms and procedures that correct discrepancies between the previously relied upon state procedures and the actual DOF procedures,²³ and for the first time provide DOF-created forms with which a taxpayer can apply. Furthermore, the DOF webpage²⁴ now allows taxpayers to "pre-screen" whether their offer would potentially qualify for an OIC before they take the time to complete the applications. Launched in March 2021, the new OIC information allows taxpayers to better understand the program and whether OIC is an option.

Installment Agreement Guidelines

OTA previously recommended that DOF prominently feature a link to its installment agreement guidelines on the agency's website.²⁵ DOF's PT AID payment plan is now highlighted and easily accessible on its home page. Within the PT AID site are links to the standard payment plan for property taxes and sidewalk repair payment plans.

SCHE/DHE Guidance on Eligibility

In 2019, OTA recommended publishing guidance to resolve misunderstandings in the SCHE/DHE application process, including whether taxpayers who applied prematurely can reapply.²⁶ SDP has published a detailed video on SCHE/DHE applications on YouTube that walks through both the paper and online application and provides best practices for completing the application correctly.

Training on Reading a Federal Income Tax Return

The federal Tax Cuts and Jobs Act of 2018 initiated a slew of changes to income tax laws that affected the calculation of income and the filing of federal tax returns. In 2019, OTA recommended hosting a training for the SDP Unit on how to read and analyze a 2018 federal income tax return for purposes of calculating income for homeowner exemptions and the Rent Freeze Program.²⁷ On September 17, 2020, OTA hosted a successful training for SDP. Upon hearing OTA had created such training materials, External Affairs also requested an OTA training session. OTA conducted that training on October 15, 2020.

²² See the section on "Business Tax Hardships" in Part II of the 2020 OTA Annual Report.

²³ See also 2018 Recommendation No. 18: Offer-in-Compromise.

²⁴ <https://www1.nyc.gov/site/finance/taxes/offer-in-compromise-program.page>.

²⁵ See 2018 Recommendation No. 23: Installment Agreements.

²⁶ See 2019 Recommendation No. 8: Ownership Eligibility Data.

²⁷ See 2019 Recommendation No. 12: Potential Issues Regarding Federal Tax.

CRT Legislation to Correct a Technical Error

In its 2019 annual report, OTA drew attention to a technical error in recent commercial rent tax legislation (CRT) (section 11-704.4 of the NYC Administrative Code) regarding a discrepancy between the change in the rent threshold²⁸ required to pay CRT and the filing requirement threshold remaining unchanged.²⁹ Due to this discrepancy, taxpayers whose commercial rent is between \$200,000 and \$249,999 could be subject to a \$100 non-filing penalty. In the 2020 report, DOF had suggested including the closure of this technical error in its proposed local legislation providing for part-year return filers.³⁰ DOF has since made some administrative adjustments to address this technical issue in order to avoid assessing an additional fee.

“Payment Lock” Description

A “payment lock,” or “credit lock” puts a taxpayer’s payment or credit on hold until the return for which the taxpayer designates the funds is filed, or the taxpayer gives permission to apply it elsewhere. As some tax professionals and sophisticated taxpayers were unfamiliar with the terms, in 2019, OTA recommended DOF define “payment lock” or “credit lock” on a taxpayer’s period detail report alongside other definitions.³¹ DOF’s Payment Operations Division agreed, and it has changed the language on the period detail letter significantly.

Property Tax Refund Language

In 2019, OTA recommended that DOF property notices include refund language differentiating between mixed credits—refunds vs. overpayments vs. SCRIE/DRIE tax abatement credits—and include an updated timeline for taxpayers on when to expect refunds. OTA also recommended increasing awareness and streamlining the refund request process for taxpayers.³²

Accordingly, the following language has been approved for inclusion on the July 1, 2021 property tax bill:

In most cases, if you have an overpayment or credit on your account, it will be applied to your unpaid property taxes. If your taxes are paid in full, you can request to receive a refund or apply your credit to a different charge or account. For more information, visit www.nyc.gov/propertytaxrefund.

²⁸ 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.

²⁹ See 2019 response to 2018 Recommendation No. 20: Commercial Rent Tax (CRT) Filing Requirement.

³⁰ See 2020 Recommendation No. 6: CRT Small Business Credit for Part-Year Filers.

³¹ See 2019 Recommendation No. 16: Particularized Descriptions for Payment Locks.

³² See 2019 Recommendation No. 19: Property Tax Refund Request Language.

More DOF Tutorials

In 2019, OTA recommended that DOF create a video series instructing property owners on different tools: browsing PTS, making a CityPay payment, reading the annual NOPV, and applying for SCRIE/DRIE. Last year, DOF’s External Affairs Division reported that it had created a six-part feature on applying for Condo Mergers & Apportionments, Condo/Coop Online Application Portal, e-Services Enhancement Introduction, How to Pay for Property Taxes Online, How to Sign-Up for Monthly Autopay for Property Taxes, and How to Apply for SCHE & DHE Applications.³³

Interest Calculators³⁴

In April 2019, a tool for outstanding balances was introduced on the public access property site to aid customers in projecting interest calculations for current open balances for specific dates in the future. For a breakdown of satisfied balances that accrued interest, a customer may refer to the “Account History” tab of the public access property site while logged into their account and click on “Click here for the Account History Details.”

³³ See 2019 Recommendation No. 5: DOF Tutorial Tools — “How To” Use.

³⁴ See 2019 Recommendation No. 18: Interest Calculators and Guidelines.

GLOSSARY

Abatements – A reduction in real estate tax liability through credit rather than a reduction in taxable assessed value. The City has several abatements, for 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 Take Over – 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 –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. The 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 new 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 III.D. (p. 14) – Complete List of OTA Issues for Its First Five Full Years

OTA has re-categorized data each year to ensure better accuracy in tracking issues. 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 two categories (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. Note, also, 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.

Issues Presented	TY 2016-17	TY 2017-18	TY 2018-19	TY 2019-20	TY 2020-21	Total
Total	323	375	1685	2284	2613	7280
Misapplied or Denied Payments	11	36	195	365	312	919
Processing Delay	13	35	288	384	237	957
Denial – Benefit	2	52	156	173	198	581
Lack of Noticing/Right to Be Informed	9	10	61	82	198	360
Inconsistent Market Value/Assessed Value Increase	19	5	80	118	189	411
DOF Procedure – Unclear	5	2	63	48	117	235
Application – Late	0	0	11	24	89	124
Erroneous Charges/Fees	0	17	23	74	87	201
Bad Record	15	2	62	102	86	267
Tax Calculations	41	32	107	117	85	382
Records Request/Verification	0	0	28	35	80	143
Penalty Abatement Requests	10	10	28	29	75	152
Benefit Removal or Revocation	13	39	47	21	70	190
Lien Sale	0	0	24	78	66	168
Payment Plans - Creation or Default/Delinquent	0	0	12	21	61	94
Credit - Not Applied	0	0	10	145	53	208
DOF - Unresponsive/Unhelpful	38	13	28	19	51	149
Incorrect Tax/Building Class	4	7	22	26	49	108
Other/Unknown/Miscellaneous	7	9	49	37	48	150
Application – Incomplete	0	0	58	69	47	174
Managing Agent Issue	13	28	27	16	42	126
Other Charges - Property Tax Bill	0	0	13	28	42	83
Unclear Notices	24	7	43	29	35	138
Application - Not Received/Lost	0	0	45	47	28	120
DOF Policy/Law – Unclear	4	2	27	18	28	79
Application - Forms Not Sent	0	0	21	23	26	70
Exemption Correction - DOF error	69	27	42	19	24	181
Benefit Reduction	0	0	16	21	24	61

Issues Presented	TY 2016-17	TY 2017-18	TY 2018-19	TY 2019-20	TY 2020-21	Total
Refund Misplaced	0	0	7	29	24	60
COVID-19 Matters*	0	0	0	0	23	23
Residence Eligibility	0	0	19	13	17	49
Lien/Warrant Subordination	0	0	5	10	15	30
PTS Remission Issues*	0	0	0	0	15	15
COVID-19 Extension*	0	0	0	5	14	19
Incorrect Benefit or Benefit Percentage Applied	0	0	8	20	13	41
Data Feed - ACRIS or NY State	3	0	8	5	8	24
Conciliation Conference - Requested**	0	0	1	2	8	11
Inconsistent Action by DOF Employees	15	15	8	0	7	45
Erroneous Warrant**	0	0	1	5	6	12
Erroneous Refunds	0	0	13	7	3	23
Deed Fraud	2	0	3	5	3	13
Other Deductions	0	0	3	1	3	7
Statute Limitation**	0	0	1	1	2	4
In rem Foreclosure*	0	0	0	0	2	2
Levy / Hold on Account	0	6	9	8	1	24
Voluntary Disclosure*	0	0	2	5	1	8
Audit - No Exit Conference*	0	0	0	0	1	1
<i>Exemption Correction – NFP</i>	6	15	6	0	0	27
<i>Property Ownership Error/Dispute (Non-fraudulent)</i>	0	6	5	0	0	11

Appendix 2: Part III.E (p. 15)

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

	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Property	41	27	30	31	28	157
Personal exemptions	9	9	6	6	4	34
Assessed or market value	14	4	4	7	10	39
Abatements (commercial/personal)	10	4	1	3	3	21
Tax lien sales	0	6	4	3	0	13
Classification	3	1	1	0	3	8
Apportionment	0	0	4	0	0	4
NFP exemptions	0	0	4	2	0	6
Records	2	1	1	0	1	5
Commercial exemptions	2	0	1	1	0	4
RPIE	0	1	1	2	2	6
Collections	0	0	1	0	0	1
In rem foreclosure	0	0	1	0	0	1
Payments	0	1	0	1	3	5
Refunds	1	0	0	4	0	5
Mapping	0	0	0	0	1	1
Other	0	0	1	2	1	4
Business	1	2	4	4	4	15
GCT/BCT – other	0	1	1	0	0	2
GCT/BCT – refunds/penalty abatements	0	1	0	2	1	4
GCT/BCT – payments	0	0	0	1	0	1
Commercial Rent Tax – All	0	0	0	1	1	2
UBT – audit	0	0	1	0	0	1
UBT – payments	0	0	1	0	1	2
UBT – other	0	0	1	0	0	1
UBT – refunds/penalty abatements	1	0	0	0	1	2
Total	42	29	34	35	32	172

Appendix 3: Part III.F (p. 16)

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	TY 2020-21	Total
Payments	72	124	370	532	519	1617
Personal exemptions	151	753	818	439	439	2600
Assessed/market value	111	135	203	157	276	882
Refunds	20	44	318	402	138	922
Abatements	160	190	143	49	124	666
Records	35	35	65	97	108	340
Tax exempt (NFP)	7	15	28	32	95	177
Tax lien sales	36	49	56	70	60	271
RPIE issues	5	12	6	19	59	101
Classification	21	18	24	37	52	152
Payment plan	6	2	7	12	44	71
Commercial exemptions	4	9	15	21	31	80
Other*	45	29	51	58	29	212
Real property transfer tax	2	6	13	12	18	51
Collections	4	10	13	21	14	62
Mapping	1	2	12	5	9	29
Apportionment	4	2	17	5	2	30
In rem foreclosure	0	4	6	0	0	10
Total	684	1439	2165	1968	2017	8273

* “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; sidewalk charges; and basic legal or procedural questions. To the extent that those issues recur, they may receive their own category of classification on future reports.

Appendix 4: Part III.I (p. 22)

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	TY 2020-21	Total
BCT/ GCT - refunds/penalty abatements	34	30	26	16	48	154
BCT/GCT - returns	2	9	21	15	23	70
BCT/GCT - audit	2	3	7	7	17	36
BCT/GCT - payments	39	17	28	22	17	123
UBT - refunds/penalty abatements	9	8	16	12	10	55
UBT - payments	5	6	18	13	8	50
Commercial Rent tax	4	12	8	14	7	45
Other business taxes*	3	3	6	8	6	26
BCT/GCT – other	19	14	16	8	5	62
UBT - audit	0	0	2	1	4	7
UBT - other	2	7	5	3	4	21
UBT - returns	2	3	4	9	3	21
Hotel Room Occupancy tax	0	2	1	0	1	4
Other business agency issue	0	0	4	11	1	16
Total	121	114	162	139	154	690

* “Other business taxes” include less common excise taxes (such as Commercial Motor Vehicle Tax) and non-specific business inquiries.

Appendix 5: Part III.L (p. 27)

Increases in both property tax case load and complexity this reporting period led to corresponding dollar impact increases in issues concerning payments (\$18,911,529), commercial (\$828,898) and NFP (\$8,354,458) exemptions, and property tax abatements (\$2,020,642). Property tax refunds saw the biggest decrease in 2020-21, in part due to since-resolved issues surrounding the transfer from the old property tax system to PTS during tax year 2019-20.

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

Property Tax Category	2019-20		2020-21	
	# of Cases	\$ Impact	# of Cases	\$ Impact
Payments	250	\$3,587,505	314	\$18,911,529
Tax exempt (NFP)	14	\$33,135	25	\$8,354,458
Abatements (commercial/personal)	24	\$52,321	69	\$2,020,642
Refunds	297	\$6,567,036	110	\$1,086,879
Commercial exemptions	8	\$886	19	\$828,898
Assessed or market value	34	\$227,210	87	\$477,496
Real Property Transfer Tax	6	\$1,099,546	10	\$418,869
Classification	11	\$173,424	20	\$360,371
Personal exemptions	36	\$9,575	76	\$118,322
RPIE penalty	4	\$10,606	10	\$111,748
Personal exemptions SCHE	45	\$34,191	69	\$105,749
Apportionments	2	-	2	\$35,823
Personal exemptions DHE	7	\$3,742	9	\$19,514
RPIE filing	3	-	10	\$13,671
Tax-lien sales	27	\$25,836	17	\$12,673
Collections	3	\$22,316	5	\$3,390
Records	10	\$35,721	28	\$2,392
Other	10	\$270	9	\$175
Payment plan	5	\$2,052	8	-
Mapping	0	-	6	-
In rem foreclosure	0	-	0	-
SCRIE Miscellaneous	0	-	0	-
Property Tax Total	796	\$11,885,373	903	\$32,882,598

Appendix 6: Part III.F (p. 16) Not-for-Profit Statistics

Below are statistics for all the cases and inquiries fielded by the not-for-profit ombudsperson. Note that all NFP issues are included in OTA's total. As the ombudsperson was officially named midyear, the totals below include cases and inquiries between August 24, 2020, and March 31, 2021.

By Tax Category

Tax Category	CASE	INQUIRY	Total
Tax exempt (NFP)	13	56	69
Tax-lien sales	4	2	6
Payments	3	1	4
Refunds	2	1	3
Assessed or market value	1	1	2
Classification	0	1	1
RPIE penalty	0	1	1
Collections	1	0	1
Records	1	0	1
Payment plan	0	1	1
Other	0	1	1
Total	25	65	90

NFP Exemptions include application-related issues (late/not filed issues and denial of benefit issues). Non-respondent outreach conducted by the NFP ombudsperson and the External Affairs activities are recorded under this category, as well.

By Issues

Issue	CASE	INQUIRY	Total
Application - Late/Not Filed	4	29	33
Denial – Benefit	6	6	12
Lien Sale	4	2	6
Records request/verification	1	3	4
Process Delay	3	1	4
Notice - Right to be Informed	0	5	5
Application – Incomplete	1	4	5
Exemption Not Corrected	2	1	3
Payment Plans – Creation	0	2	2
DOF Procedure – Unclear	0	2	2
Notice - Unclear Notices	0	2	2
Application - Not Sent (Forms)	0	2	2
Revocation - Back Billing	1	0	1
Other Charges - Property Tax Bill	0	1	1

Issue	CASE	INQUIRY	Total
Payment Plans - Default/Delinquent	0	1	1
Bad record – DOF	1	0	1
Benefit Reduction	0	1	1
MV - TP Disagrees with RFR	0	1	1
Revocation	0	1	1
Denied – Payments	1	0	1
Erroneous Charges/fees	1	0	1
Incorrect Tax/Building Class	0	1	1
Total	25	65	90

By Borough

Borough	CASE	INQUIRY	Total
Brooklyn	10	26	36
Manhattan	8	14	22
Queens	4	13	17
Bronx	2	10	12
Staten Island	1	2	3
Total	25	65	90

By Resolution (Cases only)

Resolution	Cases
Relief Granted	23
OTA/DOF Liaisons	20
OTA Office	2
Independent of OTA	1
No Relief Granted	2
Taxpayer failed to provide documents	2
Total	25

By Dollar Impact (Cases Only)

Issue	Refunds	Abatements	Corrections	Total
Exemption Not Corrected	0	\$7,613,877	0	\$7,613,877
Denial – Benefit	\$48,420	\$408,822	0	\$457,242
Application - Incomplete	0	\$60,382	0	\$60,382
Bad record - DOF	\$59,668	0	0	\$59,668
Lien Sale	0	\$12,673	\$18,359	\$31,032
Revocation - Back Billing	0	\$18,141	0	\$18,141
Process Delay	\$10,365	0	0	\$10,365
Denied - Payments	\$1,930	0	0	\$1,930
Grand Total	\$120,384	\$8,113,894	\$18,359	\$8,252,637