

## INTRODUCTION TO THE CO-OP AND CONDO PROPERTY TAX ABATEMENT PROGRAM

New York City's Cooperative (co-op) and Condominium (condo) Property Tax Abatement Program was established in 1996. Section 467-a of the New York State Real Property Tax Law specifies that residential Class 2 Co-op and Condo units in multi-family residential properties are eligible for a partial abatement of their property taxes.

This program reduces the difference in property tax paid by Class 2 co-op/condo properties and Class 1 properties, one-, two- and three- family homes, which are assessed at a lower percentage of market value.

The New York City Department of Finance (Finance) administers the Abatement Program and has developed the following overview of the program for co-op and condo property owners.

### HOW FINANCE DETERMINES YOUR ABATEMENT

Abatements are determined based on the value of the entire cooperative. For condominiums this total value is allocated among the eligible units and the assessed value of the property is reflected on the quarterly Statement of Account (SOA). For a cooperative development, the assessed value of the unit is calculated by: 1) dividing the entire development's assessment by its total number of shares and then 2) multiplying each unit's number of shares by that factor. The abatement is only granted to the shares of eligible residential units. Properties receiving any of the following exemptions render the development ineligible for the Co-op/Condo Abatement: the J51, 421a, 421b, Housing Development Fund Corporation (HDFC); Division of Alternative Management Programs (DAMP) and the Limited Divided Housing Companies, Redevelopment Companies and Mitchell-Lama. The 421g abatement also makes the development ineligible for the co-op/condo abatement.

Once the value of the unit has been determined, the abatement calculation follows a four-step process: 1. *Applying Exemptions* 2. *Determining Taxable Assessed Value* 3. *Applying the Abatement* and 4. *Determining the Total Tax Due*.

**1. Applying Exemptions:** If there are any personal exemptions at the unit level, such as Senior Citizen, Homeowners' Exemption (SCHE) or School Tax Relief (STAR), they are calculated and applied to the assessed value of the unit.

**2. Determining Taxable Assessed Value:** The exemption is applied, resulting in a "taxable assessed value".

**3. Applying the Abatement:** The abatement for each apartment/unit, based on the "taxable assessed value" is determined and applied.

**4. Determining the Total Tax Due:** The final figure determines the total tax due after exemptions and abatements. See the following examples:

<b>Apartment #1 - 100 shares</b>	
Assessed Value	\$10,000.00
Senior Citizen Exemption (@50%)	5,000.00
Enhanced STAR Exemption	2,810.00

**Tax Due for Apartment #1 is calculated as follows:**

Assessed Value	\$ 10,000.00
Minus Senior Citizen Exemption	<5,000.00>
Minus Enhanced STAR Exemption	<2,810.00>
The Taxable Assessed Value is	2,190.00
Tax, @ \$12.396 projected rate (per \$100)	271.47
Minus Abatement (@25%)*	<67.87>
<b>Tax Due after Exemptions and Abatement:</b>	<b>\$ 203.60</b>

<b>Apartment #2 - 100 shares</b>	
Assessed Value	\$10,000.00
No exemption	

**Tax Due for Apartment #2 is calculated as follows:**

Assessed Value	\$ 10,000.00
The Taxable Assessed Value is	10,000.00
Tax, @ \$12.396 projected rate (per \$100)	1,239.60
Minus Abatement (@25%)*	<309.90>
<b>Tax Due after Abatement:</b>	<b>\$ 929.70</b>

\* If the average assessed value of a unit is less than or equal to \$15,000, the abatement is 25%. If it's over \$15,000, the abatement is 17.5%.

### APPLYING FOR THE PARTIAL ABATEMENT

**Who can apply?** Only the cooperative and condominium Board of Directors or their agents can file an abatement application on behalf of the entire development. Individuals cannot apply. The abatement is available to all residential co-op and condo units, with the exception of units owned

by sponsors, or owned by persons who own more than 3 units in the development, and those used for non-residential purposes.

**When to apply?** Applications must be filed by February 15th, preceding the fiscal year. A fiscal year is the period beginning July 1st through June 30th.

**What is the effective date of the information?** All information provided on the tax abatement application must be accurate as of the taxable status date, which is January 5th for the upcoming fiscal year, which begins the following July 1st. For example, for fiscal year 2007, which runs July 1, 2006 through June 30, 2007, the application is due on February 15, 2006 and must reflect ownership on January 5, 2006.

**Who's responsible for new owner filing?** The managing agent or Board of Directors is responsible for sending new owner information to Finance. New owners must notify their managing agents or Board of Directors after purchasing their unit and provide them with the following information: *new owner's name, new owner's social security number, previous owner's name, amount paid for the unit, and the date of sale.*

### RECEIVING ABATEMENT BENEFITS

**Who receives the partial abatement?** The partial tax abatement for cooperatives will be applied to the entire development's property tax bill, called the Statement of Account (SOA). Finance will notify the Cooperative's Board of Directors or the managing agent as to the amount of benefit to be credited to each eligible unit. This information is typically available by the end of November. The Board of Directors will be responsible for applying the reduction to the eligible residential units.

**When will eligible units receive the abatement for the current tax year?** If the application is received by February 15th, Finance will credit the sum of all abatements and exemptions for eligible cooperative units against the development's SOA, effective July 1st. In the fall, each development will receive a listing of benefits attributable to each unit. Eligible condominium units will also see the abatement reflected on their quarterly SOA, effective July 1st.

### PLEASE REMEMBER

- Applications must be filed by February 15th
- Abatements will not go into effect until July 1st of the same year
- Required property information must be current for the taxable status date, January 5th
- Contact your Board of Directors or managing agent if you have abatement questions or wish to update your information

## FREQUENTLY ASKED QUESTIONS

**My neighbor and I purchased our units on the same day - January 6, 2005. Why did they receive a tax abatement and I didn't?**

Unit eligibility is determined by the prior owner's abatement status on January 5th, for the tax year beginning July 1st. Therefore, if the unit you purchased was ineligible for the abatement at the time of purchase, and you purchased it after January 5th, you were not eligible to receive the abatement. Your neighbor's unit was eligible for the abatement at the time of their purchase, so they received the abatement. You should contact your managing agent or Board of Directors so they can include your unit's record of sale on the Real Property Transfer - Cooperative Corporation and Cooperative Abatement Application (RPT CC/CA), so you will be eligible next year.

**My Managing Agent applied a special assessment to our cooperative and kept the tax abatement. Are they allowed to do so?**

The cooperative/condominium Property Tax Abatement must be credited to each eligible unit. However, for example, if the managing agent made an assessment of \$1,000 to offset fuel expenses on all units, the co-op board is within its rights to reduce or partially offset the tax abatement for an eligible unit. Units that are ineligible for the abatement would have to pay the full \$1,000 assessment.

**Why is my abatement different from my next-door neighbor who has the same number of shares?**

Co-op/Condo tax abatements are calculated by using the final taxable amount. The amount is calculated to include exemptions/abatements. See example provided in the section; *How Finance Determines Your Abatement*. For example, if your neighbor has a Senior Citizen Homeowners (SCHE), Veteran, STAR, or other exemption, these benefits are deducted, which results in a final taxable amount that may be lower than yours if you do not have these exemptions. Then the tax abatement rate is applied. As a result, your neighbor's tax abatement would be different than yours.

**Should my parking space or the maid's room be calculated as a unit?**

Any space you utilize that has shares assigned (cooperative) or a unit lot number (condominium) is considered and calculated as a unit.

**What is the proper way to credit cooperative owners their tax abatement? Can I, as an owner, request a check directly from Department of Finance?**

Abatements are applied towards the Statement of Account for the entire co-op. Checks are not issued from the Department of Finance to owners or to managing agents. The managing agents will credit units according to the development's approved by-laws.

**Do I have to report the abatement on my taxes?**

Income taxes are a unique and personal responsibility of each individual. Income tax questions should be submitted to your accountant for clarification.

## QUESTIONS & CUSTOMER ASSISTANCE

### ONLINE:

- Visit Finance at: [nyc.gov/finance](http://nyc.gov/finance)

### PHONE:

- 212-361-7099 for questions about the Co-op/Condo Property Tax Abatement Program
  - 212-504-4080 for Finance Customer Assistance
- or
- 311 – (for residents of New York City) or 212-NEW-YORK – (for out-of-city callers) for general information.

### MAIL:

- NYC Department of Finance  
Property Division  
Co-op/Condo Abatement Program  
66 John Street, 12th Floor  
New York, NY 10038

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DEPARTMENT OF FINANCE

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### Owners Guide



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