



THE CITY OF NEW YORK  
OFFICE OF THE MAYOR  
NEW YORK, NY 10007

**FOR IMMEDIATE RELEASE**

January 12, 2010

No. 13

[www.nyc.gov](http://www.nyc.gov)

**MAYOR BLOOMBERG ANNOUNCES LAWSUIT TO COLLECT UP TO \$16 MILLION  
IN UNPAID REAL ESTATE TAXES FROM NIGERIAN GOVERNMENT**

*Suit Seeks Payment for Real Estate Taxes Going Back to 1993 for Nigerian Building*

Mayor Michael R. Bloomberg, Corporation Counsel Michael A. Cardozo, Commission for the United Nations, Consular Corps, and Protocol Commissioner Marjorie B. Tiven, and Finance Commissioner David M. Frankel today announced that the City had filed suit in Federal District Court for the Southern District of New York against the Nigerian government. The Nigerian government has failed to pay real estate taxes and other charges for commercial offices and other non-tax exempt spaces in the 22-story building it owns at 828 Second Avenue in Manhattan. Depending on the scope and duration of these non-exempt activities, which are not precisely known because of the refusal of the Nigerian government to supply documentation, the City is seeking between \$4.1 million and upwards of \$16 million in unpaid taxes, other charges, and interest from Nigeria.

“Especially in these tough economic times, we will go after every dollar that is owed to City taxpayers,” said Mayor Bloomberg. “The courts have ruled, and the State Department agrees, that foreign governments do not qualify for a tax exemption on property used for commercial purposes. For non-diplomatic uses, we expect foreign governments to pay their fair share of property taxes, just like all New Yorkers do.”

“Nigeria was given many opportunities to settle this debt to the City, but it declined to do so,” said Commissioner Tiven. “The City seeks to be a good neighbor to foreign governments that own property in the City, but we also expect these governments to do their part and pay their taxes. When they don’t, we have no choice but to seek to enforce their obligations in court.”

“Foreign governments must pay their property taxes when they use their properties for non-diplomatic purposes,” Finance Commissioner David M. Frankel said. “This lawsuit will help level the playing field for New Yorkers, since taxes provide services that benefit everyone who lives and works here.”

The City provides a tax exemption to all foreign governments for their United Nations Mission, their Consulate and the residences of the Permanent Representative and Consul General.

“The law is well established that foreign consulates and missions involved in commercial activity must pay taxes on these spaces to the City,” said Corporation Counsel Cardozo. “The District Court has also held that housing for staff other than the head of the UN mission or the

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consulate is taxable. This second issue is now awaiting decision by the United States Court of Appeals in cases that the City brought against India and Mongolia. In those cases we established in the United States Supreme Court in 2007 that all foreign governments are subject to the jurisdiction of the federal courts in cases like this.”

The building, known as “Nigeria House,” is used partially for tax-exempt purposes, including as offices for the Nigerian Consulate and the Nigerian Mission to the United Nations. However, at least since 2002, and the City believes possibly as far back as 1993, portions of the building have also been used for commercial and other non-tax exempt purposes. A Nigeria Airways office, for example, formerly occupied space in the building’s lobby. In addition, Nigeria has conceded that space in Nigeria House was leased to the United Nations on the building’s second, third, fifth, and sixth floors, the building’s fourth floor contained businesses called the House of Travel and Prime Protection, and the twentieth floor contained a residential unit that was not occupied by the head of the Nigerian Mission or the consul general. These spaces are fully taxable under applicable local, state, federal, and international laws.

In 2003, the City brought lawsuits seeking unpaid real estate taxes on commercial facilities and staff housing against four countries: Turkey, the Philippines, India and Mongolia. The suits against Turkey and the Philippines were settled. The suits against India and Mongolia reached the United States Supreme Court on the issue of the countries’ immunity from suit. Corporation Counsel Cardozo successfully argued the case of Permanent Mission of India to the United Nations v. City of New York before the United States Supreme Court in 2007. The Supreme Court held that the countries were not immune. In March 2008, the United States District Court addressed the merits of the dispute, holding that staff housing was taxable. India and Mongolia appealed that decision. Just before the United States Court of Appeals was to hear the appeal, in June 2009, the United States Department of State purported to exempt all staff housing from local taxes. The City has taken the position that the State Department is not authorized to grant such an exemption. The validity of the State Department exemption of staff housing and the question of whether staff housing is taxable is now pending in the Federal Appeals Court for the Second Circuit.

While the question of whether staff housing is taxable remains to be decided, there is no doubt that foreign government property that is used commercially is taxable. The staff housing issue only affects, at most, the tax status of the twentieth floor of Nigeria House. There is no dispute that the remaining floors where the City seeks to collect taxes are indeed subject to taxation.

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