
**THE CITY OF NEW YORK
DEPARTMENT OF FINANCE
OFFICE OF TAX POLICY**

**STATISTICAL PROFILE OF THE
NEW YORK CITY
COMMERCIAL RENT TAX**

TAX YEAR 2015

BILL DE BLASIO, MAYOR

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Introduction

Applicability

The commercial rent tax (CRT) is imposed on the rent paid by tenants who occupy or use real property for commercial purposes in Manhattan south of 96th Street.

Certain tenants are exempt from the CRT. The major exemption categories are:

- Tenants with annual rents below \$250,000
- Tenants with rental periods of 14 days or less during the tax year
- Tenants that are governmental or non-profit organizations
- Tenants that use the premises for certain theatrical productions
- Tenants located in the “World Trade Center Area”
- Tenants occupying retail space in Lower Manhattan
- Tenants eligible for the Commercial Revitalization Program*

Tax Rate and Liability

The statutory rate is 6.0 percent of base rent (gross rent less certain statutory deductions), but the effective tax rate is 3.9 percent because only 65 percent of base rent is subject to tax. Moreover, a sliding scale tax credit applies to taxpayers whose base rent is between \$250,000 and \$300,000.

The CRT tax year starts on June 1 and ends on May 31 of the following year.

Total liability has increased an average of 4.9 percent annually since TY 2004. Average liability per taxpayer has increased, on average, 3.1 percent per year from TY 2004 to TY 2015. Total liability in TY 2015 was \$720 million.

History

The CRT was first implemented in NYC in 1963. In 1995, properties in Manhattan north of 96th Street and in the other boroughs were exempted. The base rent reduction was set at 35 percent of rent effective September 1, 1998. The CRT annual rent threshold was raised to \$250,000 effective June 1, 2001.

* Further details of the Commercial Revitalization Program can be found in the Department of Finance Annual Report of Tax Expenditures at <http://www1.nyc.gov/site/finance/taxes/annual-report-on-tax-expenditures.page>.

**COMMERCIAL RENT TAX
TAX YEAR 2015**

**Table 1
DISTRIBUTION OF PREMISES BY BASE RENT RANGE
(\$ THOUSANDS)**

Base Rent Range*	Premises	% of Total	Liability	% of Total
\$ 250,000 - \$ 274,999	329	3.1 %	\$1,430	0.2 %
\$ 275,000 - \$ 299,999	336	3.2	3,026	0.4
\$ 300,000 - \$ 349,999	734	6.9	9,079	1.3
\$ 350,000 - \$ 399,999	719	6.8	10,351	1.4
\$ 400,000 - \$ 449,999	718	6.8	11,591	1.6
\$ 450,000 - \$ 499,999	516	4.9	9,415	1.3
\$ 500,000 - \$ 549,999	402	3.8	8,186	1.1
\$ 550,000 - \$ 599,999	375	3.5	8,377	1.2
\$ 600,000 - \$ 699,999	710	6.7	17,821	2.5
\$ 700,000 - \$ 799,999	637	6.0	18,440	2.6
\$ 800,000 - \$ 899,999	446	4.2	14,723	2.0
\$ 900,000 - \$ 999,999	342	3.2	12,572	1.7
\$ 1,000,000 - \$ 1,999,999	2,125	20.1	113,931	15.8
\$ 2,000,000 - \$ 2,999,999	855	8.1	82,766	11.5
\$ 3,000,000 - \$ 3,999,999	390	3.7	53,494	7.4
\$ 4,000,000 - \$ 4,999,999	250	2.4	43,111	6.0
\$ 5,000,000 - \$ 9,999,999	461	4.4	122,391	17.0
\$ 10,000,000 AND OVER	245	2.3	179,258	24.9
TOTAL	10,590	100.0 %	\$719,962	100.0 %

* Base rent is at the premise level.

Note: Totals may not add due to rounding.

**COMMERCIAL RENT TAX
TAX YEAR 2015**

**Table 2
DISTRIBUTION OF TAXPAYERS BY BASE RENT RANGE
(\$ THOUSANDS)**

Base Rent Range*	Taxpayers	% of Total	Liability	% of Total
\$250,000 - \$274,999	314	4.3 %	\$1,290	0.2 %
\$275,000 - \$299,999	295	4.0	2,623	0.4
\$300,000 - \$349,999	616	8.4	7,772	1.1
\$350,000 - \$399,999	548	7.5	7,968	1.1
\$400,000 - \$449,999	480	6.5	7,925	1.1
\$450,000 - \$499,999	337	4.6	6,235	0.9
\$500,000 - \$549,999	322	4.4	6,579	0.9
\$550,000 - \$599,999	296	4.0	6,578	0.9
\$600,000 - \$699,999	472	6.4	11,820	1.6
\$700,000 - \$799,999	417	5.7	12,087	1.7
\$800,000 - \$899,999	309	4.2	10,171	1.4
\$900,000 - \$999,999	207	2.8	7,633	1.1
\$1,000,000 - \$1,999,999	1,245	16.9	68,185	9.5
\$2,000,000 - \$2,999,999	437	5.9	41,379	5.7
\$3,000,000 - \$3,999,999	215	2.9	28,714	4.0
\$4,000,000 - \$4,999,999	149	2.0	26,107	3.6
\$5,000,000 - \$9,999,999	354	4.8	96,464	13.4
\$10,000,000 AND OVER	341	4.6	370,430	51.5
TOTAL	7,354	100.0 %	\$719,962	100.0 %

* Base rent is aggregated across premises for each taxpayer.

Note: Totals may not add due to rounding.

**COMMERCIAL RENT TAX
TAX YEAR 2015**

**Table 3
DISTRIBUTION OF TAXPAYERS BY INDUSTRY
(\$ THOUSANDS)**

INDUSTRY	Taxpayers	% of Total	Liability	% of Total
FINANCE & INSURANCE	1,346	18.3 %	\$198,158	27.5 %
Commercial Banks	45	0.6	46,305	6.4
Foreign Banks	96	1.3	21,113	2.9
Thrift Banks	7	0.1	1,133	0.2
Other Banks	42	0.6	9,778	1.4
Credit Agencies	36	0.5	5,667	0.8
Funds and Trusts	42	0.6	3,174	0.4
Insurance	109	1.5	14,752	2.0
Securities/Commodities	969	13.2	96,236	13.4
REAL ESTATE	209	2.8	16,580	2.3
SERVICES	2,915	39.6	225,684	31.3
Legal Services	484	6.6	81,560	11.3
Accounting	77	1.0	11,934	1.7
Holding Companies	60	0.8	11,899	1.7
Professional/Technical/Managerial	916	12.5	65,813	9.1
Accommodations	16	0.2	902	0.1
Amusement	70	1.0	4,091	0.6
Food Services	615	8.4	16,448	2.3
Performing Arts/Museums	81	1.1	5,871	0.8
Administrative Support	138	1.9	7,115	1.0
Education	56	0.8	4,687	0.7
Health Care	94	1.3	3,531	0.5
Personal Services	258	3.5	8,783	1.2
Rental/Leasing	20	0.3	1,412	0.2
Repair/Maintenance	5	0.1	61	0.0
Miscellaneous Other	25	0.3	1,578	0.2
INFORMATION	400	5.4	64,168	8.9
Broadcasting/Telecom	97	1.3	20,246	2.8
Information Services/Data	106	1.4	8,960	1.2
Movies/Video/Sound	62	0.8	14,204	2.0
Publishing	135	1.8	20,758	2.9
TRADE	1,436	19.5	152,118	21.1
Durable Wholesale	239	3.2	10,380	1.4
Non-Durable Wholesale	291	4.0	21,154	2.9
Retail	906	12.3	120,585	16.7
MANUFACTURING	273	3.7	30,653	4.3
Textiles/Apparel/Leather	119	1.6	9,059	1.3
Food/Beverage	9	0.1	1,135	0.2
Printing	19	0.3	1,554	0.2
Other Manufacturing	126	1.7	18,905	2.6
OTHER	775	10.5	32,600	4.5
Construction	36	0.5	1,406	0.2
Transportation	37	0.5	1,860	0.3
Utilities	6	0.1	310	0.0
Not Available	696	9.5	29,024	4.0
TOTAL	7,354	100.0 %	\$719,962	100.0 %

Note: Totals may not add due to rounding.

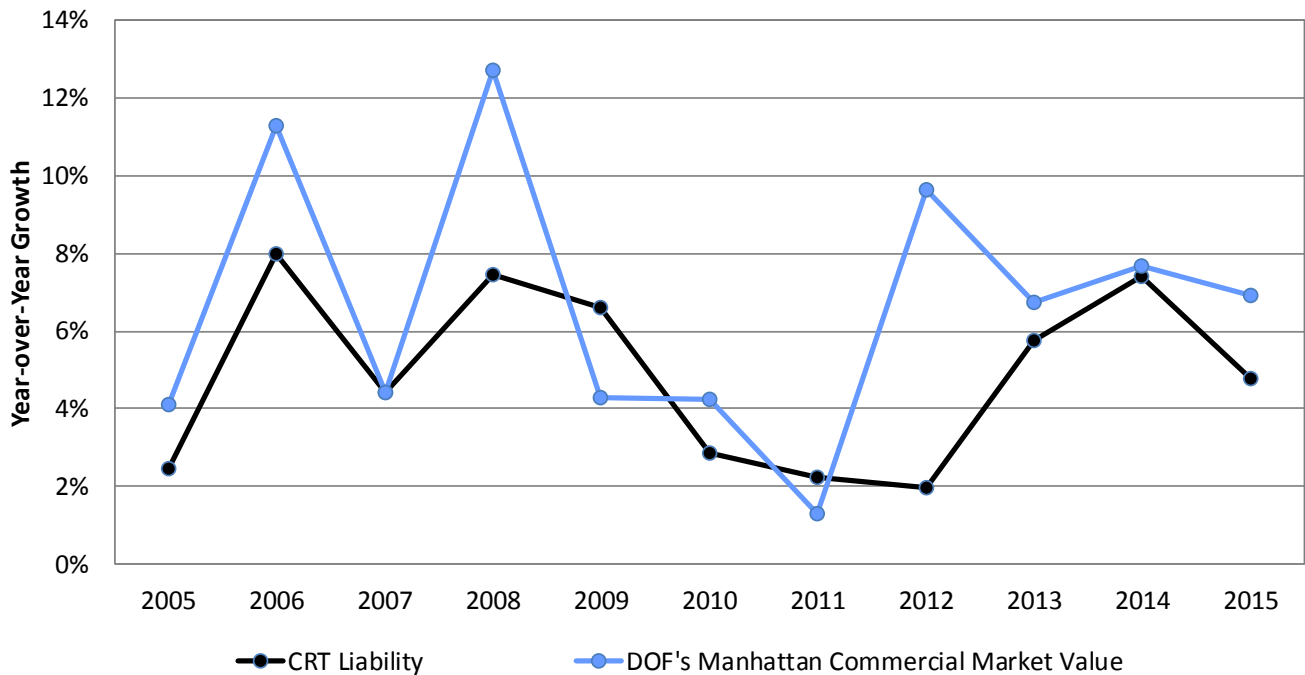
COMMERCIAL RENT TAX TAX YEAR 2015

Figure 1 TAXPAYER LIABILITY TY 2004–TY 2015



COMMERCIAL RENT TAX TAX YEAR 2015

Figure 2
YEAR-OVER-YEAR GROWTH OF CRT LIABILITY COMPARED TO
DEPARTMENT OF FINANCE'S
MANHATTAN COMMERCIAL MARKET VALUE
TY 2005 – TY 2015



CRT growth is generally positively correlated with the growth of Manhattan commercial market value, reflecting the fact that the Department of Finance determines commercial market value by capitalizing net rental income.

Note: The CRT tax year is from June 1 to May 31 and the property tax year for the purpose of determining Manhattan commercial market value is from July 1 to June 30.