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

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

**TAX YEAR 2016**

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**BILL DE BLASIO, MAYOR**

**JACQUES JIHA, PH.D., COMMISSIONER**

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**REPORT PREPARED BY THE  
DIVISION OF TAX POLICY  
SEPTEMBER 2016**



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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 96<sup>th</sup> 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.

### **2016 Summary**

Total liability has increased an average of 4.9 percent annually since TY 2004. Average liability per taxpayer has increased, on average, 2.8 percent per year from TY 2004 to TY 2016. Total liability in TY 2016 was \$754 million.

### **History**

The CRT was first implemented in NYC in 1963. In 1995, properties in Manhattan north of 96<sup>th</sup> 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.

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\* 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 2016**

**Table 1  
DISTRIBUTION OF PREMISES BY BASE RENT RANGE**

<b>Base Rent Range*</b>	<b>Premises</b>	<b>% of Total</b>	<b>Liability (000)</b>	<b>% of Total</b>	<b>Median Liability</b>
<b>\$ 250,000 - \$ 274,999</b>	347	3.2 %	\$1,504	0.2 %	\$3,376
<b>\$ 275,000 - \$ 299,999</b>	388	3.5	3,499	0.5	9,266
<b>\$ 300,000 - \$ 349,999</b>	700	6.4	8,664	1.1	12,475
<b>\$ 350,000 - \$ 399,999</b>	876	8.0	12,506	1.7	14,383
<b>\$ 400,000 - \$ 449,999</b>	598	5.4	9,813	1.3	16,474
<b>\$ 450,000 - \$ 499,999</b>	542	4.9	9,917	1.3	18,326
<b>\$ 500,000 - \$ 549,999</b>	446	4.1	9,083	1.2	20,385
<b>\$ 550,000 - \$ 599,999</b>	437	4.0	9,704	1.3	22,261
<b>\$ 600,000 - \$ 699,999</b>	722	6.6	18,164	2.4	25,202
<b>\$ 700,000 - \$ 799,999</b>	541	4.9	15,707	2.1	29,173
<b>\$ 800,000 - \$ 899,999</b>	497	4.5	16,266	2.2	32,619
<b>\$ 900,000 - \$ 999,999</b>	343	3.1	12,646	1.7	36,891
<b>\$ 1,000,000 - \$ 1,499,999</b>	1,496	13.6	71,320	9.5	48,062
<b>\$ 1,500,000 - \$ 1,999,999</b>	729	6.6	48,896	6.5	66,238
<b>\$ 2,000,000 - \$ 2,999,999</b>	897	8.2	84,169	11.2	92,923
<b>\$ 3,000,000 - \$ 3,999,999</b>	366	3.3	50,133	6.6	137,677
<b>\$ 4,000,000 - \$ 4,999,999</b>	345	3.1	60,237	8.0	175,708
<b>\$ 5,000,000 - \$ 9,999,999</b>	472	4.3	127,201	16.9	257,666
<b>\$ 10,000,000 and over</b>	257	2.3	184,704	24.5	529,530
<b>TOTAL</b>	<b>10,999</b>	<b>100.0 %</b>	<b>\$754,133</b>	<b>100.0 %</b>	<b>\$30,315</b>

\* Base rent is at the premises level.

Note: Totals may not add due to rounding.

**COMMERCIAL RENT TAX  
TAX YEAR 2016**

**Table 2  
DISTRIBUTION OF TAXPAYERS BY BASE RENT RANGE**

<b>Base Rent Range*</b>	<b>Taxpayers</b>	<b>% of Total</b>	<b>Liability (000)</b>	<b>% of Total</b>	<b>Median Liability</b>
<b>\$250,000 - \$274,999</b>	322	4.2 %	\$1,271	0.2 %	\$3,029
<b>\$275,000 - \$299,999</b>	353	4.6	3,154	0.4	9,199
<b>\$300,000 - \$349,999</b>	602	7.8	7,586	1.0	12,583
<b>\$350,000 - \$399,999</b>	586	7.6	8,544	1.1	14,594
<b>\$400,000 - \$449,999</b>	476	6.2	7,860	1.0	16,490
<b>\$450,000 - \$499,999</b>	401	5.2	7,373	1.0	18,396
<b>\$500,000 - \$549,999</b>	323	4.2	6,609	0.9	20,504
<b>\$550,000 - \$599,999</b>	328	4.3	7,287	1.0	22,270
<b>\$600,000 - \$699,999</b>	484	6.3	12,150	1.6	25,111
<b>\$700,000 - \$799,999</b>	393	5.1	11,357	1.5	28,965
<b>\$800,000 - \$899,999</b>	318	4.1	10,463	1.4	32,959
<b>\$900,000 - \$999,999</b>	224	2.9	8,255	1.1	36,976
<b>\$ 1,000,000 - \$ 1,499,999</b>	849	11.0	40,454	5.4	47,148
<b>\$ 1,500,000 - \$ 1,999,999</b>	466	6.0	31,219	4.1	66,566
<b>\$2,000,000 - \$2,999,999</b>	451	5.9	42,643	5.7	93,724
<b>\$3,000,000 - \$3,999,999</b>	239	3.1	32,198	4.3	134,105
<b>\$4,000,000 - \$4,999,999</b>	161	2.1	28,124	3.7	174,888
<b>\$5,000,000 - \$9,999,999</b>	361	4.7	99,544	13.2	270,308
<b>\$10,000,000 and over</b>	368	4.8	388,042	51.5	695,422
<b>TOTAL</b>	<b>7,705</b>	<b>100.0 %</b>	<b>\$754,133</b>	<b>100.0 %</b>	<b>\$26,925</b>

\* Base rent is aggregated across premises for each taxpayer.

Note: Totals may not add due to rounding.



**COMMERCIAL RENT TAX  
TAX YEAR 2016**

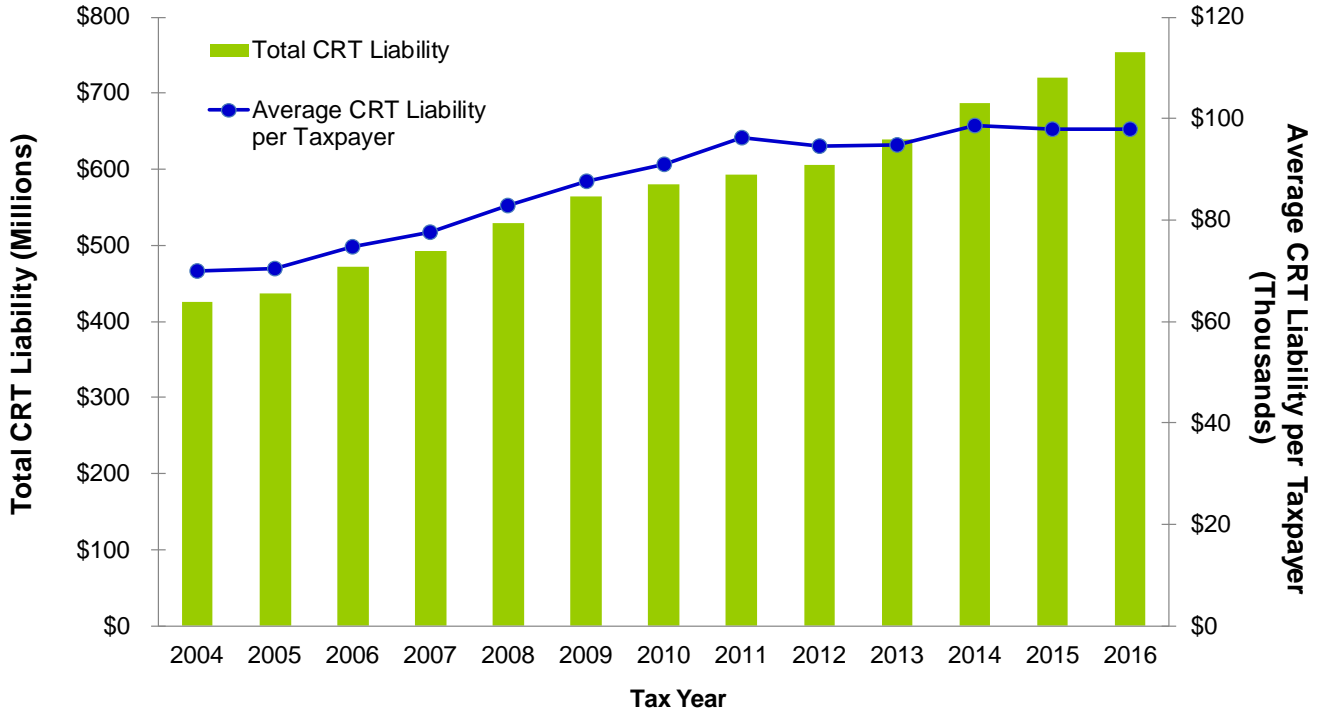
**Table 3  
DISTRIBUTION OF TAXPAYERS BY INDUSTRY**

<b>Industry</b>	<b>Taxpayers</b>	<b>% of Total</b>	<b>Liability (000)</b>	<b>% of Total</b>	<b>Median Liability</b>
<b>FINANCE &amp; INSURANCE</b>	<b>1,430</b>	<b>18.6 %</b>	<b>\$198,912</b>	<b>26.4 %</b>	<b>\$35,353</b>
Commercial Banks	49	0.6	45,275	6.0	137,923
Foreign Banks	93	1.2	19,015	2.5	60,114
Thrift Banks	8	0.1	1,331	0.2	30,340
Other Banks	41	0.5	9,442	1.3	61,018
Credit Agencies	46	0.6	6,125	0.8	35,089
Funds and Trusts	44	0.6	3,793	0.5	38,110
Insurance	127	1.6	16,613	2.2	43,772
Securities/Commodities	1,022	13.3	97,318	12.9	29,972
<b>REAL ESTATE</b>	<b>232</b>	<b>3.0</b>	<b>20,516</b>	<b>2.7</b>	<b>30,886</b>
<b>SERVICES</b>	<b>3,313</b>	<b>43.0</b>	<b>251,568</b>	<b>33.4</b>	<b>23,919</b>
Legal Services	481	6.2	83,672	11.1	46,866
Accounting	82	1.1	13,089	1.7	28,356
Holding Companies	64	0.8	12,893	1.7	31,721
Professional/Technical/Managerial	971	12.6	72,883	9.7	26,235
Accommodations	18	0.2	669	0.1	22,976
Amusement	96	1.2	6,756	0.9	34,322
Food Services	834	10.8	23,756	3.2	18,138
Performing Arts/Museums	94	1.2	6,228	0.8	32,628
Administrative Support	144	1.9	8,102	1.1	28,173
Education	58	0.8	4,622	0.6	43,550
Health Care	98	1.3	4,064	0.5	21,572
Personal Services	324	4.2	11,451	1.5	19,942
Rental/Leasing	22	0.3	1,518	0.2	43,553
Repair/Maintenance	6	0.1	75	0.0	12,478
Miscellaneous Other	21	0.3	1,789	0.2	78,534
<b>INFORMATION</b>	<b>409</b>	<b>5.3</b>	<b>63,959</b>	<b>8.5</b>	<b>43,283</b>
Broadcasting/Telecom	92	1.2	21,777	2.9	82,533
Information Services/Data	114	1.5	10,712	1.4	33,448
Movies/Video/Sound	61	0.8	13,308	1.8	41,740
Publishing	142	1.8	18,162	2.4	34,961
<b>TRADE</b>	<b>1,580</b>	<b>20.5</b>	<b>167,299</b>	<b>22.2</b>	<b>26,313</b>
Durable Wholesale	256	3.3	12,535	1.7	19,849
Non-Durable Wholesale	330	4.3	24,636	3.3	27,320
Retail	994	12.9	130,128	17.3	28,494
<b>MANUFACTURING</b>	<b>282</b>	<b>3.7</b>	<b>30,187</b>	<b>4.0</b>	<b>30,216</b>
Textiles/Apparel/Leather	122	1.6	9,435	1.3	33,170
Food/Beverage	11	0.1	1,271	0.2	59,973
Printing	23	0.3	1,743	0.2	31,896
Other Manufacturing	126	1.6	17,738	2.4	28,135
<b>OTHER</b>	<b>459</b>	<b>6.0</b>	<b>21,692</b>	<b>2.9</b>	<b>22,230</b>
Construction	43	0.6	1,646	0.2	18,860
Transportation	49	0.6	2,583	0.3	22,401
Utilities	5	0.1	334	0.0	56,820
Not Available	362	4.7	17,130	2.3	22,247
<b>TOTAL</b>	<b>7,705</b>	<b>100.0 %</b>	<b>\$754,133</b>	<b>100.0 %</b>	<b>\$26,925</b>

Note: Totals may not add due to rounding.

# COMMERCIAL RENT TAX

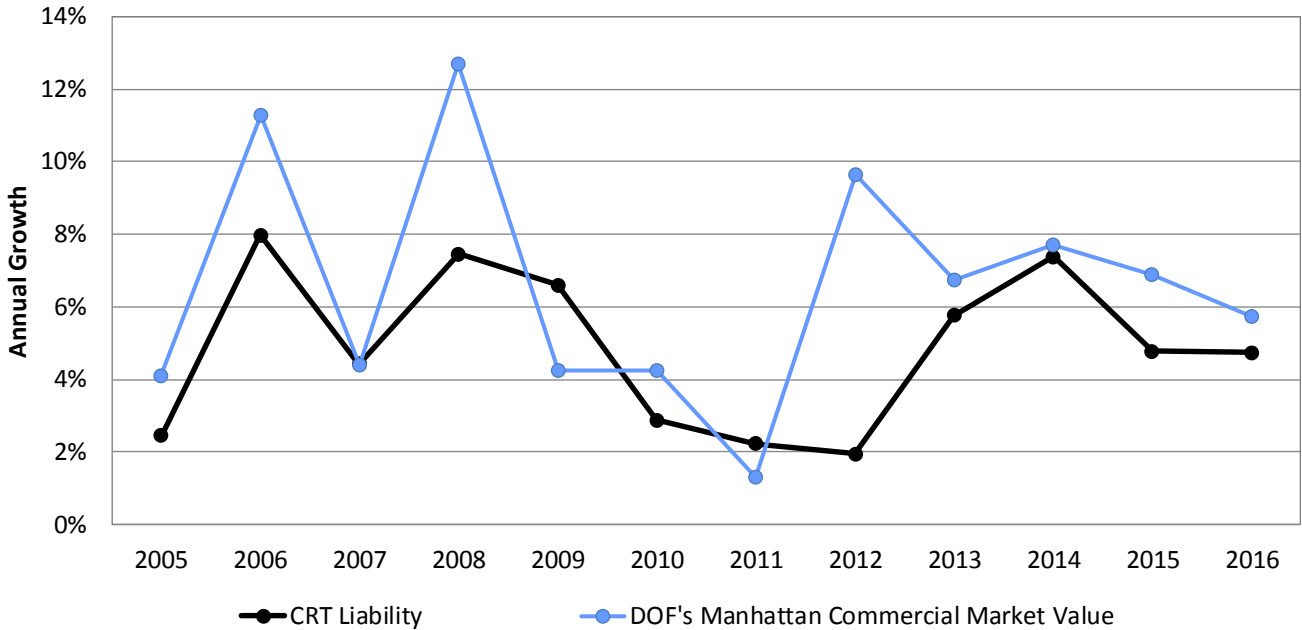
Figure 1  
TAXPAYER LIABILITY  
TY 2004 – TY 2016



## COMMERCIAL RENT TAX

**Figure 2**  
**ANNUAL GROWTH OF CRT LIABILITY COMPARED TO**  
**MANHATTAN COMMERCIAL MARKET VALUE**  
**TY 2005 – TY 2016**

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.