



ANNUAL REPORT

THE NYC OFFICE OF THE TAXPAYER ADVOCATE

April 1, 2025

ERIC ADAMS, MAYOR ● PRESTON NIBLACK, COMMISSIONER

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New York City Office of the Taxpayer Advocate

2025 Annual Report

(Reporting Period: January 1, 2024 – December 31, 2024)

Executive Summary

Enclosed please find the tenth annual report of the Office of the Taxpayer Advocate (OTA), an office established in 2015 by 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 and reports directly to the commissioner.

This report highlights OTA's work from January 1, 2024, through December 31, 2024. Since its establishment, OTA has assisted thousands of taxpayers with questions and contributed to the delivery of excellent customer service. In Part II of this report, OTA presents eleven new recommendations, including:

- Collections Guidelines on DOF Website
- Reasonable Cause Guidelines
- Reevaluation of Offers in Compromise
- First-Time Penalty Abatement
- Catastrophic Property Damage Reporting After the Taxable Status Date
- Property Tax Enforcement: Interest Accrual on Unpaid Defected Liens
- Paperless Statements of Account
- Inclusion of Email Communications in RPTT Audit Cases Noticing
- Mid-Year Exemption Transfer Requirements for Veterans, SCHE, DHE, and Clergy Recipients
- Visual Aids for New Online Filings
- Meeting Income Definition Requirements for Property Tax Exemptions

The success stories included in parts IV and V provide examples of the important and, in some cases, life-changing work performed by OTA's dedicated staff. OTA handled property tax cases for property owners in all of New York City's 51 council districts in 2024.

This report also documents, in parts VII and VIII, actions taken by DOF in response to previous OTA proposals. DOF has moved forward with Payment Plan Default Notice updates that will make the status of each plan easier to cure, automatic PT AID renewals for mortgage serviced properties, providing public access to 421-a benefits, and updating online forms from RPIE to property tax transaction type codes. Furthermore, three lien sale recommendations were implemented, including adding minimum qualifying payment amounts on notices, creating an internal interactive database of lien sale candidates, and using targeted outreach.

OTA's work is key to DOF's mission 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. Further information on OTA can be found at www.nyc.gov/taxpayeradvocate.

Part I: Introduction

A. About the Office of the Taxpayer Advocate

The Office of the Taxpayer Advocate is an independent office within the New York City Department of Finance. It was created administratively by DOF and opened for business on October 19, 2015.

OTA assists customers who have been unable to resolve their tax issues through normal Department of Finance channels. In addition, the Office of the Taxpayer Advocate makes systemic recommendations to improve DOF policies and procedures. The office's work comprises property, business, and certain excise taxes; it does not handle matters related to sales tax or personal income tax.

B. Annual Report to NYC Council

In accordance with the New York City Budget, Terms and Conditions, Fiscal Year 2025, the Department of Finance is required to submit an annual report to the New York City Council no later than April 1 detailing the activities of 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 the reporting period;
- (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.

C. Taxpayer Advocacy

OTA advocates 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.¹

Inquiries

Inquiries are matters resolved by OTA using in-house knowledge and resources. OTA helps taxpayers navigate DOF policies and procedures, as well as locate the appropriate operating units or responsible parties to resolve their issues.

Case Advocacy

Cases are matters resolved by OTA which require assistance, information, or resolution from another Department of Finance business unit, or another government agency.

¹ Beginning on January 1, 2022, OTA updated its definition of inquiries and cases. Additionally, DOF's fiscal year runs July 1 through June 30, whereas OTA's reporting period runs January 1 through December 31; to distinguish, we will use the terms "tax year" or "reporting period" to refer to OTA, and "fiscal year" in reference to DOF. Note that the 2023 report constituted the first year OTA used this calendar-year reporting period; all prior reports were based on a year that began April 1 and ended March 31.

OTA opens cases on behalf of taxpayers who can show that they have been unsuccessful in resolving an issue with DOF which may result from the incorrect application of a law, regulation, or policy. OTA may also open a case if a taxpayer can demonstrate that they face actions with harmful immediate or long-term consequences, 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 the submission of Form DOF-911 and through a variety of sources, including direct calls, the OTA webpage, emails, and 311 service requests. Another source of cases and inquiries are outreach events at which OTA partners with the Department of Finance's External Affairs Division, other government agencies, and various community-based organizations.

OTA works closely with DOF's operating units through formal and informal requests for information. Most issues are resolved through informal communications, and persistent problems are often addressed through periodic meetings with the appropriate functional units.

D. Taxpayer Bill of Rights

Shortly after OTA opened for business, DOF issued the NYC Taxpayer Bill of Rights²:

- 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

E. Not-for-Profit Ombudsperson

OTA also houses the not-for-profit (NFP) ombudsperson, a role that was created 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 ombudsperson for not-for-profit organizations that own property, and that contact information shall be posted on DOF's website; in 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; and in 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.
- Coordinating with other City agencies to address issues that an organization may confront as a result of tax liens.

² For full text, see http://www1.nyc.gov/site/finance/about/nyc_taxpayer_bill_of_rights.page.

Part II: Recommendations for the Current Reporting Period

For the reporting period of January 1, 2024, to December 31, 2024, OTA has identified new issues and developed recommendations for corrective measures to mitigate problems encountered by New York City taxpayers.

1. Collections Guidelines on DOF Website

In recent years, DOF has taken steps to make the debt-collection process easier on the customer. One such step was the integration of parking violation, Environmental Control Board judgment, and Taxi and Limousine Commission fine collections into the Business Tax System in April 2024, to form the Business Tax and Collection System (BTCS). This integration increased efficiency both internally, in that DOF has reduced its dependency on paper, and externally, in that taxpayers have greater access to information concerning these various accounts. BTCS allows taxpayers to pay online and enroll in self-service payment plans.

BTCS directions regarding payment plans for business and excise taxes may benefit from published guidance. The DOF website provides robust guidance on [parking ticket payment plans](#). However, even though guidelines exist internally for business and excise tax payment plans, there is no corresponding public website. A taxpayer who cannot enter into the standard plan (24 months and 20% down), for instance, does not know which conditions would qualify them for a longer “hardship” payment plan. This lack of transparency could deter taxpayers from entering into a payment plan. Giving taxpayers more guidance on what to expect will promote compliance.

OTA Recommendation: DOF should create a webpage with the terms and conditions for the different business and excise tax payment plan options such that the taxpayer knows what to expect and can understand the requirements to enroll into a plan.

2. Reasonable Cause Guidelines

Taxpayers who fail to comply with certain business and excise tax laws shall be assessed penalties, “unless it is shown that such failure is due to reasonable cause and not due to willful neglect.”³ In the 2018 annual report, OTA drew attention to DOF’s lack of guidance surrounding reasonable cause and recommended that DOF publish detailed policies establishing parameters such that a taxpayer would know whether their particular situation fit DOF’s requirements.⁴ OTA acknowledges that the discretionary nature of reasonable cause abatements provides flexibility to both DOF and the taxpayer. However, the lack of any such definition or explanation of the statutory term as it pertains to corporation tax runs counter to DOF’s pillars of fairness and transparency.

³ See NYC Admin Code §§ 11-676, 11-525.

⁴ See 2018 Annual Report Recommendation No. 22.

Definitions for reasonable cause do exist within the Rules, specifically for real property transfer tax (RPTT) and unincorporated business tax (UBT).⁵ Both definitions remain broad, but they do give a sense of what reasonable cause entails that would both give taxpayers a starting point for their request and allow for the flexibility needed to evaluate each taxpayer's situation independently. As DOF prepares to promulgate rules regarding business corporation tax, the time is right to incorporate a definition of reasonable cause as it pertains to both business corporation tax and general corporation tax.

OTA Recommendation: DOF should promulgate rules for reasonable cause guidelines for business corporation tax and general corporation tax similar to those of RPTT and UBT.

3. Reevaluation of Offers in Compromise

Offers in compromise (OICs) help taxpayers satisfy debts that they cannot pay in full. For DOF to compromise debts based on doubt as to collectibility,⁶ the City Charter states that 1) a taxpayer must be either insolvent or discharged in bankruptcy, and 2) the compromised amount cannot be “less than the amount, if any, recoverable through legal proceedings.”⁷ In contrast, the state of New York only requires business taxpayers be insolvent or discharged in bankruptcy, having eliminated the second requirement from its offer in compromise criteria in 2011.⁸ As the City did not follow suit when it reformed its business tax, DOF's criteria allows for few business taxpayers to be approved for an OIC.

City taxpayers who do qualify for an OIC must also satisfy multiple other conditions, as laid out in Chapter 34 of the Rules of the City of New York, in order for DOF to accept their offer. Such conditions include the filing of all returns up to and including the year the OIC is requested, a requirement that may be burdensome on a taxpayer attempting to compromise very old debt where records may no longer be accessible. It also includes a waiver of the statutory period of

⁵ Both UBT (19 RCNY § 28-21(b)(5)) and RPTT (19 RCNY § 23-13(b)(5)) require reasonable cause “must be affirmatively shown in a written statement.” UBT is the more expansive of the two definitions, as “Grounds for reasonable cause, where clearly established, may include the following:

- i. death or serious illness of the taxpayer, or his unavoidable absences from his usual place of business;
- ii. destruction of the taxpayer's place of business or business records by fire or other casualty;
- iii. inability to obtain and assemble essential information required for the preparation of a complete return despite reasonable efforts;
- iv. any other cause for delinquency which appears to a person of ordinary prudence and intelligence as a reasonable cause for delay in filing a return and which clearly indicates an absence of gross negligence or willful intent to disobey the taxing statutes. Past performance should be taken into account.

Ignorance of the law, however, will not be considered reasonable cause.”

The RPTT definition only includes clause iii in its entirety and clause iv minus the guidance about “past performance.”

⁶ Debts can be compromised via OIC based on doubt as to liability or doubt as to collectibility, but only the latter basis can be used if debts are fixed and final. As DOF has several other avenues of relief for non-final matters, this particular recommendation only focuses on fixed and final debts.

⁷ NYC Charter § 1504(2)(c).

⁸ See NY Chapter 469 (2011).

limitations on collection, a requirement not relevant to DOF, which has no statute of limitations on collection of debt.⁹

OTA understands that the existence of the second requirement within the City Charter may require significant legal overhaul to overcome. Nevertheless, there is room to reevaluate the other requirements within the Rules to ensure that taxpayers who qualify for an OIC and apply in good faith do not encounter further procedural hurdles.

OTA Recommendations:

- a) DOF should pursue legislation removing or loosening the requirement that a compromised amount of debt not be less than the amount recoverable through legal proceedings, such that taxpayers can take advantage of the program.
- b) In addition or in the alternative, DOF should reevaluate and propose new regulations that remove rigid or obsolete conditions for acceptance of an OIC.

4. First-Time Penalty Abatement

Business taxpayers can apply for a reasonable cause abatement of penalties if they believe their failure to comply was due to reasonable cause and not willful neglect. However, as that determination is discretionary, it does not necessarily reward past good behavior. As penalty assessments are often a negotiating tool to encourage a taxpayer to comply or settle a dispute, the Internal Revenue Service offers an administrative waiver, or First-Time Abatement (FTA), for certain penalties. The FTA recognizes past compliance and encourages current compliance by abating penalties for one year regardless of the reason for the failure to comply, thus eliminating the need for any further discretionary evaluation.

Together with other DOF divisions in 2018, OTA discussed the possibility of a similar policy at the city level. A DOF “FTA” would be limited to business income tax and commercial rent tax. FTA would not apply to excise taxes or event-based taxes (such as RPTT). Additionally, FTA would apply only to late filing and late payment penalties (not underpayment penalties) for a single tax year (not multiple years at once). The taxpayer would also have to be current with any other taxes due to be paid or filed (an active installment agreement counting as “current”) and have filed and paid timely for the three prior years. In addition, the taxpayer would only be able to apply for an FTA before the docketing of a warrant.

OTA Recommendation: DOF should develop a first-time abatement program for business income tax and commercial rent tax penalties.

⁹ The Rules of the City of New York lays out “conditions for acceptance” of an OIC. The ones relating to fixed and final debt include (1) an agreement to pay an amount in addition to amounts previously paid or collected against the tax liability; (2) an agreement to immediately return to DOF any refunds of overpayments received after the taxpayer’s offer was filed; (3) an agreement to waive the right to seek a refund of any payment of the compromise amount; (4) an agreement not to contest the amount to be compromised “in court or otherwise”; (5) a waiver of the statute of limitations on collection of the liability to be compromised; (6) an agreement to comply with all provisions of the Code relating to filing of returns and paying required taxes in the five-year period beginning with the first day of the year in which the OIC is accepted; (7) compliance with all tax filing and payment requirements for periods not covered in the OIC up to and including the year in which the OIC is filed; (8) any other conditions that DOF may also require. *See* 19 RCNY § 34-04(d).

5. Catastrophic Property Damage Reporting After the Taxable Status Date

At present, if a taxpayer's property is catastrophically damaged¹⁰ after the taxable status date of January 5, the property's value remains unchanged for the tax year beginning on July 1, as if no damage had occurred. If the property was damaged prior to January 5, the taxpayer can update their property information and potentially lower their tax liability for the upcoming tax year. This creates an inequity by requiring a taxpayer to pay the full assessed value on a property that has sustained catastrophic damage and demonstrably lost significant value because the damage occurred after January 5. The final roll is published on May 25 for the upcoming property tax year, and a damaged property could be revalued sometime between January 5 and May 25.

New York State understood the need for reassessment of properties impacted by a major or local disaster. In recently enacted legislation, the state authorized municipalities to grant assessment relief via local law, resolution, or hearing for up to five years for owner-occupied residential property with up to three dwelling units or owner-occupied small business property damaged after January 1, 2020.¹¹ Although the legislation does not apply to New York City, it does reflect the need for more leniency regarding catastrophically damaged properties.

Within the City, April 15 is known as the building progress date. Section 11-209 of the NYC Administrative Code states:

[A] building, other than a commercial building, during construction, commenced since the preceding fifth day of January and not ready for occupancy on the fifth day of January following, shall not be assessed unless it shall be ready for occupancy, or a part thereof shall be occupied prior to the fifteenth day of April.

A residential building will not be taxed if it is still under construction and not completed or at least partly ready for occupancy before April 15. A similar approach should be taken with regard to the assessment of damaged buildings, as they often involve significant reconstruction to be reoccupied. Reassessing catastrophically damaged properties in the January 5 to April 15 window could provide a necessary tax adjustment for buildings that have suffered catastrophic damage and still give DOF's Property Division sufficient time to assess information it receives on such properties prior to publishing the final roll.

OTA Recommendation: DOF should adopt the April 15 building progress date for assessing catastrophic property damage. Implementing this change would require a legislative amendment.

6. Property Tax Enforcement: Interest Accrual on Unpaid Defected Liens

Taxpayers rely on Department of Finance representatives to provide information on how to challenge the validity of a sold lien for property taxes or other BBL-based charges, and if their

¹⁰ OTA defines "catastrophic damage" as severe and extensive harm caused by natural disasters, accidents, or other events that result in extensive destruction and significant loss.

¹¹ NY Chapter 95 (2025).

challenge is successful, the procedural requirements for a defected lien.¹² Lien sale guidance, both online and via mailed notices, provides detailed breakdowns of lien-related charges and interest accrual for valid liens. In the event that a property owner believes their sold lien is defective, there is limited guidance on how to proceed.

The most common request OTA receives regarding defected liens is a review of the total unpaid charges on the account after the lien has been returned to DOF. OTA cases include some taxpayers who challenge the total amount due, believing that a successful lien defection would provide an opportunity to pay the sold balance dating back to the original sale date. In other instances, taxpayers request to pay balances that date back to an erroneous charge that resulted in the inclusion of the property in a lien sale. For such cases, OTA informs taxpayers that payment obligations are not paused, and that interest continues to accrue on any unpaid liability that is sold to a third-party collection agency.

Currently, DOF reminds taxpayers in the Notice of Sold Lien that they must pay new taxes and other charges after the lien is sold. These charges include semi-annual interest applied to unpaid real property taxes until the lien amount, surcharge, and administrative costs and interest are all paid in full. While this information is helpful for taxpayers engaged in the lien sale process, DOF should remind taxpayers that their payment obligations stand even if they are trying to defect sold liens.

Guidance for taxpayers on payment obligations while a sale is challenged would provide taxpayers confidence that their payments will be applied correctly toward property tax debt, no matter the outcome of their appeal.

OTA Recommendation: DOF should provide guidance online and in the Notice of Sold Lien that explains to taxpayers the consequences for failing to submit payments while challenging a sold property tax lien. DOF should also include information about the post-defected lien process.

7. Paperless Statements of Account

Since OTA's founding in 2015, taxpayers have submitted inquiries with a simple question: "I never received my tax bill; how much do I owe?" Sometimes, the taxpayer has recently changed mailing addresses and there is a delay in the switchover.¹³ Other times, the taxpayer has misplaced their Statement of Account (SOA) or has no explanation for why they did not receive it. Additionally, DOF does not mail paper SOAs to taxpayers who have a zero balance or credit for a quarter, and DOF only mails SOAs to taxpayers receiving semiannual bills during the first and third quarters. Although OTA often advises these taxpayers as to how they can look up their property tax bills via the DOF website, this solution requires the taxpayers to be proactive. Ensuring property tax compliance should not involve extra steps.

¹² A defected lien is a sold lien that is canceled and cured. DOF is required to "cure" defective liens, for example – liens which breach a representation and warranty given by the City to the lien servicer at the time of sale. The last ten lien sales (2011-2021) totaled 1,177 defected DOF liens.

¹³ Since the 2019 reporting period, OTA handled 948 property tax matters related to taxpayers whose records were inaccurate with DOF or the state, or who did not receive a particular property tax notice. In 2024 alone, there were 138 such issues.

As regular mail can sometimes be unreliable, and DOF already encourages taxpayers pay their bills electronically (in fact, requiring certain taxpayers with a combined annual property tax liability of \$300,000 or more to pay electronically), sending the taxpayer SOAs only by mail seems obsolete. Section 11-129(b) of the NYC Administrative Code requires that DOF mail property tax bills to taxpayers at the address they provide, or the mailing address of the property. But Section 11-129(c) allows DOF to send the SOA via electronic means to any owner whose email address is known. DOF has internally discussed submitting local legislation allowing for other BBL-based liabilities typically included on the SOA to be sent electronically, including but not limited fire inspection and permit fees, NYC Department of Health and Mental Hygiene violations, sidewalk repair, emergency removals, and rent stabilization fees.

OTA Recommendation: DOF should pursue legislation to allow other agency BBL-based charges that currently require the mailing of paper statements to be emailed.

8. Inclusion of Email Communications in RPTT Audit Cases Noticing

The real property transfer tax (RPTT) form requires filers to record a “permanent address after the transfer.” With this information, DOF can notify both sellers and buyers by mail of any RPTT account activities after the filing, such as ongoing audits and outstanding balances. Buyer and seller may provide their email addresses on the RPTT form on a voluntary basis; however, DOF does not currently notify parties of RPTT activities by email.

If the taxpayers change their mailing address subsequent to completing the RPTT form, then these taxpayers may not receive any DOF-mailed notices. The United States Postal Service’s mail-forwarding service typically lasts only one year, unless the taxpayers pay for an extension. Meanwhile, RPTT audits can commence more than a year after the filing date. In the case where the filers move from their “permanent address” on the RPTT form before an audit commences, such taxpayers will most likely learn about the RPTT activities only when a tax warrant is docketed against them.

The RPTT filing and data collection process is through submission of the RPTT form to the Land Records Division, and email information is recorded if the taxpayer volunteers it. Separately, the RPTT auditors from the Audit Division use the electronic data transferred from Land Records for their audit review. As email is less likely to change with relocation, DOF should use RPTT-reported email addresses, especially when taxpayers do not respond to mailed communication.

OTA Recommendations:

- a) DOF should enhance the data transfer between software used by the Land Records and Audit divisions so that email addresses submitted with a RPTT return are electronically transferred from ACRIS, the system that records RPTT returns, to BTCS, the system used by DOF auditors.
- b) DOF should implement measures, such as adding information to the filing instructions, to encourage RPTT filers to record the email address on their returns.
- c) When available, DOF should use this email address to communicate with RPTT filers when conducting RPTT audits.

9. Mid-Year Exemption Transfer Requirements for Veterans, SCHE, DHE, and Clergy Recipients

Taxpayers enrolled in property tax exemption programs may only receive such exemptions at their primary residence. In some instances, taxpayers may move during the year and wish to change their primary residence within NYC to continue to receive the exemption. To do so without a gap in benefits, the enrollee is responsible for informing the Department of Finance of their new primary residence.

The NYC Administrative Code and Department of Finance internal policies do not have specific instructions tailored to mid-year exemption transfer events. Only the Veterans exemption has statutory guidance on taxpayer requirements for such a transfer, which is also included on the application and webpage.¹⁴ OTA has provided case-by-case assistance for transfers with detailed instructions that require interagency support to complete.

OTA Recommendation: DOF should create an exemption address transfer application and provide taxpayers with guidance on how to transfer exemptions mid-year, without a gap in service.

10. Visual Aids for New Online Filings

DOF has made substantial steps toward streamlining application intake and approval process by migrating paper applications to an online application environment in SmartFile, the electronic application function in DOF's Property Tax System. For example, online applications for the Property Tax and Interest Deferral (PT AID) program and the Cooperative and Condominium Abatement recently have been implemented in SmartFile.

With these enhancements, filers can expect better application accessibility with improved status updates for each filing, while DOF's review process may be conducted in a more accurate and timely manner. Still, certain customers, such as first-time users or non-tech-savvy people, need guidance on how to fully use and navigate within SmartFile.

Many DOF units have developed and published visual guides to assist taxpayers in online filing. These guides include detailed, step-by-step instructions for each application filing process and show sample images of required documents. Examples of such guides include the RPIE unit's RPIE Statement Online File User Guide,¹⁵ as well as the SCRIE and DRIE ombudspersons' guide that shows sample copies of required documents for filings.¹⁶

OTA Recommendation: DOF should create a visual guide for high-volume SmartFile application programs, as necessary, to improve ease of use and reduce errors.

¹⁴ For the Veterans Exemption statute, see NY RPTL § 458-a(8). For information on the webpage, see <https://www.nyc.gov/site/finance/property/landlords-veterans.page>.

¹⁵ "RPIE Statement Online File User Guide": <https://www.nyc.gov/assets/finance/downloads/pdf/rpie/rpie-statement-online-filing-user-guide.pdf>.

¹⁶ "SCRIE/DRIE Application: Visual Guide to Documents": <https://www.nyc.gov/assets/finance/downloads/pdf/brochures/scrie-drie-vis-guide.pdf>.

11. Meeting Income Definition Requirements for Property Tax Exemptions

On the current SCHE and DHE renewal applications, Section 3 requires taxpayers to enter an estimate for total combined annual household income. Applicants may unintentionally submit disqualifying income estimates above the permitted maximum of \$58,399 and have their applications automatically rejected without review. This is due to a gap in guidance on how a taxpayer should compute their annual income using the older income definition, in particular deducting unreimbursed medical expenses.

In 2023, Chapter 276 of the Laws of New York State modified the income definition for both the Disabled Homeowners' Exemption (DHE) and Senior Citizen Homeowners' Exemption (SCHE) programs. The law states that new applicants for either program not enrolled prior to the application cycle ending June 30, 2024, will be subject to an income definition based on the total federal adjusted gross income (AGI) as reported on their completed tax return for the year prior to the current application year. Renewing enrollees would also be subject to this income definition. The updated income definition is generally preferable because it is less complicated than the previous income definition and will usually yield income calculations that result in more generous benefits. New and returning applicants will find it easier to estimate their household income and judge if they should apply to the program. Finally, the streamlined definition is easier to administer and should help DOF to process applications faster.

The law also includes a clause which permits the use of the older income definition if an owner received the exemption prior to June 30, 2024, if it would provide the owner with a greater benefit. This grandfathered income definition provision provides crucial protection for a subset of participants whose federal AGI may be too high prior to any deductions (usually individuals with high unreimbursed medical expenses). However, some taxpayers enter an estimated income without including any relevant deductions. If a taxpayer self-reports an income that exceeds the program maximum in Section 3, they will be automatically rejected.

Furthermore, current approval or denial notices do not provide the total income determined so that applicants may verify if the total income used by DOF is correct. A review of SCHE renewal applications submitted since spring 2024 found 807 unique applicants were rejected for SCHE renewals due to self-reported income over the limit. Out of this population, a total of 122 applicants (15.12% out of 807) were later approved after submitting new applications with additional information.

OTA Recommendations: DOF should take the following steps to ensure qualified taxpayers are processed using the more beneficial income definition:

- a) Install an internal workflow that guarantees program participants enrolled prior to June 30, 2024, are processed using both the old and the new income definitions.
- b) Update taxpayers' approval and denial notices to include the annual total household income calculated by DOF.

Part III: OTA Statistics for the Reporting Period of January 1 to December 31, 2024

For this report, OTA uses the data-recording methods first used for reporting period 2022 to reflect the updated inquiry and case definitions.¹⁷

As part of OTA's intake criteria, a taxpayer is required to make a reasonable attempt at resolving their issue with the appropriate DOF business unit. An OTA case is a result of a taxpayer's inability to resolve the matter via normal channels, requiring OTA work with the business unit. This clearer definition has led to an increase in cases versus inquiries in each of the past three years and is a truer reflection of OTA's workload, given that the office was designed and empowered to assist the public with more complicated matters.

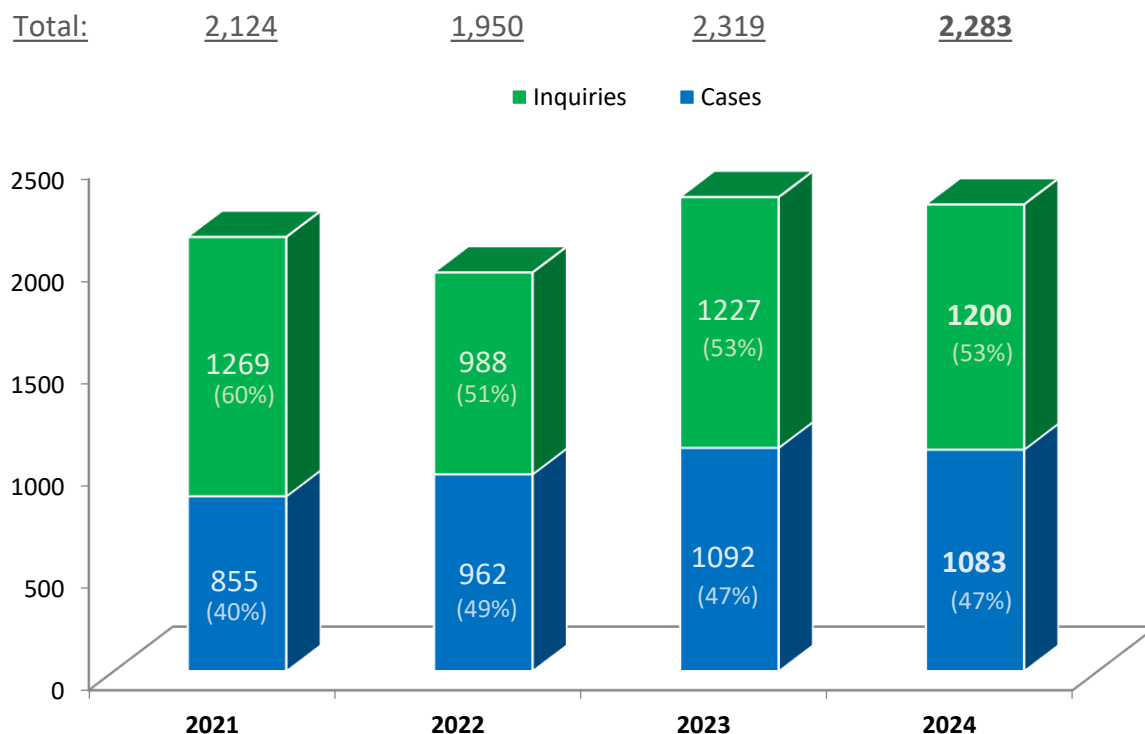
In September, to promote better access and communication, OTA also switched its case reporting software to a Customer Relationship Management (CRM) program, which is already used by multiple divisions and units within DOF. CRM has several recordkeeping advantages, one being issue reporting. CRM does not limit the amount of issues that can be tied to a specific case or inquiry, as OTA's previous software did, and it distinguishes issues based on tax type, allowing for more accurate reporting. OTA can now also filter where in the business tax process an issue arises; a case in Collections as opposed to Payment Operations could give rise to a different set of problem-solving procedures and allows OTA to better see where taxpayers may be having issues. CRM also better distinguishes the sourcing of OTA's workload. OTA can now report from whom an inquiry or case is coming (for example, a tax practitioner, a property owner, or a managing agent) and the means of communication (email, 311, phone, or outreach).¹⁸

¹⁷ Inquiries are matters resolved by OTA using in-house knowledge and resources. Cases are matters resolved by OTA which require assistance, information, or resolution from another Department of Finance business unit or government agency.

¹⁸ As OTA only has part-year data, particularly for "sourcing," these distinctions are not explored in this report but will likely be used in future reports.

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

For tax year 2024, OTA closed 1,083 cases (47%) and 1,200 inquiries (53%), which is consistent with 2023's numbers. The total workload figure of 2,283, a 1.8% decrease from 2023 is attributed to a drop in property tax cases. As fiscal year 2024-25 was an "off-peak" year for the two-year Senior Citizen Homeowners' Exemption renewal cycle,¹⁹ OTA received fewer personal exemption-related inquiries. The following charts and graphs highlight the recurring issues brought to OTA's attention over recent reporting periods.²⁰



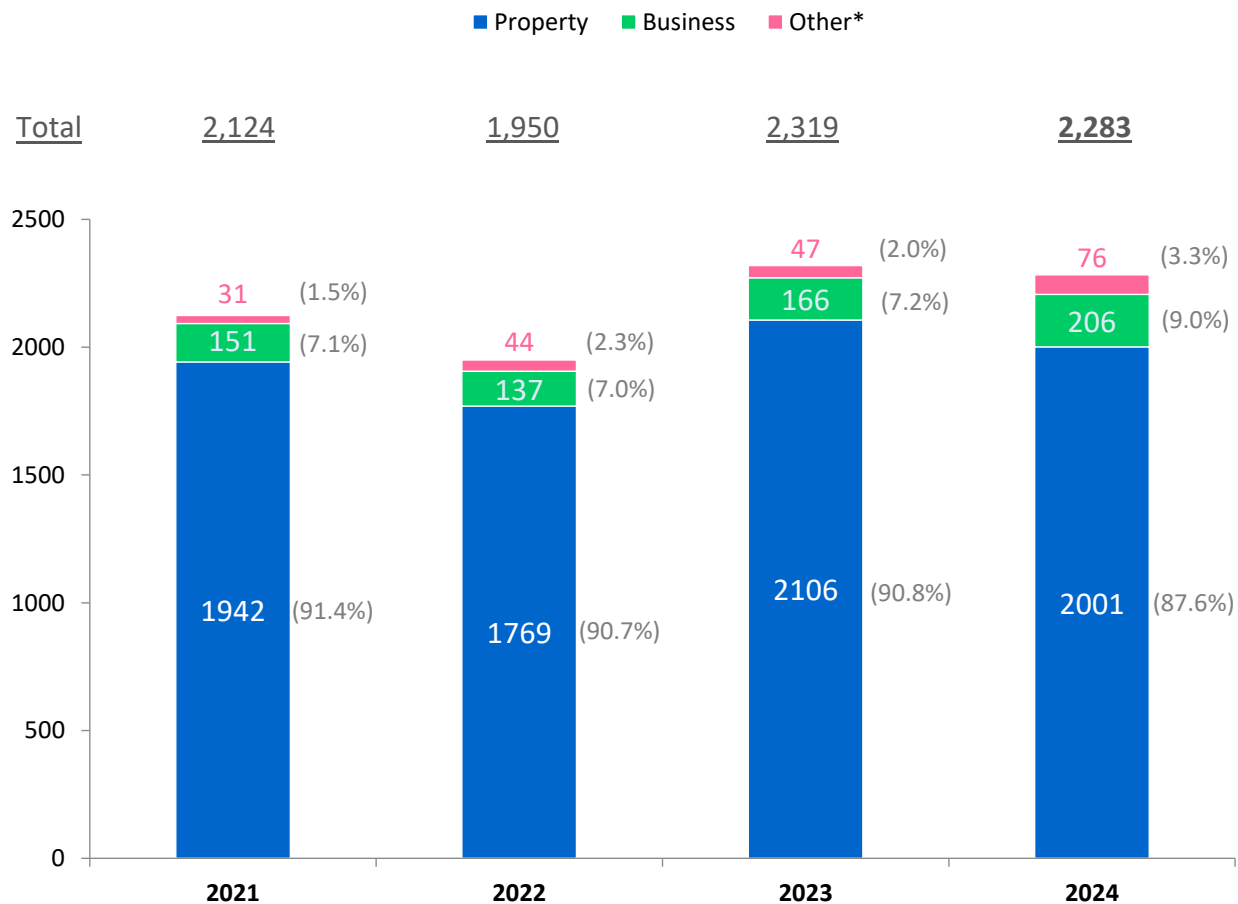
¹⁹ For more explanation on SCHE renewal cycle trends, see Recommendation No. 3 in the 2024 Annual Report.

²⁰ OTA's quantifying methods are based on the number of cases and inquiries closed during the reporting period. Cases and inquiries opened before January 1, 2025, and not closed are included in a separate chart (see Part III.N) but are otherwise not considered in these statistics. As of the 2023 Annual Report, OTA has reported on a calendar year, in lieu of its previous period, April 1 through March 31. OTA has retroactively converted previous data to calendar year reporting periods beginning in 2020. For more information on changes to OTA's reporting procedures, see Part III of OTA's 2023 Annual Report.

B. Total Inventory by Subject Matter

Nearly 90% of matters handled by OTA in tax year 2024 dealt with issues related to property taxes, a slightly lower percentage than previous years. Property tax cases decreased by 5.4% due to the drop in exemption applications from the two-year SCHE cycle, as well as the increased DOF efficiency in handling payment and refund issues. On the other hand, business and excise tax cases rose by 25.6%, the result of increased activity from taxpayers having disputes with Collections, as well as increased outreach to and awareness from tax practitioners. The 61.7% rise in “Other” cases is attributable to inquiries into state and federal issues, which were referred to OTA’s counterparts at other levels of government.

Major Tax Area Work Flow Comparison by Tax Year

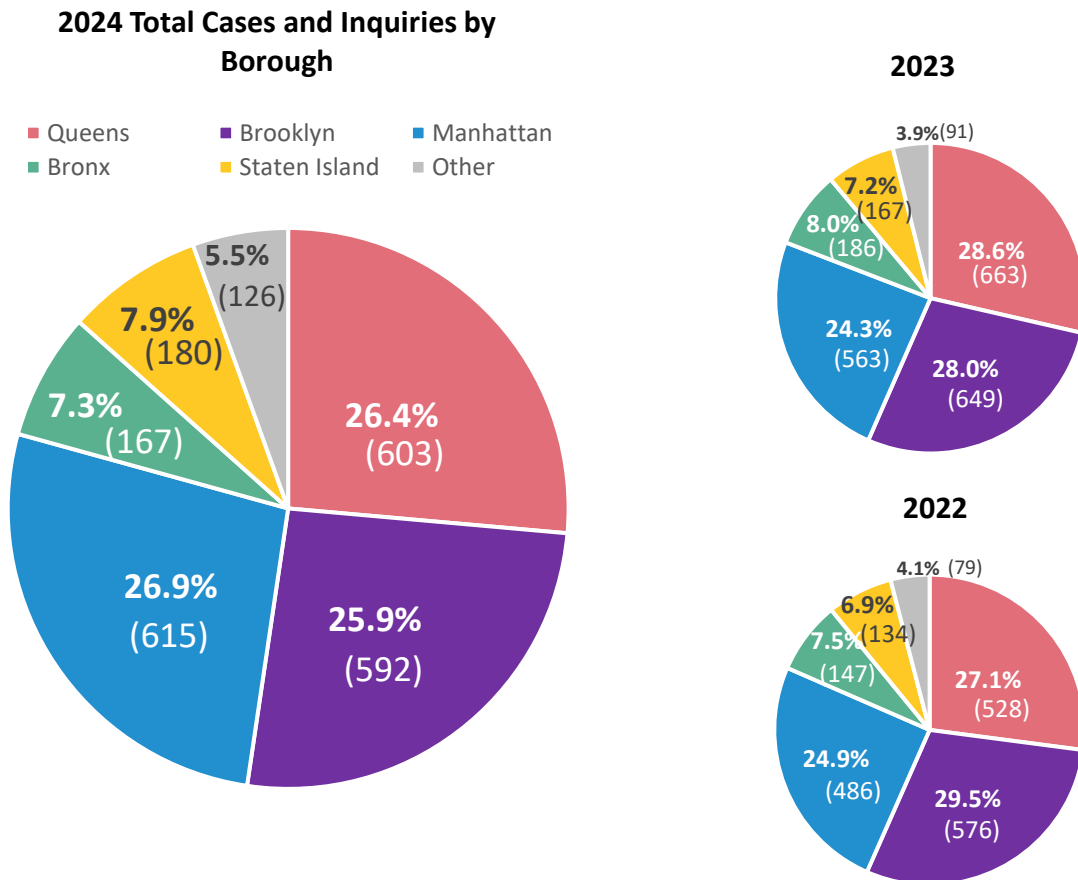


*A small percentage (“Other”) generally involves inquiries outside OTA’s scope, such as parking violation disputes or personal income tax matters. The former is usually referred to the Office of the Parking Summons Advocate, which is now under OTA’s purview, but keeps separate statistics. The latter is referred to the New York State Office of the Taxpayer Rights Advocate, or the IRS’s Taxpayer Advocate Service.

C. Source of Total Work by Borough

OTA's breakdown of cases by borough has remained consistent. Two boroughs saw a rise in cases from 2023: Manhattan (563 to 615, 8.5%) and Staten Island (167 to 180, 7.2%). Three of five boroughs had decreases: the Bronx (186 to 167, -11.38%), followed by Queens (663 to 603, -9.95%), and then Brooklyn (649 to 592, -9.63%). Much of this decrease was attributable to the notable decline in personal exemption renewal issues after a near-record year. Another reason for declining total Queens and Brooklyn issues is a nearly 50% decrease in property tax payment issues for homeowners.

The "Other" category, consisting of 126 cases, mostly involved general inquiries in which the source did not specify the taxpayer or property information. This category also included OTA's work with non-local businesses required to file New York City returns, and non-New York City resident employees.



D. Breakdown of Recurring Issues

The table on the next page shows OTA's top 25 recurring issues. Some matters involve multiple issues, so the total number of issues (2,324) does not match the number of cases and inquiries (2,283) in tax year 2024. Over the last three years, the top 10 categories for the annual report have remained constant and represent the majority of all issues (73%).

Four of the top six categories in 2024 were the same as in 2023: Denial - Benefit, Application Issue, Records Request/Verification, and Process Delay. These top categories for 2024 can be housed under application processing issues, with most related to property tax exemptions and cop/condo abatement (CCA) matters. The single largest issue for a second year in a row is Denial - Benefit, which also saw the largest increase in cases, as well (293 to 434, a 48% increase). The three largest contributors to this category were CCA matters (199, 88% increase), SCHE and DHE renewal (112, 26% increase), and STAR benefits (31, 94% increase). CCA and STAR matters rose due to application portal improvements and a data transfer issue with the state of New York in 2024.

Application Issues and Process Delay both experienced significant decreases. The 2023 reporting period covered a record year of SCHE applications during a high-renewal cycle year. Application Issues in 2024 experienced the largest drop of any single category (97 fewer, 35% decrease), with SCHE matters decreasing from 139 in 2023 to 88 in 2024 (37% reduction). However, compared to 2022, Application Issues rose by 17% (157 to 183). Similarly, fewer applications and improved application processing resulted in a 36% decrease in Process Delay (69 fewer in 2024).

Records Request/Verification has experienced a 423% rise since 2020 (60 in 2020; 143 in 2021; 180 in 2022; 273 in 2023; 314 in 2024). This is a result of taxpayers' and tax professionals' awareness of OTA as a resource for status updates on pending applications and historical documentation procurement. Changes to income definitions for SCHE and DHE and the Prevailing Wage Affidavit (PWA) filing requirement for CCA were the most common requests.

Misapplied or Denied Payments had the largest percentage reduction (47% decrease, 97 fewer matters). This category has reduced four out of the past five years from the OTA all-time high of 477 in 2020 to 110 matters in 2024, an overall 77% drop. Reasons for the decrease include the expansion of DOF's e-Services, including a business tax chatbot, to support a switch to online payments. The decrease also highlights the success of OTA's recommendation to change DOF's email confirmation language sent to online payers.²¹ With taxpayers now notified that a payment is not complete until the funds have been withdrawn from their account, they are more likely to verify payment on their own, rather than come to OTA.

Other areas of note this year include a rise in penalty abatement requests by 49% in 2024, of which 42 matters were business tax-related and 22 were RPIE-related. There was a 20% decrease in Unclear Policy (245 to 195), with topics distributed across many issues with the leading categories in personal exemptions (23), payments (20), NFP (17), RPIE (17), refunds (10), and assessments (10). Benefit Reduction saw a decrease of 52% (24 fewer matters) due to the second year of using the new income definition for SCHE and DHE, which, in most cases, provides a greater benefit than the prior definition. Finally, OTA began tracking state and federal tax issues (40) to capture the number of taxpayers who require external agency support outside of NYC.

²¹ See Recommendation No. 6 in OTA's 2023 Annual Report.

Issues Presented	2022	2023	2024	vs. 2023
Total	2128	2479	2324	155↓ (6%↓)
Denial - Benefit	197	293	434	141↑ (48%↑)
Records Request/Verification	180	273	314	41↑ (15%↑)
Unclear Policy/Procedure	216	245	195	50↓ (20%↓)
Application Issues	157	280	183	97↓ (35%↓)
Process Delay	157	190	121	69↓ (36%↓)
Notice - Unclear Notices	136	110	114	4↑ (4%↑)
Misapplied or Denied Payments	183	207	110	97↓ (47%↓)
Tax Calculations	79	87	82	5↓ (6%↓)
Inaccurate Record	79	66	78	12↑ (18%↑)
MV/AV - Inconsistent Value	100	88	73	15↓ (17%↓)
Penalty Abatement requests	59	45	67	22↑ (49%↑)
Benefit Revocation	71	61	58	3↓ (5%↓)
Erroneous Charges/Fees	50	65	53	12↓ (18%↓)
Payment Plans Issues	41	45	48	3↑ (7%↑)
State & Federal Tax Issues	*	*	40	-
MV - TP Disagrees with RFR	44	42	36	6↓ (14%↓)
Other Charges - Property Tax Bill	21	33	33	-
Refund Issue	39	23	32	9↑ (39%↑)
Incorrect Tax/Building Class	21	34	28	6↓ (18%↓)
Benefit Reduction	29	46	22	24↓ (52%↓)
DOF - Unresponsive/Unhelpful	24	30	20	10↓ (33%↓)
Levy / Hold on Account	8	14	20	6↑ (43%↑)
Prevailing Wage	26	12	20	8↑ (67%↑)
Exemption Not Corrected	13	19	15	4↓ (21%↓)
Lien Sale	32	18	15	3↓ (17%↓)

* OTA did not track this category during that reporting period.

E. Cases in Which No Relief Was Granted

OTA strives to provide relief to taxpayers whenever possible. Yet in some cases, relief cannot be provided. Of OTA's 3,137 cases in the past three tax years, 272 (8.67%) have resulted in such an outcome. In 2024 there was a modest decrease of 8 matters (-7.2%). The majority of cases in which no relief could be granted was because of law or DOF policy which could not be controverted (73 out of 104 cases, 70.2%). The 73 no-relief cases in 2024 break down as NFP (15), Abatements (11), Assessed Value/Market Value (10), Personal Exemptions (9), and Unincorporated Business Tax (5). Taxpayer failure to provide documents or information timely saw an increase of five matters overall (31% increase). The distribution of the requests are varied and without a primary category, which can explain the increase.

In 2024, the total percentage of unresolved cases was 9.6% (104 out of 1,083), a slight decrease compared to 2023 (10.25%, 112 out of 1,092).

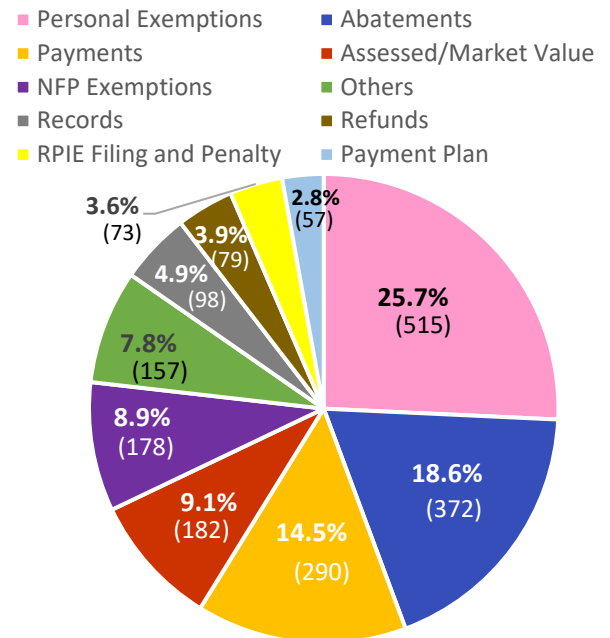
Cases in Which No Relief Was Granted, 2022-2024

Reason for No Relief	2022	2023	2024	Total
Law or DOF policy	29	81	73	183
Taxpayer failed to provide documents or information timely	16	16	21	53
Unable to contact taxpayer	6	3	-	9
Referred to another city agency	5	12	10	27
Total	56	112	104	272

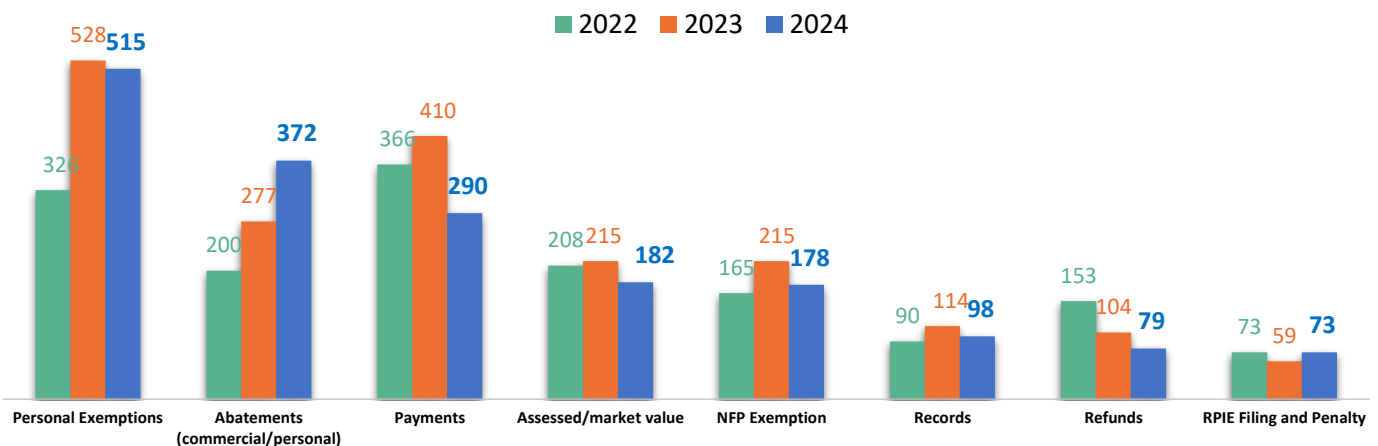
F. Property Tax Inquiries and Cases by Subcategories²²

More than one-fourth of all property tax cases and inquiries were Personal Exemptions (515 out of 2,001), remaining constant as compared to 2023 (528 out of 2,115). CCA accounted for 18.5% of all property tax cases and had 95 more cases (34% rise) as compared to 2023. The most common issue for both Personal Exemption and CCA was Benefit - Denial, caused by resolving exemption removals for SCHE, DHE, and CCA software improvements. Payments saw the most significant decrease of any category (410 in 2023 down to 290 in 2024, a 29% decrease). Assessed/ Market Value and NFP exemptions experienced decreases of 15% and 17%, respectively, while remaining within historical values. Finally, Refunds follows the general trend of reductions in overall payment issues, with a three-year decrease of 48% since 2022. (The chart on the right includes an “Others” category consisting of multiple issues that each made up less than 2.8% of the overall workload.)²³

2024 Property Tax Top Categories



Top 8 Property Tax Cases and Inquiries by Subcategory, by Tax Year

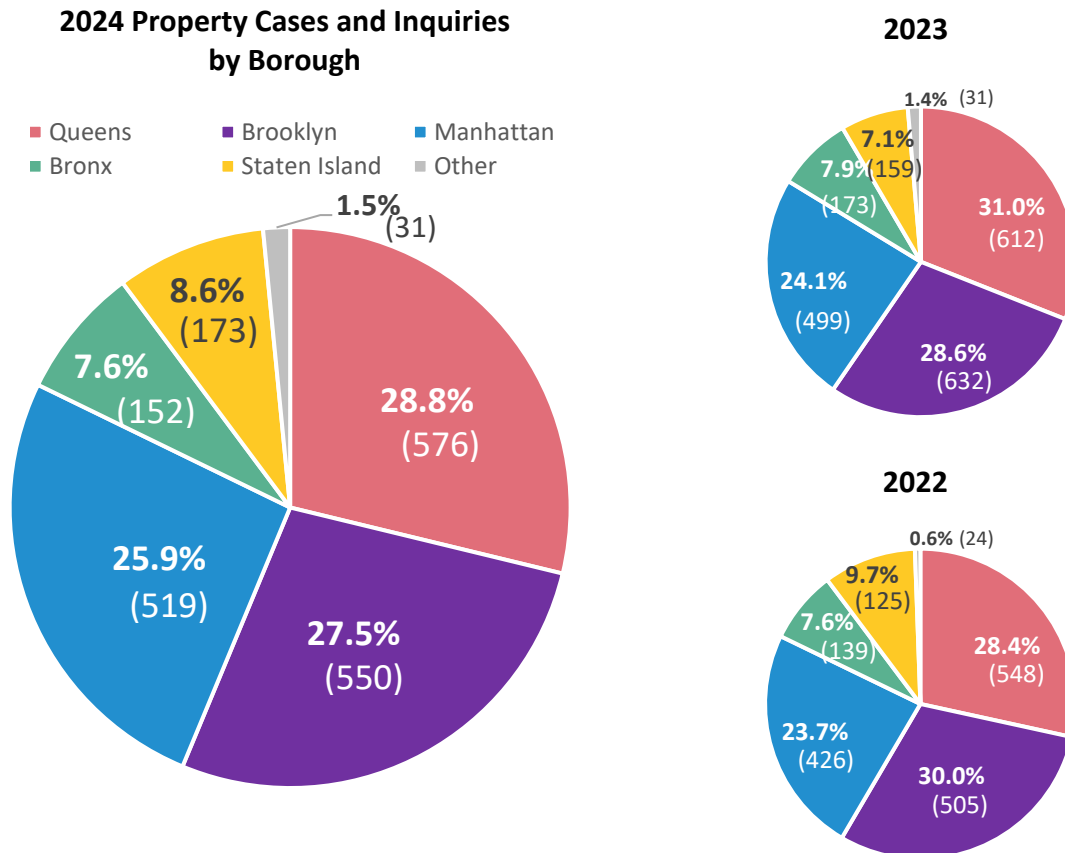


²² OTA’s property tax subcategories are: Personal Exemptions (STAR, Enhanced STAR, SCHE and DHE, Veterans, Clergy, and Good Samaritan); Payments (processing of and application of); Refunds (requests for refunds); Assessed or Market Value (issues regarding valuation); Abatements (co-op and condo, 421a, 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 (including 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 Miscellaneous (unique issues or questions, or disputes that involve hybrid or multiple issues).

²³ The “Others” subcategories include: Classification (2.7%), Commercial Exemptions (1.1%), Tax Lien Sales (1.0%), mapping (0.3%), Collections (0.4%), Apportionment (0.2%), and a miscellaneous category for unique issues (1.9%).

G. Property Tax Inquiries and Cases by Borough

The proportion of cases and inquiries by borough has remained consistent over the past three years, as Queens, Brooklyn, and Manhattan continue to encompass 82.2% of the workload. Total cases and inquiries have increased in Manhattan and Staten Island, but decreased in the Bronx, Brooklyn, and Queens. “Other” matters are reflective of general inquiries where no property was specified.



H. Property Tax Cases by City Council District

OTA handled property tax cases for property owners in all of New York City’s 51 council districts in tax year 2024. The refund, abatement, and correction²⁴ amounts are listed below by district. The “Other” category generally encompasses cases involving several properties across multiple districts, wherein the dollar impact could not be easily divided.

Property Tax Refunds, Abatements, and Corrections by City Council District for Report Years 2022 through 2024

District / Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
1	C. Marte	35	37	36	\$757,525	\$262,965	\$197,434	\$27,317	\$830,749	\$2,056,100	\$58,295	\$6,496	\$3,744,796
2	C. Rivera	23	25	26	\$705,215	\$204,593	\$452,542	\$497,375	\$1,729,128	\$301,853	\$761,735	\$1,766,304	\$727,370
3	E. Bottcher	38	42	32	\$192,742	\$163,069	\$36,571	\$252,349	\$673,266	\$277,724	\$1,182,518	\$785,968	\$706,418
4	K. Powers	49	63	74	\$1,896,060	\$867,946	\$1,516,443	\$2,108,784	\$628,338	\$5,500,264	\$2,382,783	\$2,851,406	\$1,653,473
5	J. Menin	21	28	17	-	\$46,217	\$294,293	\$765,899	\$1,778,991	\$384,761	\$28,403	\$907,529	\$94,813
6	G. Brewer	38	45	52	\$11,491	\$304,301	\$61,220	\$756,296	\$264,076	\$2,190,055	\$4,424	\$325,782	\$15,662
7	S. Abreu	6	10	11	-	\$150	\$4,053	\$107,303	\$13,742	\$130,641	\$18,000	\$3,305	\$3,732
8	D. Ayala	6	13	9	-	\$151,281	-	\$10,518	-	\$4,050	\$5,143	\$175,500	\$750
9	Y. Salaam	10	14	12	\$205,627	\$21,739	\$76,137	-	\$56,214	\$914	\$16,528	\$68,706	\$300,782
10	C. De La Rosa	5	5	5	\$94,019	\$413	\$1,250	-	-	\$3,138	-	-	-
11	E. Dinowitz	13	14	16	\$341,740	\$60,144	\$21,248	\$12,649	\$944	\$11,759	\$4,705	\$150	\$86,119
12	K. Riley	11	8	10	\$30,203	-	\$12,388	\$7,222	\$2,853	\$9	\$3,000	-	-
13	K. Marmorato	7	14	12	\$1,493	\$16	\$3,044	\$1,553	\$1,215	\$3,623	-	\$11,380	\$88,047
14	P. Sanchez	4	6	5	-	\$3,340	-	-	\$565	-	-	\$9,725	\$1,350
15	O. Feliz	7	4	5	\$36,473	-	\$7,844	-	\$2,281	-	-	-	-

²⁴ For an explanation of the “Corrections” category, see Part III.L.

District / Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
16	A. Stevens	3	4	5	-	-	\$16,038	-	-	-	\$341	-	\$1,000
17	R. Salamanca Jr.	9	9	5	-	-	-	-	-	-	\$2,361	\$359,392	-
18	A. Farias	5	11	12	\$15,589	\$1,853	-	\$1,577	\$1,853	\$1,600	\$4,500	\$50,252	\$1,823,993
19	V. Paladino	26	40	32	\$2,890	\$254,005	\$150	\$15,961	\$54,768	\$2,082	\$46,281	\$85,682	\$17,397
20	S. Ung	26	14	11	\$4,106	\$9,318	\$81,538	\$12,601	\$9,508	\$26,781	\$12,014	\$5,138	\$350
21	F. Moya	12	6	6	-	-	-	\$8,356	-	-	\$14,350	\$16,328	\$859,743
22	T. Cabán	10	20	17	\$12,710	\$19,176	-	\$21,439	\$4,115	\$7,018	\$21,605	\$7,323	\$59,825
23	L. Lee	20	33	48	\$25,796	\$150	-	\$16,352	\$23,192	\$210,415	\$10,544	\$7,943	\$14,138
24	J. Gennaro	17	25	16	\$150	\$33,913	\$269	\$3,543	\$82,791	\$16,874	\$42,668	\$15,746	\$8,140
25	S. Krishnan	5	15	8	\$150	-	\$24,455	-	\$27,839	\$11,145	\$12,506	\$6,767	\$6,300
26	J. Won	11	16	23	\$420,200	-	\$13,470	\$6,217	\$3,472	\$16,201	\$3,802	\$710	\$63
27	N. Williams	15	20	16	\$147,730	\$4,426	-	\$97,552	\$4,736	\$4,485	\$51,728	\$4,275	\$144,076
28	A. Adams	15	15	11	\$28,638	\$11,046	\$19,377	\$58,723	\$12,297	\$352	\$4,171	\$37,494	\$2,213
29	L. Schulman	13	17	18	\$7,157	-	\$44,935	\$61,134	\$6,329	\$4,852	\$659,417	\$6,407	\$34,850
30	R. Holden	15	15	15	\$31,906	\$1,323	\$2,914	\$793	\$832	\$8,388	\$15,750	\$14,456	\$19,348
31	S. Brooks-Powers	8	19	9	-	\$150	\$2,693	\$5,976	-	\$659	\$6,763	\$8,274	\$2,650
32	J. Ariola	19	28	22	\$1,553	\$1,258	-	\$1,040	\$27,049	\$22,155	\$6,960	\$19,493	\$11,484
33	L. Restler	48	40	43	\$784,258	\$151,945	\$61,664	\$250,118	\$39,130	\$57,022	\$82,100	\$714,467	\$716,904
34	J. Gutiérrez	14	14	17	\$756,038	\$8,384	\$460,821	\$250	\$24,259	\$2,456	\$360,300	-	\$1,185,299
35	C. Hudson	11	19	17	-	\$9,389,540	\$150	\$20,741	\$14,883	\$3,145	-	\$718,398	\$264,599
36	C. Ossé	12	17	11	\$152,174	\$1,605	-	\$17,537	-	\$3,497	-	\$3,618	\$88,855
37	S. Nurse	12	14	14	\$44,604	-	-	\$20,331	\$36,222	\$20	\$23,114	\$151,075	\$41,320
38	A. Avilés	12	15	19	\$459,505	-	-	\$5,102	\$4,825	\$7,166	\$36,407	\$45,630	\$12,015
39	S. Hanif	23	22	17	\$72,658	-	\$20	\$41,366	\$20,591	\$140,076	\$56,236	\$412,518	\$7,264
40	R. Joseph	8	7	10	\$90,369	-	\$38,828	-	\$12,039	\$1,000	\$260,830	-	\$680
41	D. Mealy	9	8	6	-	\$150	\$26,830	\$1,500	\$11,144	\$1,453	\$2,023	\$1,309	-

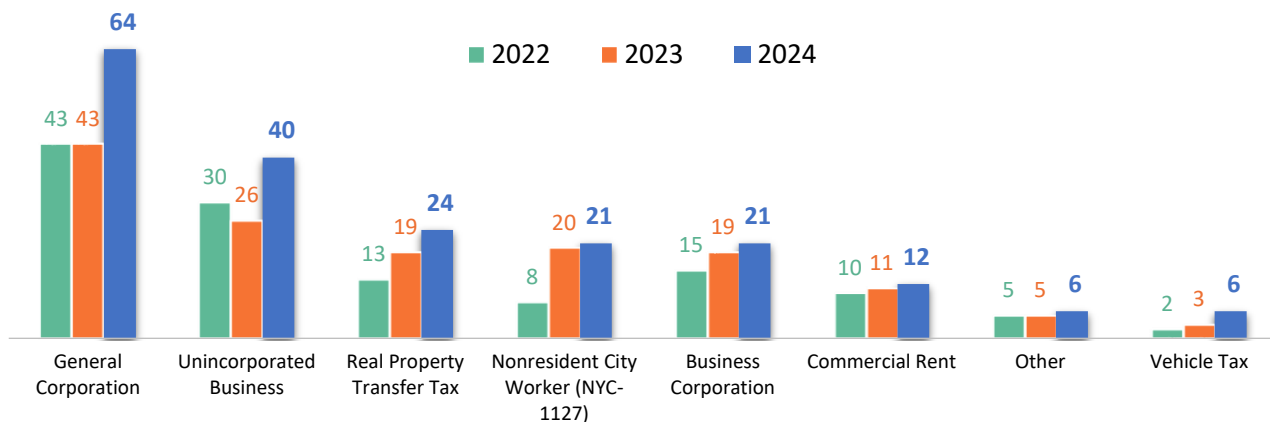
District / Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
42	C. Banks	12	9	6	-	\$26,452	\$51,753	\$3,013	\$16,525	\$723	\$7,003	\$257,025	\$7,000
43	S. Zhuang	8	9	16	\$3,554	\$19,079	\$1,305	\$16,971	\$594	\$7,439	\$51,905	\$15,298	\$17,642
44	Vacant	25	20	14	\$616,429	\$8,381	\$12,729	\$76,535	\$9,540	\$8,969	\$10,071	\$98,501	\$15,500
45	F. Louis	14	15	22	\$150	-	\$3,592	-	\$4,385	\$3,793	\$47,597	\$224,209	\$29,563
46	M. Narcisse	35	32	19	\$322,666	\$18,977	-	\$49,328	\$10,618	\$17,186	\$7,765	\$64,341	\$21,776
47	J. Brannan	10	13	4	-	\$150	-	-	\$2,768	-	\$3,224	\$9,130	\$27,334
48	I. Vernikov	28	26	23	\$31,877	\$117,105	-	\$404,852	\$4,907	\$35,251	\$23,727	\$15,902	\$4,756
49	K. Hanks	11	17	18	-	\$150	\$1,018	\$1,145	\$10,127	\$2,768	\$4,200	\$12,376	\$19,492
50	D. Carr	16	22	24	\$150	\$5,381	\$6,500	\$3,233	\$9,132	\$15,129	\$73,708	\$202,593	\$43,494
51	Vacant	26	21	33	\$9,198	-	\$250	\$9,619	\$10,612	\$25,034	\$69,792	\$4,341	\$906,587
Other		29	14	8	\$66,142	-	-	\$3,751,308	-	-	\$5,684,571	\$1,903,998	-
Total		865	989	937	\$8,380,936	\$12,170,090	\$3,555,766	\$9,531,477	\$6,483,444	\$11,530,022	\$12,185,867	\$12,412,660	\$13,838,960

I. Business and Excise Tax Cases and Inquiries by Subcategories

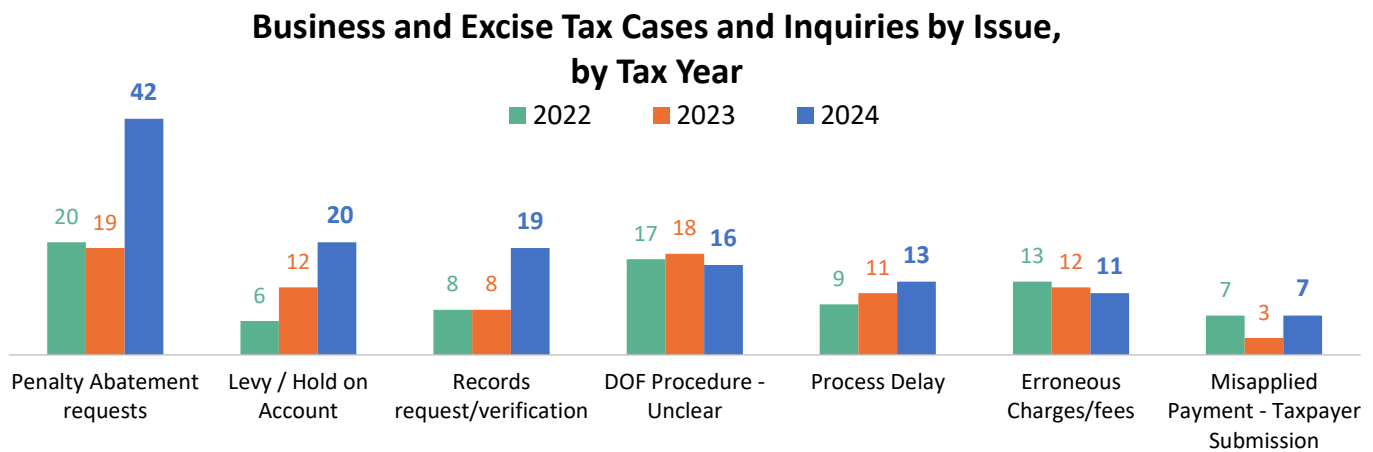
Business and excise tax cases saw an overall increase of 25.6% from 2023, and a 50.4% increase since 2022, as all tax areas expanded across OTA's workload over the past year. Broader outreach efforts that allowed OTA to develop relationships with business tax professionals contributed to this growth. These efforts included DOF's TaxRAPP and events hosted by professional organizations, the IRS, and other government partners. The most marked changes from 2023 were in corporate income tax (up 42% overall), particularly UBT cases, which rose 60%, and GCT cases, which increased by 48.8%. As taxpayers generally communicate directly with the Audit Division and OTA will not interfere with an open audit, most business tax cases OTA receives are collection-related. Recognizing the need for collection reform, OTA has made multiple recommendations in this report which could affect case volume in ensuing years.

OTA also saw a 26.3% rise in real property transfer tax (RPTT) cases, which have trended upward for the past two years. RPTT issues about which taxpayers have contacted OTA include penalty abatement requests and noticing issues, both which are included in this year's recommendations (see Part II), as well as requests for Notices of Disallowance of refunds, the creation of which OTA has included as a collaborative success with other units (see Part IV). Commercial motor vehicle tax (CMVT) cases have also continued to trend upward, in part due to a continued increase in internal referrals to OTA. Most other tax categories saw modest increases of less significance.

**Business and Excise Tax Cases and Inquiries by Tax Area,
by Tax Year**

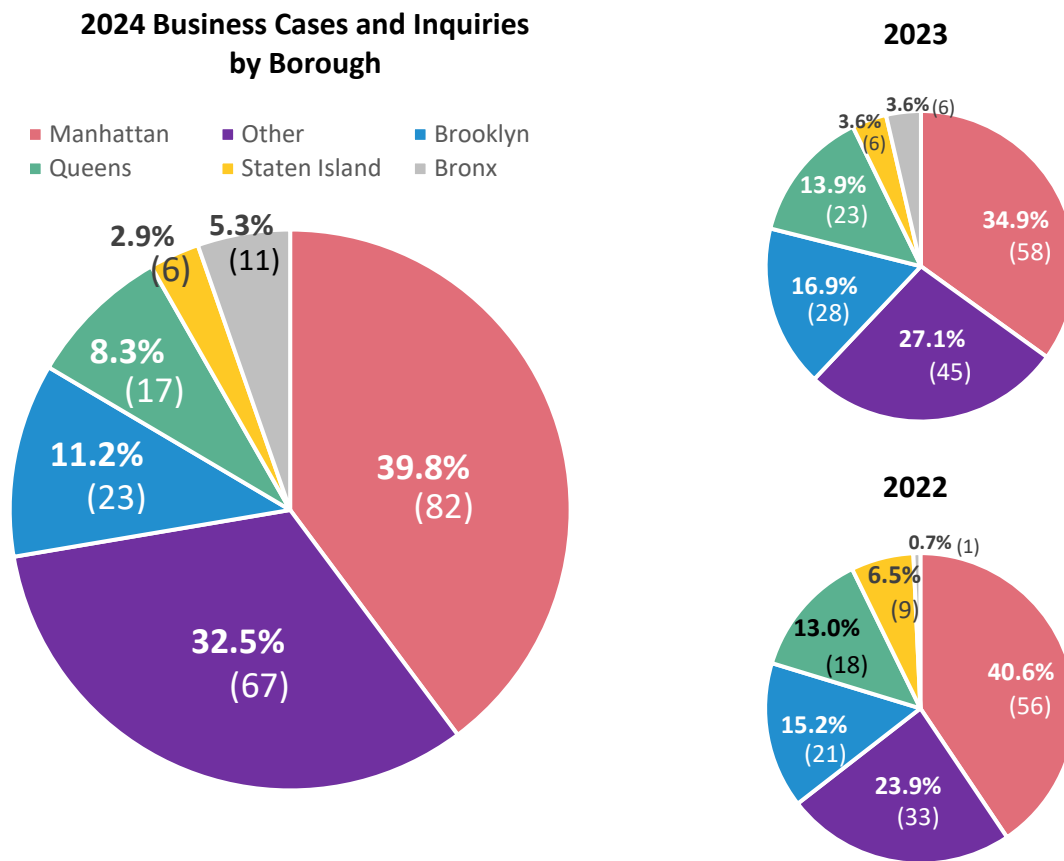


In terms of specific issues, OTA saw the most growth in penalty abatement requests, which have increased by 152.6% in the past year. OTA hopes its recommendation with regard to reasonable cause abatements or first-time abatements will help provide guidance to taxpayers who need more assistance. OTA also saw a 66.7% increase in levy inquiries, as DOF's new policies, necessitated by discrepancies in the procedures of various banks, require they not release a hold on an account until funds are fully withdrawn. The Records Request/Verification category more than doubled (137.5%). This growth cannot be attributed to any particular trend, but many taxpayer representatives contacted OTA with issues regarding BTCS access, filing confirmations, and warrant documentation.



J. Business and Excise Tax Cases and Inquiries by Borough

Non-NYC cases and inquiries (“Other”) have continued to increase more significantly than any borough, having more than doubled since 2022, and they now comprise more than one-third of all business and excise tax matters. These “Other” issues include Nonresident City Worker (NYC-1127) cases (previously discussed), as well as non-NYC businesses owing city taxes—the latter likely the result of better outreach to non-NYC representatives less familiar with city laws. Manhattan also saw a 41.4% increase, as it remains the dominant borough for business tax matters. Modest decreases in other boroughs do not appear of much significance.



K. Business Tax Cases by City Council District²⁵

OTA handled business tax cases, some of which resulted in refunds, abatements, or corrections, for business taxpayers in 32 of the city's 51 council districts during tax year 2024. Forty cases resulting in either abatements, refunds, or corrections could not be attributed to a district, because they involved taxpayers out of the city or in multiple districts. The refund, abatement, and correction amounts are listed below by district.

Business Tax Refunds, Abatements, and Corrections by City Council District for Report Years 2022 through 2024

District/ Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
1	C. Marte	6	3	8	\$22,200	\$666,871	\$367,171	\$112,965	-	\$74,728	-	\$729	\$54,904
2	C. Rivera	2	1	5	-	-	-	-	-	\$41,380	-	-	-
3	E. Bottcher	7	8	10	\$33,285	-	-	\$14,669	\$28,032	\$199,176	-	-	-
4	K. Powers	9	3	14	-	\$74,825	-	\$103,605	-	\$285,558	\$8,016	-	-
5	J. Menin	1	2	3	-	-	-	-	-	-	-	\$13,768	-
6	G. Brewer	9	2	4	-	-	-	\$18,575	\$31,876	\$27,520	\$254,819	-	\$13,819
8	D. Ayala	-	1	4	-	-	\$6,719	-	-	\$7,940	-	-	-
9	Y. Salaam	4	-	1	\$2,508	-	-	-	-	-	\$23,827	-	-
10	C. De La Rosa	1	-	1	-	-	\$123,514	-	-	-	-	-	-
12	K. Riley	-	1	1	-	-	-	-	-	-	-	-	-
13	K. Marmorato	-	-	3	-	-	-	-	-	\$173,582	-	-	\$115,187
16	A. Stevens	-	-	2	-	-	-	-	-	-	-	-	-
17	R. Salamanca Jr.	-	1	-	-	-	-	-	\$10,956	-	-	-	-
19	V. Paladino	1	1	1	-	-	-	-	-	\$95	\$289	-	-
20	S. Ung	-	-	3	-	-	\$74,242	-	-	\$129,605	-	-	-
21	F. Moya	-	-	1	-	-	-	-	-	\$358	-	-	\$60,150
22	T. Cabán	-	1	-	-	-	-	-	-	-	-	\$2,287	-
23	L. Lee	2	-	-	-	-	-	\$579	-	-	-	-	-
24	J. Gennaro	1	3	2	-	\$140	\$125	-	-	\$5,985	-	-	-
25	S. Krishnan	1	-	-	\$2,489	-	-	-	-	-	-	-	-

²⁵ Omitted districts have not had any cases from January 1, 2022, through December 31, 2024.

District/ Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
26	J. Won	5	2	7	-	-	\$23,364	\$5,156	\$516	\$189,990	\$704	-	-
27	N. Williams	-	-	1	-	-	-	-	-	-	-	-	\$8,365
28	A. Adams	1	3	-	-	-	-	-	-	-	-	-	-
29	L. Schulman	-	-	2	-	-	-	-	-	-	-	-	-
30	R. Holden	-	1	-	-	-	-	-	-	-	-	-	-
31	S. Brooks-Powers	1	-	1	-	-	-	-	-	-	-	-	-
33	L. Restler	2	1	3	-	\$720	-	\$2,454	-	\$1,211	-	-	\$11,258
34	J. Gutiérrez	1	1	1	-	-	-	\$4,831	-	-	-	-	-
35	C. Hudson	1	2	2	-	-	-	-	\$13,373	-	-	-	-
36	C. Ossé	1	-	3	-	-	-	-	-	\$500,987	\$158	-	-
37	S. Nurse	-	-	1	-	-	\$875	-	-	\$39	-	-	\$2,625
38	A. Avilés	-	1	-	-	-	-	-	\$23,253	-	-	-	-
39	S. Hanif	1	2	2	-	-	-	\$1,110	\$1,976	-	-	\$6,496	-
40	R. Joseph	-	1	-	-	-	-	-	\$60	-	-	-	-
41	D. Mealy	-	-	1	-	-	-	-	-	-	-	-	-
42	C. Banks	-	1	-	-	\$1,943	-	-	-	-	-	-	-
43	S. Zhuang	-	2	1	-	-	-	-	-	-	-	-	-
44	Vacant	4	-	-	\$6,640	-	-	\$408	-	-	\$5,000	-	-
45	F. Louis	1	1	-	\$2,989	-	-	-	-	-	-	-	-
46	M. Narcisse	2	1	1	-	-	-	-	\$2,374	-	-	-	-
47	J. Brannan	1	-	-	-	-	-	-	-	-	-	-	-
48	Inna Vernikov	-	-	2	-	-	-	-	-	-	-	-	\$17,250
49	K. Hanks	1	1	1	-	-	-	\$56,620	-	-	-	-	\$29,465
50	D. Carr	3	-	2	-	-	-	\$1,365	-	\$379	\$1,480	-	-
51	Vacant	2	2	-	-	-	-	-	-	-	\$8,820	-	-
Other		25	50	40	\$824,910	\$2,526,650	\$384,627	\$182,929	\$263,013	\$5,233	\$878,982	\$147,028	\$84,534
Total		96	99	134	\$895,021	\$3,271,150	\$980,637	\$505,265	\$375,429	\$1,643,767	\$1,182,094	\$170,308	\$397,557

L. Dollar Impact of the Office of the Taxpayer Advocate

The charts below include all cases completed between 2022 and 2024 and their total dollar impact—the amount of money saved by or returned to customers. Refunds saw the sharpest drop, and this accounts for the overall decrease in dollar impact from the past two years. Although the number of cases with refunds decreased, the real source of change was that more than \$11 million in refunds in 2023 could be attributed to just two cases; just one case in 2024 had a refund dollar impact of more than \$1 million.

Abatelements rose overall, with more cases (220 to 235) and a higher dollar impact per case (\$31,177 to \$56,059), as four property tax cases in 2024 had a dollar impact of more than \$1 million. Business tax abatelements tripled due, in part, to the spike in penalty abatement requests previously discussed. Corrections²⁶ also saw an increase in cases (167 to 177) and dollar impact per case (\$75,347 to \$80,433), though overall impact has been consistent over the past three years.

TOTAL	Refunds	Abatelements	Corrections	\$ Impact Total	Case Count ²⁷	Avg. per Case
TY 2022	\$9,275,957	\$10,036,742	\$13,367,961	\$32,680,660	962	\$33,972
TY 2023	\$15,441,239	\$6,858,874	\$12,582,968	\$34,883,081	1,092	\$31,944
TY 2024	\$4,537,919	\$13,173,789	\$14,236,600	\$31,948,308	1,083	\$29,500
Total	\$29,255,115	\$30,069,405	\$40,187,529	\$99,512,049	3,137	\$31,722

REFUNDS	Property	Business	Total Refunds	Number of Cases with Refunds	Avg. per Case
TY 2022	\$8,380,936	\$895,021	\$9,275,957	124	\$74,806
TY 2023	\$12,170,090	\$3,271,150	\$15,441,239	95	\$162,539
TY 2024	\$3,555,766	\$980,637	\$4,537,919	83	\$54,674
Total	\$24,106,792	\$5,146,808	\$29,255,115	302	\$96,871

ABATEMENTS	Property	Business	Total Abatelements	Number of Cases with Abatelements	Avg. per Case
TY 2022	\$9,531,477	\$505,265	\$10,036,742	197	\$50,948
TY 2023	\$6,483,444	\$375,429	\$6,858,874	220	\$31,177
TY 2024	\$11,530,022	\$1,643,767	\$13,173,789	235	\$56,059
Total	\$27,544,943	\$2,524,461	\$30,069,405	652	\$46,119

CORRECTIONS	Property	Business	Total Corrections	Number of Cases with Corrections	Avg. per Case
TY 2022	\$12,185,867	\$1,182,094	\$13,367,961	166	\$80,530
TY 2023	\$12,412,660	\$170,308	\$12,582,968	167	\$75,347
TY 2024	\$13,838,960	\$397,557	\$14,236,600	177	\$80,433
Total	\$38,437,487	\$1,749,959	\$40,187,529	510	\$78,799

²⁶ “Corrections” are misapplied payments that did not result in a refund or a reduction to existing charges. Also classified as “corrections” were technical PTS-related adjustments.

²⁷ Case counts represent total cases for each reporting period, regardless of whether there was any dollar impact. Some cases involve more than one dollar impact category (for example, a refund and an abatement).

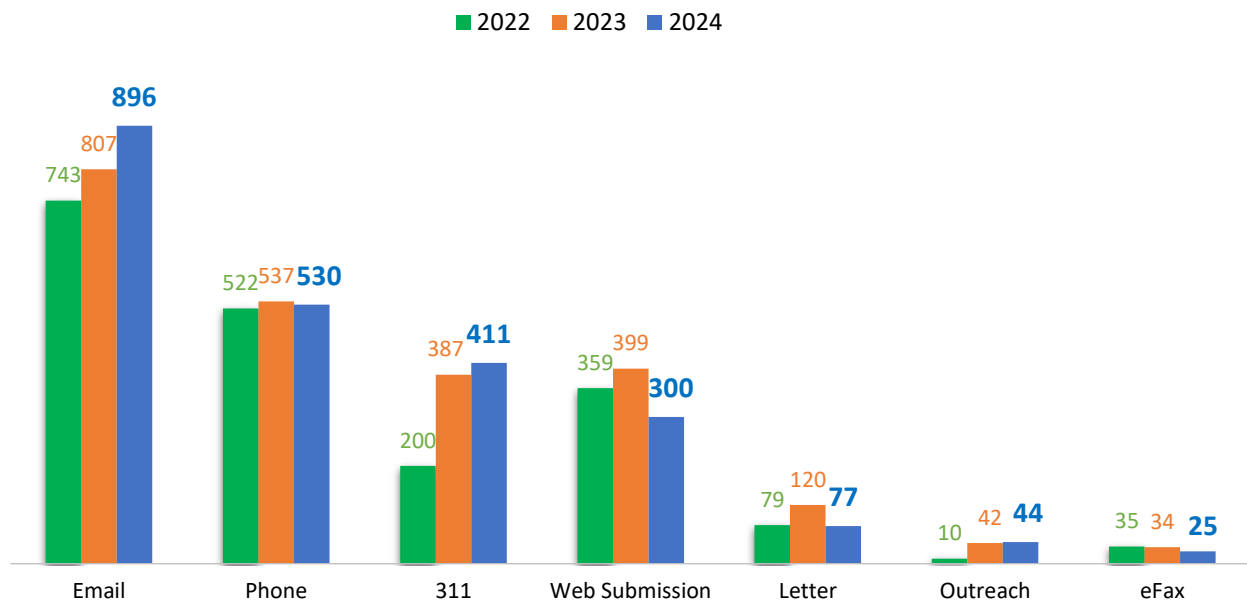
M. Referrals by Source

Emails and calls were the top two referral sources for each of the past three years. Contact information for the office is available in the Notice of Property Value that is sent to taxpayers each year, as well as in OTA brochures that have been widely disseminated via in-person and virtual events over the past three years.

The majority of taxpayers have opted to contact OTA directly and usually by electronic submission. In total, 1,196 out of 2,283 requests were sent via direct email and web submission. Email continues to grow as a result of taxpayers interacting directly with OTA staff at outreach events. 311 referrals in 2024 increased by 6.2% as compared to 2023. However, the overall four-year trend is a more than 185% increase.

Outreach cases remained consistent in 2024 (44) as compared to 2023 (42). OTA seeks to interact with the public and, during events, it may yield direct cases and dissemination of OTA contact information for future use. Finally, letter contacts decreased in 2024, which may be related to the low-volume SCHE and DHE application renewal cycle of 2024. Older taxpayers often contact OTA by mail; 35 out of 77 letter contacts were related to SCHE and DHE issues.

Sources of Referral, by Tax Year

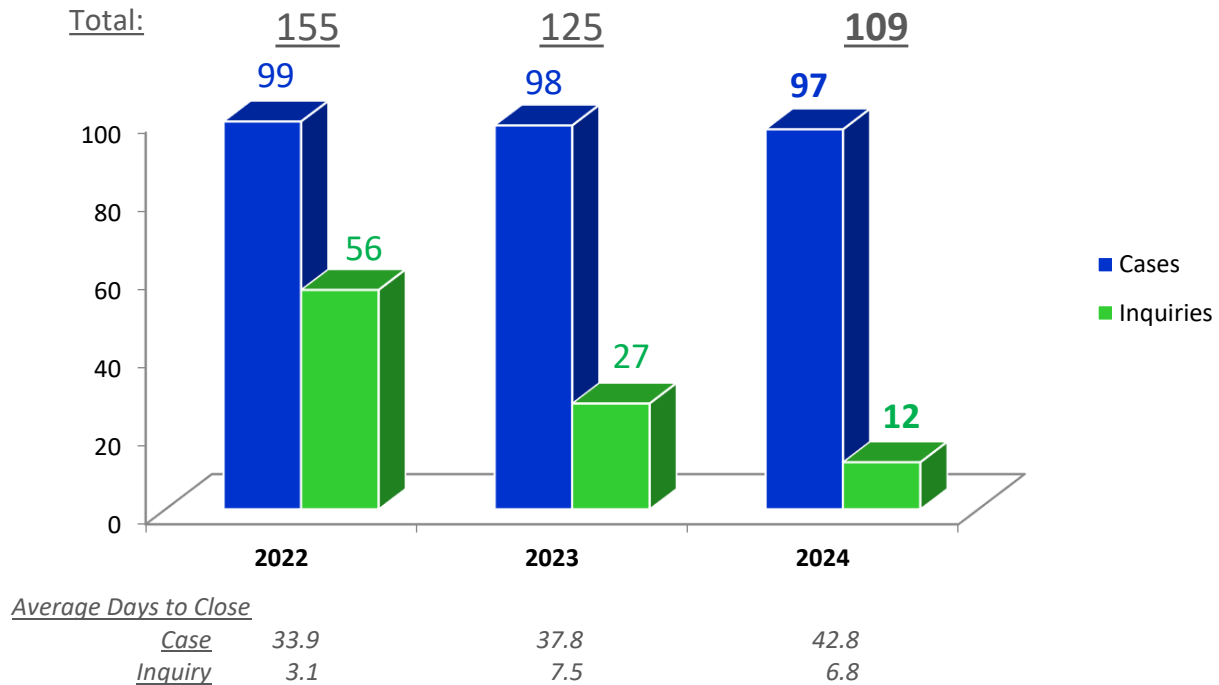


N. Open Cases and Inquiries

During the 2024 reporting period, the average time to investigate, advocate for, and close a case increased from 37.8 days to 42.8 days. The increase is still within the 45-day service level agreement.

As of December 31, 2024, OTA had 97 cases and 12 inquiries remaining open. OTA generally has more open cases than open inquiries, as cases are usually more complex, require further review, and involve other DOF business units. The number of open cases in 2024 remained roughly the same compared to 2023 (97 to 98).

Open Cases and Inquiries for the Past Three Reporting Periods



Part IV: DOF-OTA Cross Agency Support

OTA alerts DOF to systemic issues as they arise throughout the year. Below are a few collaborations that show how OTA helps DOF operate more efficiently.

Notice of Disallowance for Real Property Transfer Tax Refund Requests

A taxpayer was denied a penalty abatement on a real property transfer tax (RPTT) return that was filed two weeks late. They paid the penalty under protest, then made a formal refund request for the penalty amount. Procedurally and statutorily, if a refund request is denied, DOF must issue the taxpayer a Notice of Disallowance, which triggers the taxpayer's appeal rights with the Conciliations Unit. However, RPTT issues go through the Land Records Division, and the same team already denied the initial penalty abatement request. Denying the taxpayers' refund request was deemed unnecessary, as it involved Land Records reviewing the same set of facts.

OTA asked the Payments, Billing, and Refunds Unit to review the request, but the unit only issues the payment. If there is no amount pending or approved, the unit does not have the authority to intervene. Ordinarily, a Notice of Disallowance is issued by the Audit Division. But the team that handled RPTT audits did not have the authority or ability to issue a Notice of Disallowance because the account was never the subject of an audit—only the penalty and interest was at issue, not the underlying tax. The Land Records Division had reviewed the account “as a courtesy” to the taxpayer and determined that the charge could not be appealed. It appeared that OTA had uncovered a deficiency in the RPTT process that needed to be rectified: taxpayers who paid RPTT penalties under protest would otherwise have no recourse to contest the penalties.

The Land Records Division agreed to draft a Notice of Disallowance to send to the taxpayer regarding their RPTT penalty such that they could appeal their refund denial to Conciliations. The letter is now integrated into standard BTCS forms. As the notice includes general language, it can be used for any taxpayer in a similar situation, thus correcting a procedural defect for future taxpayers who wish to challenge RPTT penalties.

Real Property Income and Expense Penalty Language Update – Fee to Penalties

OTA advocates for the use of language that communicates Department of Finance actions accurately and clearly to the public.

In early 2024, OTA requested updating the description of the Real Property Income and Expense (RPIE) noncompliance penalty on the quarterly property tax statements and on the Account History tab of the property tax website from “fee” to “penalty.” OTA received cases in which

taxpayers requested an explanation for the RPIE fee and were subsequently surprised when informed that there is no annual fee for filing RPIEs. The original name for the penalty in the previously mentioned locations was “RPIE fee,” but a more accurate label is “RPIE penalties.” Since the origin of the charge is a failure to file the RPIE, the action taken by DOF is a result of noncompliance. With this change, noncompliant taxpayers are better informed of their actions, or lack thereof. Furthermore, the RPIE Unit has produced several webpages and guides for the public which also use the term “penalty.”

The RPIE Unit agreed to update the term to “RPIE penalties” across all usages of RPIE noncompliance penalties. The property tax statement of account notices due October 1, 2024, were the first mailed notices to use the new language.

Revised Filing Instructions to Explain Application of Overpayment Credit

In response to multiple tax practitioner inquiries about the treatment of business income tax overpayments, OTA asked DOF to revise its filing instructions to reflect established law and audit procedure that business income tax overpayments only carry over one year. The following language was added to the business corporation tax filing instructions for 2024 Form NYC-2:

LINE 19b - AMOUNT CREDITED TO ESTIMATED TAX

Note: Any amount reported on line 19b will be credited to the following year’s estimated tax. That amount will be deemed to have been paid towards the tax for the following year and no claim for credit or refund of such overpayment shall be allowed for the taxable year for which the overpayment arose. See Ad. Code section 11-677(2) and Statement of Audit Procedure #PP-2008-22, 4/14/08.

The filing instructions were similarly amended for the 2024 GCT, UBT, and banking corporation tax returns.

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.

NFP: Tax Lien Vacated for a Church with NFP Exemption

In March 2023, a church deacon called OTA directly after previously working with OTA on a different issue. The church requested assistance for property tax charges from fiscal years 2016 to 2022 that returned to their account after a sold property tax lien was defected and returned to DOF. The origin of the sold lien was the church failing to renew its not for profit (NFP) status and therefore accruing unpaid property tax. The sold lien was later defected because the NFP exemption was approved retroactively to cover the missing years. In addition to the lien charges, delinquent RPIE penalties remained on the property from 2019 to 2022, as the property was considered a required filer without the NFP exemption.

Since the NFP exemption was not in place during the missing years, the church was required to file a Claim of Exclusion in lieu of an RPIE filing from 2019 to 2022. OTA requested the RPIE Unit review the noncompliance charges to determine if they could abate them in response to a Claim of Exclusion exemption penalty. The RPIE Unit confirmed the retroactive NFP exemption with the NFP Unit, and RPIE penalties for all the years were fully abated.

Regarding the lien charges on the church, OTA requested that the Lien Sale Unit review the charges since an NFP Exemption was granted and the lien sold was a post-lien sale pull. The Lien Sale Unit decided that all lien charges should be removed. Due to the prolonged period, the old property taxes remaining on the account after lien sale cancellation required extensive technical "clean up" on DOF's computer system to reduce the charges to zero. The lien charges were eventually removed in February 2024, reflecting a zero balance. Thanks to the advocacy of OTA, the taxpayer saved \$49,507.00 in RPIE charges and \$300,781.56 in lien charges, saving a total of \$350,288.56.

Lien Sale: OTA Intervention Saves Homeowner from Foreclosure Close Call

In January 2024, Brooklyn Legal Services contacted OTA about a taxpayer who had lost his home in a tax lien foreclosure. As the property had already been sold, OTA could not offer the taxpayer further relief at the time.

Two months later, the attorney reached out again—the purchaser in the auction had defaulted on their closing date, nullifying the transaction. A new court date was calendared for early April for a motion to reschedule the sale. As the taxpayer now retained the title to the property and the liens were in possession of the servicer, OTA had an opportunity to intervene.

OTA reviewed the taxpayer's account and found that the taxpayer had been receiving SCHE every year before and after the lien sale, except for 2018 and 2019, when SCHE was removed following a DOF audit. The short lapse in benefits left the taxpayer vulnerable to a lien sale, and the liens that were the subject of this foreclosure were sold in 2018. If the taxpayer qualified for SCHE in 2018, DOF would deem the sold liens defective and reacquire them. The Exemptions Unit told OTA that the taxpayer's SCHE was revoked because the taxpayer—under an old process no longer in use—had applied for SCHE during the 2017 lien sale but was only granted the benefit for one year because he did not submit the proper documentation to extend it to the subsequent tax year. OTA confirmed with the Exemptions Unit that if the taxpayer submitted qualifying income information, DOF would defect the lien.

The attorney provided the relevant income information, with the intent of proving that the taxpayer would have qualified for SCHE in 2018. The Exemptions Unit also granted the taxpayer a partial exemption for fiscal year 2018. The Lien Sale Unit said they would communicate with the servicer about defecting the liens.

It was not a moment too soon, as the new foreclosure hearing was scheduled for the next day. With the liens returned to DOF, there were no grounds for foreclosure, and the matter was dismissed. The taxpayer had come close to losing his home, but OTA's actions had allowed him to remain in his home and to receive a credit of close to \$1,400 off his prior tax balance.

Unincorporated Business Tax: A Case of Mistaken Identity

A taxpayer representative reached out to OTA after the taxpayer's accounts were levied in March 2023 for UBT. The representative said that the taxpayer had received a notice of audit for tax years 2013 and 2014 to an address where he did not reside during those years, and that he was not required to file UBT at that time. The confusion arose because of two similarly named retail outlets—a store in Los Angeles incorporated as a single-member LLC, and another in New York City owned by a C corporation of which taxpayer was a shareholder. Other than the taxpayer's involvement in both the LLC and the C corporation (and that they both did business under the same brand name), the two companies were not related. The LLC had no New York income, and the taxpayer's passive earnings on the C corporation would not have been considered UBT.

OTA contacted DOF's Collections Division about the corporate entity mix-up. Collections explained that they had previously requested copies of the 2013 and 2014 returns showing that the LLC earned and paid taxes only on California income, which the taxpayer had not provided. OTA then turned to the representative to provide the requested proof so that DOF could verify the distinction between the two entities. The representative agreed and sent OTA the relevant sections of the taxpayer's state and federal returns for the tax years in question. The

representative stated that because the LLC was a disregarded entity, the income was reported directly on the taxpayer's personal Schedule C, and the personal returns reflected a credit for taxes paid to the state of California.

Upon review of the returns, Collections agreed that the taxpayer had indeed filed and paid all taxes with California in relation to the earnings on the LLC and that the taxpayer was wrongly assessed UBT for tax years 2013 and 2014. DOF refunded the taxpayer \$115,723.31.

SCHE: Restoring SCHE Benefits After Removal of a Fraudulent Deed

In July 2024, a victim of deed theft contacted OTA. The low-income senior citizen lost title to her home in August 2021. The property accrued a tax bill of approximately \$10,000 while the title was fraudulently transferred to another individual. The joy of the taxpayer regaining her home by court order in March 2024 was dampened by the heavy tax burden she faced.

Prior to the deed theft, the taxpayer was approved for SCHE at the maximum rate of 50% off her property taxes starting July 1, 2020, and re-enrolled since regaining title in 2024. Due to the ownership dispute caused by the deed fraud, SCHE was not applied to the property during the period she did not have title of her home. Had she not been a victim of deed theft, her SCHE would have automatically renewed in 2022 due to the COVID-19 auto-renewal process, and her tax liability for the three missing tax years would have been reduced by 50%.

OTA proposed retroactively applying this exemption for the years that the title was fraudulently held. OTA consulted with DOF's Legal Division and Exemptions Unit, which determined that this retroactive application of SCHE was appropriate, as the fraudulent deed was considered void by court order, and the benefit was granted. The retroactive SCHE benefit reduced her debt by \$5,000 and gave her some relief after dealing with the hardship of deed theft and fighting to regain her home. Furthermore, the taxpayer was able to re-enroll in a property tax and interest deferral (PT AID) payment plan and gain additional time to address her property tax issues.

General Corporation Tax: The Employee Retention Credit & DOF

The Employee Retention Credit (ERC) is a federal tax credit established to assist certain businesses that had employees affected by the COVID-19 pandemic. Many eligible businesses had to amend their returns to take advantage of the credit retroactively. Some tax practitioners did not understand how it affected their clients at the state and local level, and their misunderstanding of instructions or of the law left clients inappropriately paying additional amounts in state and local taxes to compensate for the changes in federal income.

Such was the case with a tax practitioner who misread the instructions when he amended the taxpayer's 2021 General Corporation Tax (GCT) Return. The practitioner did not deduct the wages and salaries used to reduce income at the federal level to create the ERC and instead added them back in at the city level. The taxpayer paid an additional \$18,000 in GCT to cover the balance, but further outstanding interest remained on the account.

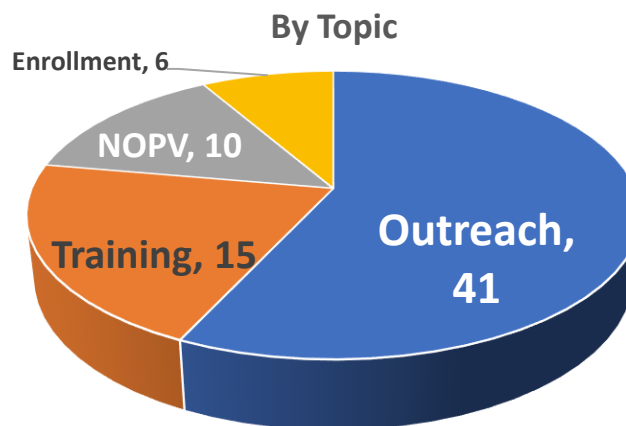
In July 2024, the tax practitioner realized his error and amended the return a second time, which should have led to a refund of the additional payment. However, the practitioner reached out to OTA again in November shortly after the taxpayer received a Collections notice for \$3,892.02. BTCS showed that the entire balance was interest-related, but the principal liability did not reflect the second amended return. OTA reviewed the taxpayer's 2021 returns and found that the initial return was filed on Form NYC-4S, but the most recent amended return was filed on Form NYC-3L. The difference in forms, which the practitioner did not realize had been filed, had caused BTCS to reject the amended return as "invalid."

The practitioner confirmed that the NYC-3L was the correct form. OTA contacted the Collections Division, which immediately corrected the mistake, negating the balance and leaving the taxpayer with a credit on their account. With interest, the taxpayer should expect to receive a refund of \$21,358.52.

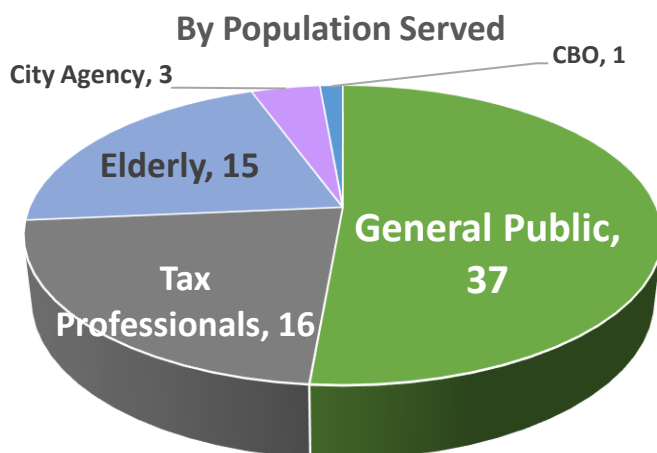
Part VI: OTA Outreach Efforts

In reporting period 2024, OTA participated in a total of 72 in-person outreach events. The majority of OTA's outreach events (56%) were non-specific community programming and appearances. Other types of events included training sessions with local elected officials and other government-sponsored benefit enrollment events. Finally, OTA participated in DOF's

annual NOPV outreach events at each of the business centers. As a direct result of its 72 total outreach appearances, OTA picked up 44 new cases and inquiries.



The 72 events in 2024 represent a 14% decrease over the previous year's total (84). OTA continues to search for community partnerships with different city, state, and federal government agencies; elected officials; and professional and nonprofit organizations. In a repeat of last year's trend, more than half (52%) of OTA's 2024 outreach events were directed at the general public; 21% specifically targeted older adults; and the remaining 28% of events included tax professionals, CBOs, and other city agencies. At many of these events, OTA presented updates on local property and business tax law to tax professionals throughout the city and state, including meetings with legal review groups such as NYU SALT Study Group, Fordham Law Outreach, and DOF's TaxRAPP. OTA also attended numerous CPA and enrolled agent events, including the NYS Society of Enrolled Agents Annual Conference and NYS Chinese American Society of CPAs.



Although the SCRIE and DRIE ombudspersons submit a separate annual report, Rent Freeze Program events are included in OTA's total outreach count because OTA staff provide support at those events.

Part VII: DOF Actions on 2024 OTA Recommendations

OTA made eight recommendations in its 2024 annual report. This section provides the status of the implementation of those recommendations.

Recommendation No. 1: Taxpayer Technical Support

- a. **DOF should explore creating internal guides for commonly asked taxpayer technical questions (for example, password support) for each public-facing electronic service, so that OTA and other DOF staff can troubleshoot basic issues without having to refer taxpayers elsewhere.**
- b. **DOF should identify and designate channels of technical support both internally and with other city agencies, like OTI. DOF should then revise 311 scripts for direct routing to units who can assist taxpayers with technical support needs and to provide instructions on DOF electronic services on how to seek help with application issues.**

DOF Action:

OTA is in the process of building an internal guide on how to address taxpayers' commonly asked technical questions. OTA has also requested and received read-only access to other DOF systems, such as e-Services support, and participated in training sessions on use of DOF software, such as the new CCA filing system.

Recommendation No. 2: Duplicate SCHE/DHE Application Submissions

- a. **DOF should index paper applications and relevant documents by borough-block-lot number (BBL), instead of solely by application ID for non-co-op applications.**
- b. **Processors should check DOF's Property Tax System (PTS) for SCHE and DHE applications already filed for that fiscal year.**
- c. **DOF should add an email field to the initial paper application to ease communication and to encourage taxpayers to renew electronically.**
- d. **DOF should accept non-PDF electronic files (such as photo formats) for online application submissions.**

DOF Action:

DOF acknowledges the benefit of indexing paper applications by BBL to enhance tracking and duplicate processing; however, implementing this change would require system modifications to allow for dual indexing by both BBL and application ID. DOF is assessing the feasibility of this enhancement in coordination with FIT and the system vendor.

Processors review PTS to determine whether an application has been received and published before proceeding with processing. This is a standard part of the workflow, and DOF will continue to reinforce its importance through quality assurance measures.

DOF agrees that adding an email field could improve communication with applicants. However, based on data for recent processing years, the majority of this population prefers paper submissions and has been resistant to e-filing. For example, out of the 21,202 applications received for fiscal year 2025-26 as of February 24, 2025, only 22% were submitted electronically. While DOF supports the encouraging of electronic renewals, it recognizes that adoption may remain low despite this addition.

From a processing perspective, allowing non-PDF formats (such as JPEG or PNG) for online application submissions presents challenges in workflow efficiency. Photo files can vary in clarity, orientation, and size, which may slow down processing due to the need for manual adjustments, such as rotating or resizing images. Additionally, multiple image uploads can lead to fragmented submissions, making it harder to review documents in a structured format.

PDFs provide a standardized format that ensures consistency and readability, allowing for quicker review and verification by processors. While DOF recognizes that some applicants may find it easier to submit images, this could increase processing time and introduce potential errors if documents are incomplete or difficult to read. Given these considerations, DOF would need to carefully weigh the benefits of expanding file acceptance against the impact on processing efficiency and accuracy.

Recommendation No. 3: SCHE/DHE Pending Application Renewals Protection

- a. DOF should continue awarding SCHE and DHE benefits to all households that submit renewal applications on time, even if their applications have not been approved prior to the issuance of the first quarterly bill of the fiscal year. SCHE and DHE recipients whose applications are pending should receive a notice explaining that the application is still subject to a final determination.**
- b. The Property Division should explore how to redistribute peak-year renewal cycle populations to ensure that total renewal application workload is equitably distributed.**

DOF Action:

PEA has implemented processing changes that have resulted in substantial cycle time and determination notice improvements for applicants during fiscal years 2024-25 and 2025-26 (as of April 1). No further action will be taken at this time. This matter may be revisited in the future.

Recommendation No. 4: Biennial DHE Renewal

DOF should pursue legislative change to amend § 459-c of the New York State Real Property Tax Law to change the DHE renewal requirement from annual to biennial.

DOF Action:

Although DOF is not opposed to a statutory amendment that would allow for biennial DHE renewal, it is not currently on the legislative agenda and will be considered at a future date.

Recommendation No. 5: Reassessment of the NYC Storefront Registry

a. Integration of Storefront Registry and RPIE filings

Identify the population of tax class 2 and 4 properties with storefronts and include the registration requirements within the RPIE application, rather than as a separate process.

DOF Action:

Full integration with RPIE was explored when the primary Storefront Registry reporting was moved to SmartFile. Ultimately, DOF deemed it too complex to merge these filings. Categorizing tax class 2 and 4 properties required to register storefronts (properties with first- or second-floor spaces) already presented its own distinct identification issues. The lack of a list of required filers impairs the process of including the Storefront Registry requirements within the RPIE application. DOF is not currently able to implement the use of this data.

b. Tax Class 1 Filing Requirement

DOF should propose legislation removing the requirement that tax class 1 properties register storefronts.

DOF Action:

Although DOF is not fundamentally opposed to such legislation, it is also concerned it may eliminate several retail tracts, particularly in the outer boroughs and neighborhoods where retail vacancies might present some concern to the community. In any case, DOF does not see a distinct advantage or disadvantage to keeping or removing designated class 1 properties from the annual registration, so the agency will not prioritize such a reform.

Recommendation No. 6: Improving Property Tax Payment Plan Default Notices

For the new warning notices:

- a. DOF should consider emphasizing that full payment includes both the installment amount and newly accruing charges.**
- b. DOF should consider adding a web address for the PTS public access website, so that taxpayers can confirm their payment history and requirements.**

DOF Action:

DOF will revise its payment plan default notices later this year. Plans include to add information defining a full payment and to add the PTS public access URL.

Recommendation No. 7: PT AID Renewals for Mortgage Serviced Taxpayers

DOF should provide pending PT AID renewals expedited service if the agreement is close to its termination date. If an applicant's timely renewal is pending beyond the previous one-year agreement date, the renewal applicant should receive a letter addressed to both the applicant and the mortgage servicer informing the parties that the account remains in good standing while under review.

DOF Action:

DOF automatically renews PT AID payment plans if there are no outstanding issues. If certain taxpayer notifications regarding termination are necessary, DOF provides them immediately upon request.

Recommendation No. 8: J-51 Breakdown Reports

Past and projected J-51 distributions should be made publicly available to inform customers of the benefits they have received in the past and can expect to receive in the future.

DOF Action:

Having recently completed a similar request to provide public access to 421-a benefit information (see Part VIII), DOF is in favor of such a change. As each benefit construction can be unique, the scope and requirements of any potential request are still being determined.

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.

Restoring Exemptions Lookup Portal

In the 2023 Annual Report, OTA recommended that DOF restore public access to additional benefit information previously available to taxpayers before the switchover to PTS. Such information included phase-out schedules and renewal or end dates.

DOF has revised PTS's public-facing webpage to include more information about a taxpayer's 421-a benefits, adding a Details section, a Benefit Schedule, and a formula used to calculate the benefit.

Previous Version

Exemptions			
Benefit Name	Current Period	Current Amount	Proposed for Next Period
421A	2024 - 2025	2,592,757	2,946,797

Added Information

Exemptions								
Benefit Name	Current Period		Current Amount			Proposed for Next Period		
421A	2024 - 2025		2,592,757			2,946,797		
421-a Exemption								
Exemption Type	Current Year	Start Year	End Year	Ineligible%	Base Year	Base Value	Benefit Schedule	
421A 15 YR CAP	Year 6 of 15	2020	2034	0.3100	2015	256,050	View	
421-a Formula								
Step 1:								
Calculated Exemption Amount = (Assessed Value - Base Value) x Eligible% x Exemption%								
Step 2:								
Cap Exemption Amount = Cap per Unit x Number of Capped Units								
Step 3:								
Current Amount = Lower of Calculated Exemption Amount and Cap Exemption Amount								
421-a Benefit Calculation								
Assessed Value	Base Value	Eligible%	Exemption%	Cap Per Unit	Number of Capped Units	Calculated Exemption Amount	Cap Exemption Amount	Current Amount
2,856,870	256,050	99.6900	100.00	104,306	37.0000	2,592,757	3,859,322	2,592,757

RPIE and Storefront Registry Online Form Improvements

In the 2023 Annual Report, OTA recommended that DOF conform the online RPIE application to the paper application so that the two are consistent. Changes have already been implemented to the Storefront Registry so that the electronic and physical applications contain the same information. In the past year, DOF has also confirmed that the content of the RPIE instructions are built into the form within the SmartFile system to block erroneous entries.

Public Property Website: DOF Definition Review for Transaction Type Codes

In the 2023 Annual Report, OTA recommended that DOF provide expanded definitions of the transaction type codes to improve the public's understanding of the variety of charges that may affect their property taxes, or alternatively, provide additional information in the FAQs. This recommendation has been implemented. DOF's External Affairs Division revised all transaction type codes and expanded the FAQ section of the property tax website.

NYCePay Guidance

In the 2023 Annual Report, OTA made recommendations with regard to clarifying NYCePay transactions and instructions. Last year, DOF revised its NYCePay FAQs to create guides to help with registration and payment options. Since then, DOF has also revised the NYCePay confirmation email to clarify that the taxpayer may need to take additional steps to ensure that a payment is processed and applied.

Streamlining the Clerical Error Remission Process

In the 2022 Annual Report, OTA made recommendations to increase the efficiency of the Administrative Review, or Clerical Error Remission (CER), process, including precluding taxpayers from filing a CER after the issue has been challenged in another forum, designating dedicated staff to review taxpayer CER applications, amending the Rules to clarify what constitutes a clerical error.

On December 23, 2024, DOF adopted rules relating to the Request for Review (RFR) and CER process that put in place some of OTA's recommendations and clarified existing law defining the boundaries of certain administrative procedures. The new Rules, the scope of which is better clarified for consistency with NYC Administrative Code § 11-206, went into effect on January 5, 2025.

The definition of a clerical error was revised and simplified to remove a list of 14 factors under which a taxpayer could previously apply for a CER. The new Rules prohibit DOF from

correcting errors resulting from a discretionary act or an act based on an individual's judgment, other than valuation errors, or an error resulting from an interpretation of law, regulation, or policy, assigning any other such disputes to the Tax Commission or RPTL Article 7 tax certiorari process. Additionally, the Rules allowed for many of the previous processes for which CERs were used, including correcting an error that is purely ministerial in nature or the result of a mistaken conclusion of fact, to be remedied via the RFR process. DOF intends to publish further guidance to the extent that terms such as "ministerial" or "discretionary act" remain unclear.

The time period to apply for a CER was also adjusted from six years to two, in order to promote finality and "balance the needs of DOF and taxpayers."

The Rules also state that DOF will not correct an error for which an owner or other qualified filer entered into a settlement with the City, in order to prevent the re-litigation of the same issues in multiple forums.

Lien Sale Qualifying Charges

In the 2022 Annual Report, OTA recommended that tax lien notices include the minimum qualifying payment required to be pulled from the lien sale and detail the periods that the minimum payment will satisfy. This recommendation has been implemented. DOF's Tax Lien Unit has added the minimum qualifying payment amount to 2025 lien sale notices. The amount listed is accurate through the 2025 date of sale.

Lien Sale Interactive Database

In the 2022 Annual Report, OTA recommended that DOF create a centralized database which DOF staff can use to check the status of lien sale removal requests in real time, to be updated daily in the final two weeks of the lien sale period. This recommendation has been implemented, as the DOF Tax Lien Unit has created a centralized database for DOF staff to submit lien sale removal requests in real time.

Door-to-Door Outreach: Analytical Canvassing

In the 2022 Annual Report, OTA recommended that DOF integrate targeted outreach to specific populations regarding programs or lien sales, such as door-to-door canvassing, live caller phone calls, and email or text message follow-ups. Consistent with the legislation, OTA plans on assisting DOF with outreach events for vulnerable populations.

GLOSSARY

Abatement – 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 www.nyc.gov/ownerexemption.

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.

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 and Collection System – Collection and accounting system for all business taxes, which went live in early 2016. GENTAX is the software that runs the BTCS system.

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.

Co-operative – A form of corporate ownership of real property whereby shareholders are entitled to use dwelling units or other units of space.

Delinquency – The amount of tax liability that remains outstanding after the due date, allowing for any grace period, if applicable.

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.

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.

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.

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.

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.

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.

Parcel – A piece of land under ownership.

Prevailing Wage – The rate of wages and supplemental benefits paid in the locality to building service workers in the same trade or occupation and annually determined by the New York City Comptroller’s Office in accordance with the provisions of section 234 of the New York State Labor Law.

Property Information Portal (PIP) – A DOF web application providing taxpayers a centralized portal for New York City property information, including the digital tax map.

Property Tax Interest and Deferral program (PT AID) – A program which allows eligible owners of one-to-three family homes and residential condominium units to defer payment of their accrued real property taxes or make income-based partial payments.

Property Tax System – DOF’s 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.

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.

SmartFile – DOF’s online application submission system.

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 Value – Assessed value minus any exemptions. The taxable value is used to calculate a property owner’s annual tax bill.

Transitional Assessed Value – The assessed value, during the five-year phase-in of equalization changes, of all class 4 properties and all class 2 co-operatives, condominiums, and rental buildings with more than 10 units.