



# ANNUAL REPORT

THE NYC OFFICE OF THE TAXPAYER ADVOCATE

April 1, 2026

ZOHRAN MAMDANI, MAYOR ● RICHARD LEE, COMMISSIONER

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# New York City Office of the Taxpayer Advocate

## 2026 Annual Report

(Reporting Period: January 1, 2025 – December 31, 2025)

### Executive Summary

Enclosed please find the eleventh 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 begins with a detailed statistical description of OTA's work from January 1, 2025, through December 31, 2025. Since its establishment, OTA has assisted thousands of taxpayers with questions and contributed to the delivery of excellent customer service. The report then presents eight new OTA recommendations, including:

- Cooperative-Condominium Abatement Property Manager Contact Database Enhancement and Outreach
- Biennial DHE Renewal
- Posting of "Revised Notice of Property Tax Assessment" Online
- Eligibility of Trust-Owned Properties for PT AID and Easy Exit
- Proactive Guidance for PT AID Enrollees with Mortgages
- First Installment Date Notice for New Payment Plans
- Payment Plan Options During Lien Sale
- Publication of Guidance for Levies and Warrants

Next, the report features qualitative summaries of how OTA has collaborated with other agency divisions to support DOF customers across all 51 New York City Council Districts in 2025. These success stories, in some instances, resulted in life-changing work performed by OTA's dedicated staff.

This report also documents actions taken by DOF in response to previous OTA proposals. DOF has enhanced its website, formed working groups to review service to business tax customers, implemented communication improvements, and made significant improvements to its benefit program applications and processing.

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](http://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 in October 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 2026, 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.<sup>1</sup>

#### **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.

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<sup>1</sup> 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 Request Help from the Office of the Taxpayer Advocate (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 is 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 Rights<sup>2</sup>:

- 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 outreach and sale process.
- 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 lien outreach.

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<sup>2</sup> For full text, see [http://www1.nyc.gov/site/finance/about/nyc\\_taxpayer\\_bill\\_of\\_rights.page](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, 2025, to December 31, 2025, OTA has identified new issues and developed recommendations for corrective measures to mitigate problems encountered by New York City taxpayers.

### **1. Co-op/Condo Abatement Property Manager Contact Database Enhancement and Outreach**

During the fourth quarter of 2025, OTA and DOF's External Affairs Division conducted an outreach initiative related to the Cooperative and Condominium Property Tax Abatement. The project's primary objective was to contact developments that had fallen out of compliance and may have had outdated contact information, and to encourage submission of the newly implemented Managing Agent and Self-Managed Authorization Form. Information submitted through this form is integrated into SmartFile, DOF's online application portal, enabling managing agents to file co-op/condo abatement renewal applications electronically and access information and documents related to their portfolio of developments.

OTA and External Affairs contacted developments based on a dataset that uses managing agent contact information from two primary sources: DOF's Property Tax System (PTS) and the Department of Housing, Preservation and Development's (HPD's) Multiple Dwelling Registration (MDR) data, which is published annually on NYC's Open Data Portal.

This data contains some limitations. First, PTS contact information is updated only when a managing agent notifies DOF of changes to a management contract. Outreach efforts indicated that many managing agents had not updated their information with DOF. Second, although MDR filings are required annually and are therefore expected to contain more current information, the MDR dataset available through NYC Open Data does not include email addresses or phone numbers, which limits its usefulness for direct outreach.

To conduct outreach efforts, OTA and External Affairs used this potentially outdated contact information as a starting point to investigate and update the current management information for each property. To reduce the risk that eligible taxpayers miss out on the co-op/condo abatement, DOF should consider strengthening its managing agent information infrastructure.

**OTA Recommendations:** DOF should consider the following actions:

- a) **Interagency Data Sharing:** Pursue a data-sharing agreement with HPD for its MDR data.
- b) **Enhance Use of MDR Data:** Integrate MDR data from either the data-sharing agreement or from NYC Open Data into DOF systems for managing agent company names and managing agent names. Annually identify discrepancies between PTS contact data and MDR records and conduct targeted outreach to flagged properties.
- c) **Expand Contact Collection:** Collect cooperative and condominium board member contact information, including email addresses, as backup contacts for each property.

## 2. Biennial DHE Renewal

The Senior Citizen Homeowner Exemption (SCHE) and Disabled Homeowner Exemption (DHE) have different renewal periods despite having similar applications and benefits. State law requires that SCHE recipients file a renewal application every two years, while DHE recipients must file annually. The legislative history does not provide a clear explanation for this difference.<sup>3</sup>

The annual renewal requirement creates a burden for DHE recipients that SCHE recipients do not face. Most notably, DHE recipients have more opportunities to miss an application deadline, which places their benefits at risk. DHE recipients should be allowed to renew their benefits biennially, rather than annually, because DHE is essentially the same benefit as SCHE.

To qualify for DHE, an applicant must have a disability, defined as a “physical or mental impairment ... which substantially limits a person’s ability to engage in one or more major life activities.”<sup>4</sup> The applicant must also submit proof of that disability by providing one of several certifications with the DHE application. If an applicant has a permanent disability, proof is required only in the first year.<sup>5</sup> Individuals with non-permanent disabilities who qualify for DHE have a low likelihood of losing eligibility because of changes in disability status or income. According to 2024 Social Security Administration data, less than 1% of disability insurance benefits were terminated because the recipient no longer met the medical standard.<sup>6</sup>

With respect to income and residency requirements that must be certified in the renewal application, there is no reason for the income and residency of DHE recipients to be reviewed more frequently than that of SCHE recipients. In addition, changing the renewal period from annual to every two years would reduce the administrative burden associated with reviewing applications, effectively halving the number of DHE renewal applications submitted each year.

**OTA Recommendation:** DOF should pursue state 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.<sup>7</sup>

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<sup>3</sup> New York Bill Jacket, 1997 S.B. 5492, Ch. 315. The original inception of DHE would have extended SCHE to qualifying people with disabilities under NY Real Property Tax Law § 467, which would have given DHE a two-year renewal requirement. This version of DHE was vetoed because of “numerous technical deficiencies” unrelated to the renewal requirement. The following year, the New York State Office of Real Property Services drafted a version of DHE under RPTL § 459-c. This version required annual renewal and was passed into law.

<sup>4</sup> NY RPTL § 459-c(2)(b).

<sup>5</sup> See RPTL § 459-c(7). DOF accepts the following proof of disability: disability award letter from the Social Security Administration; an award letter from the U.S. Railroad Retirement Board or U.S. Postal Service; a certificate from the New York State Commission for the Blind; an order from the chair of the state Workers’ Compensation Board determining an award for compensation for permanent total disability or permanent partial disability; or a Veterans Administration letter stating that the applicant is entitled to a veterans disability pension.

<sup>6</sup> In 2024, 83,757 Social Security Disability Insurance (SSDI) benefits were terminated for not meeting medical standards, of which 56,836 SSDI benefits were terminated for working above substantial gainful activity, out of a total 9,751,430 beneficiaries from 2023. See Social Security Administration, “Benefits Awarded, Withheld, and Terminated, Annual Statistical Report on the Social Security Disability Insurance Program, 2024, Table 50,” [https://www.ssa.gov/policy/docs/statcomps/di\\_asr/2024/sect03f.html](https://www.ssa.gov/policy/docs/statcomps/di_asr/2024/sect03f.html); Social Security Administration, “Beneficiaries in Current-Payment Status, Annual Statistical Report on the Social Security Disability Insurance Program, 2024, Table 1,” [https://www.ssa.gov/policy/docs/statcomps/di\\_asr/2024/sect01a.html](https://www.ssa.gov/policy/docs/statcomps/di_asr/2024/sect01a.html).

<sup>7</sup> OTA made this recommendation in its 2019 and its 2024 annual reports.

### 3. Posting of “Revised Notice of Property Tax Assessment” Online

DOF generates property assessment notices for property owners that serve as historical records of assessments, exemptions, and abatements for a property. Each January, all New York City properties receive a Notice of Property Value (NOPV). If property tax assessments change after the initial NOPV mailing, a Revised Notice of Property Value (RNOPV) is mailed. Changes reflected in an RNOPV must be completed before the issuance of the final assessment roll, which occurs annually on May 25. These notices are also made available as a PDF on the public property tax webpage.

<b>Property Info</b>	
Account Balance	
Account History	
Payment History	
Refund History	
<b>Notices of Property Value</b>	
Property Tax Bills	
Benefits - Prop. Owners	
Benefits - Business & Construction	
Benefits - Gov & Non-Prof	
<b>Market Values &amp; Assessments</b>	
2026-2027 Tentative	
2025-2026 Final	
2025-2026 Tentative	
2024-2025 Final	
2024-2025 Tentative	
2023-2024 Final	
2023-2024 Tentative	
2022-2023 Final	
2022-2023 Tentative	
2021-2022 Final	

<b>Notes</b>	
Mailed to you each January, the Notice of Property Value (NOPV) will tell you our determination of your property's market and assessed values. It will also list the tax exemptions you currently receive and will provide you with a formula to estimate your property tax amount for the coming year.	
The NOPV is not a bill and does not require payment.	
For help reading and understanding your NOPV, refer to the property tax guides available at <a href="http://nyc.gov/assessments">http://nyc.gov/assessments</a> .	
For information about challenging the amount of your assessed value, visit the New York City Tax Commission <a href="https://www.nyc.gov/site/taxcommission/">https://www.nyc.gov/site/taxcommission/</a> .	
<b>Notices of Property Value</b>	
2026 - 2027	<a href="#">January 16, 2026</a>
Revised 2025 - 2026	<a href="#">May 16, 2025</a>
2025 - 2026	<a href="#">January 15, 2025</a>
Revised 2024 - 2025	<a href="#">May 17, 2024</a>
Revised 2024 - 2025	<a href="#">April 04, 2024</a>
2024 - 2025	<a href="#">January 15, 2024</a>
Revised 2023 - 2024	<a href="#">May 22, 2023</a>
Revised 2023 - 2024	<a href="#">April 24, 2023</a>
Revised 2023 - 2024	<a href="#">February 17, 2023</a>
2023 - 2024	<a href="#">January 15, 2023</a>

*Under “Notices of Property Value,” taxpayers can access their NOPV and RNOPV.*

For those taxpayers who receive property assessment relief through the NYC Tax Commission or through the courts via an Article 7 decision under the Small Claims Assessment Review process, DOF issues a “Revised Notice of Property Tax Assessment.” This document, also known as a remission notice, is mailed directly to the designated party. However, publicly posted notices reflect only value changes processed before the final assessment roll is issued. As a result, a property owner who has received such relief cannot independently verify assessment reduction unless they possess the original printed remission notice. This issue also can impact someone who has purchased a property from an owner who received such relief.

**OTA Recommendation:** DOF should provide full online access to all notices documenting changes to a property’s assessed value for historical tracking and transparency, including notices issued after the final roll closes.

#### **4. Eligibility of Trust-Owned Properties for PT AID and Easy Exit**

The Property Tax and Interest Deferral (PT AID) program allows homeowners experiencing financial hardship to defer outstanding property taxes or enter into income-based payment plans on their primary residence. Since its establishment in 2019, PT AID has allowed hundreds of New Yorkers to remain in their homes and has protected them from the threat of foreclosure by removing their properties from the tax lien outreach and sale process.

DOF's Easy Exit program also protects moderate income homeowners by removing their property from the lien sale at-risk pool for one year while they address their property-related delinquency.<sup>8</sup>

However, both programs require that the property be the applicant's primary residence for an uninterrupted period of at least one year.<sup>9</sup> As a result, properties must be owned by an individual to qualify. A property owned by a trust, regardless of the primary beneficiary's income, is therefore ineligible for PT AID or Easy Exit because it does not meet the primary residence requirement.<sup>10</sup> This restriction contrasts with property tax exemption programs for lower-income individuals, such as SCHE and DHE, which contain specific carve-outs for properties owned by trusts when the primary resident is also the beneficiary or trustee.<sup>11</sup>

Property owners may place their homes in a trust for a variety of legitimate reasons that are not necessarily related to income. While DOF does offer a standard property tax payment plan for trust-owned properties, the terms of a standard payment plan are more financially burdensome, as owners must pay both installments for the outstanding debt *and* newly accruing quarterly taxes.<sup>12</sup>

The purposes of PT AID and Easy Exit are similar to those of SCHE and DHE: to assist taxpayers who lack the financial means to remain current on their property taxes and to bring them into compliance. By adding carve-out language for trust-owned properties, eligible homeowners would have access to the broader safety net provided by Easy Exit's income limit (\$107,300 in 2025).

**OTA Recommendation:** DOF should propose local legislation to include a carve-out for trust-owned properties that would qualify for PT AID or Easy Exit, similar to the language used in the SCHE and DHE statutes.

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<sup>8</sup> To be removed from the lien sale pool via the Easy Exit program, taxpayers must own a one-, two-, or three-family home or condominium unit which they have used as their primary residence for the past 12 months and not own any other properties in New York City. Furthermore, the combined annual income of all owners and their spouses must be no greater than the threshold to qualify for Enhanced STAR, which in 2025 was \$107,300.

<sup>9</sup> See NYC Admin. Code §§ 11-322.1(c)(2) (PT AID), 11-412.3(c)(1)(a) (Easy Exit).

<sup>10</sup> DOF has the discretionary tool to administratively remove trust-owned properties from the lien sale via Easy Exit, as six trust-owned properties were removed this way in 2025, but procedures requiring an element of discretion are inefficient and run the risk of being inconsistent.

<sup>11</sup> NY RPTL § 467(10); NYC Admin. Code § 11-245.4(9).

<sup>12</sup> Although some PT AID plans require paying both installment and current charges, the taxpayer's account balance accrues at a reduced interest rate. See New York City Council Local Law No. 36 (2023). In Fiscal Year 2018, the year before PT AID was enacted, the default rate on standard payment plans was 46.5%. See Committee Report, Int. No. 1143-2018, November 20, 2018, pp. 4-5, <https://legistar.council.nyc.gov/View.ashx?M=F&ID=6789989&GUID=C351B7DF-9FD8-46C4-A461-07E7143222A7>.

## **5. Proactive Guidance for PT AID Enrollees with Mortgages**

To enroll in PT AID, homeowners must provide information regarding income, homeownership, and property equity. As part of the approval process, the PT AID application asks whether the property has a mortgage and requires a completed property title search so that DOF can determine the applicable debt cap.<sup>13</sup>

In addition, PT AID participants may obtain a new mortgage on their property after enrolling in PT AID if they choose. As a result, a small subset of PT AID participants have an active mortgage while enrolled in the program.<sup>14</sup> PT AID is an agreement between DOF and the homeowner; mortgage lenders are not party to these agreements. OTA has helped resolve PT AID cases in which a mortgage lender did not recognize that DOF considers the property account to be in good standing and instead paid the outstanding debt in full. In such cases, the mortgage servicer may bill the homeowner through escrow payments. This can result in a new “balloon” escrow payment amount that places low-income homeowners in a financially precarious situation, potentially leading to loan default and foreclosure.

**OTA Recommendation:** DOF should provide guidance to PT AID applicants and enrollees—both during the application process and in program acceptance letters—encouraging participants to contact their mortgage lender to ensure that the lender is aware of and will cooperate with the program.

## **6. First Installment Date Notice for New Payment Plans**

The 2025 lien outreach and sale process caused the number of accounts enrolled in active standard payment plans to more than double, increasing from 2,688 in 2024 to 6,023 in 2025.<sup>15</sup> A taxpayer is free to elect the total amount of property tax to include in the agreement, the size of their down payment, and the length of their agreement (up to a maximum of 10 years). These three parameters determine the total amount due per payment period. OTA has worked with plan participants on a number of issues, including but not limited to determining their plan status, the total number of payments submitted for their plan, and how much is left to pay off their agreement. However, it is not always clear when a taxpayer must make their first installment payment pursuant to the agreement.

When a payment plan application is finalized through the submission of a signed agreement, the property owner receives a “welcome” notice. This notice explains that to remain in good standing, the owner must make timely payments both on the installments covered by the agreement and on newly accruing quarterly property tax charges. Future property tax bills include a section summarizing the payment plan agreement, including the agreement

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<sup>13</sup> The debt cap refers to the amount of the deferral in a payment agreement. PT AID deferral caps cannot exceed 25% of a property’s equity for a tax class 1 (one-, two-, or three-unit residential) property, or, in some instances, 50% of equity for condominiums. Equity is the value of a home minus any mortgages, liens, and other liabilities.

<sup>14</sup> The 2024 OTA annual report determined that of the 329 enrolled properties, 25 paid property taxes via a mortgage servicer (7.6%). In 2026 that figure is 4.42%, 19 properties out of 429 PT AID enrolled properties as of March 1, 2026.

<sup>15</sup> See Annual Report, New York City Payment Plan Programs, Calendar Year 2025, <https://www.nyc.gov/assets/finance/downloads/pdf/25pdf/2025-property-tax-payment-plan-annual-report-to-city-council.pdf>

identification number, the date the agreement was entered, the original balance due, the installment amount for each payment period, and any past-due amounts.

While this information is helpful, there can be a gap of a couple months between the issuance of the welcome notice and the due date of the first installment payment. This gap can confuse property owners, particularly over the life of a multi-year payment plan.

PT AID Payment Plan Information				
Agreement Number	Agreement Date	Tax Deferral Amount	Monthly Payment Amt	Past-due Payments
██████████	02/██/2025	\$██████████	\$██████████	\$██████████

*Sample of property tax bill with a payment plan: first installment date was April 2025*

**OTA Recommendation:** DOF should include the first installment payment due date on both the payment plan “welcome” notice and on ongoing property tax bills.

## **7. Payment Plan Options During Lien Outreach and Sale Process**

One way a taxpayer can remove a property from the lien sale at-risk pool is by entering into a payment plan. All property owners may enter into a standard payment plan, provided they have not had an uncured default within the past five years. Taxpayers who meet certain income thresholds, residency requirements, and other eligibility criteria may also apply for PT AID or a reduced interest payment plan. These plans provide more favorable terms for satisfying outstanding debts but may require a more rigorous and time-consuming approval process. At the end of calendar year 2025, 229 applications for these two specialized payment plans were pending or had not been approved.

A taxpayer who receives a denial for PT AID or a reduced interest payment plan remains in the lien sale at-risk pool, even though they may be eligible for a standard payment plan. By the time this occurs, very little time may remain in the 90-day lien sale outreach period for the taxpayer to begin a new application process for a standard payment plan.

DOF’s current denial letter includes a separate paragraph encouraging the taxpayer to apply for a standard payment plan at [www.nyc.gov/dofpaymentplans](http://www.nyc.gov/dofpaymentplans). DOF also follows up with a phone call to ensure that the taxpayer is aware of this option. However, if DOF included more detailed information with the denial notice—such as instructions on how to apply for a standard payment plan, the relevant application form, and any required documentation—a taxpayer attempting to comply in good faith could save time and avoid additional steps. DOF could also revise its processes to allow taxpayers to opt into a standard payment plan even if their initial PT AID or reduced interest payment plan application is still pending.

### **OTA Recommendations:**

- a) DOF should explore steps to streamline PT AID and reduced interest payment plan denials so that they can be reviewed as Standard Payment Plan applications.
- b) Alternatively, when PT AID or reduced interest payment plan applications are denied, DOF should provide guidance on the additional information and documentation needed to review the application as a standard payment plan.

## 8. Publication of Guidance for Levies and Warrants

For business and excise tax debt, two of DOF's strongest collection tools are docketing a warrant for the amount owed and, if the debt remains unpaid, levying the taxpayer's bank account. Levies can only occur after the issuance of a Notice and Demand and the docketing of a warrant. As additional notice, DOF sends out automated monthly Statements of Financial Account showing the balance with accrued interest and any potential penalties. However, a gap may remain in taxpayers' understanding of the collections process, as little information is available beyond the collection notices themselves—particularly for taxpayers who did not receive or may have misplaced those notices.<sup>16</sup> During calendar years 2024 and 2025, 61 taxpayers contacted OTA with questions about warrants or levies including why they happened, what steps follow after the docketing of a warrant or levying of a bank account, how long bank accounts will remain frozen after a levy, and which office should be contacted for assistance.

Last year, DOF successfully launched a webpage with information about [business and excise tax payment plans](#) (see 2025 Recommendation No. 1). The clear, publicly accessible guidance outlining the types of payment plans available and the procedures for entering into them has provided taxpayers and practitioners with greater transparency and has promoted compliance. A similar Frequently Asked Questions (FAQ) for collections actions such as warrants and levies—potentially modeled on guidance already provided by the New York State Department of Taxation and Finance—could help demystify DOF's collections process and give taxpayers and practitioners clearer expectations.

**OTA Recommendation:** DOF should publish a webpage with guidance on warrants and levies.

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<sup>16</sup> DOF is required to mail collections notices to a taxpayer's "last known address," per NYC Admin. Code § 11-683(2). Yet a small subset of taxpayers—such as those who dissolved a business, changed addresses and did not update e-Services, or switched representatives—may not find out that DOF has initiated collection action until there is a levy on their account.

### **Part III: OTA Statistics for the Reporting Period of January 1 to December 31, 2025**

For this report, OTA uses the inquiry and case definitions established for 2022.<sup>17</sup>

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 definition has led to an increase in referrals classified as cases versus inquiries in each of the past three years.

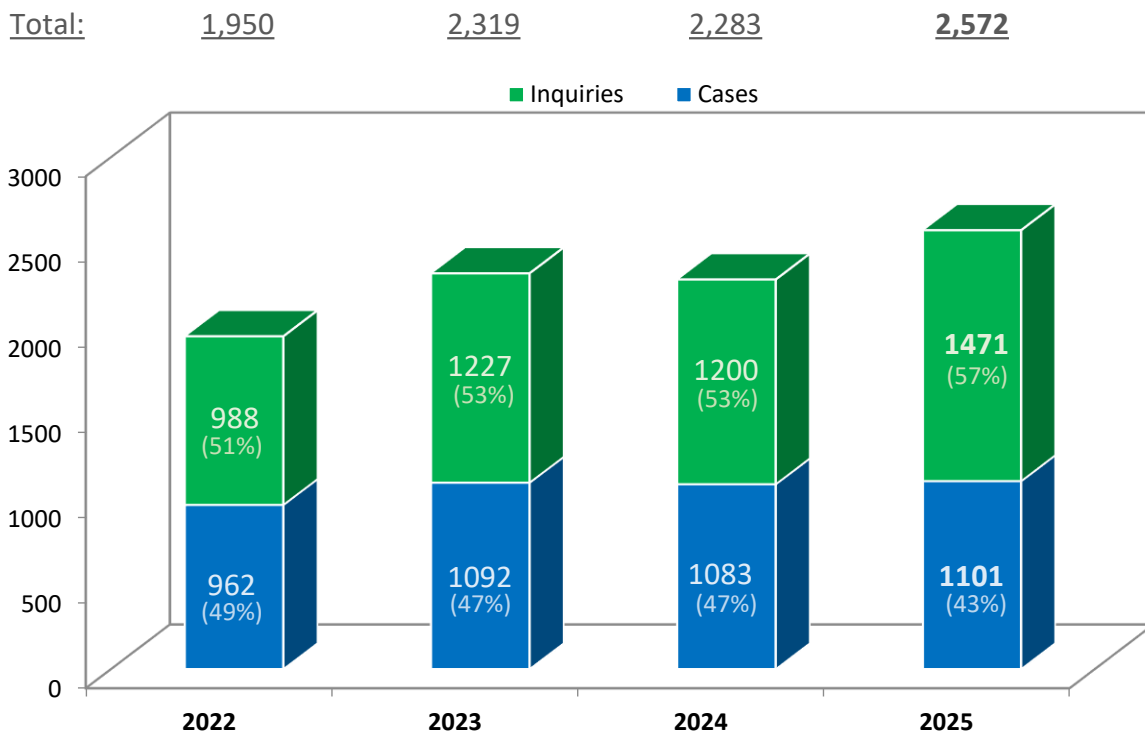
Also, in September 2024, to promote better access and communication, OTA switched its case reporting software to a Customer Relationship Management (CRM) program, used by multiple divisions and units within DOF. CRM has several recordkeeping advantages, one being issue reporting. CRM does not limit the amount of issues that can be tied to a specific case or inquiry 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 business tax case that has progressed to Collections as opposed to a preliminary bill being sent by DOF's Payments, Billing and Refunds division could give rise to a different set of problem-solving procedures. CRM also better distinguishes the sourcing of OTA's workload. OTA can now report on the entity type (for example, a tax practitioner, a property owner, or a managing agent) that has contacted OTA and on the means of communication (email, 311, phone, or outreach).

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<sup>17</sup> 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.

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

For tax year 2025, OTA closed 1,101 cases and 1,471 inquiries, the highest combined total since the office’s inception. The total workload of 2,572 represents a 13% increase from 2024 and is largely attributed to outreach related to the tax lien outreach and sale, which in 590 total cases and inquiries. OTA was able to successfully assist in the removal of 540 properties out of lien sale (91.5% success rate). Because fiscal year 2025-26 was a “heavy volume” year in the two-year renewal cycle of the Senior Citizen Homeowners’ Exemption, personal exemption-related inquiries also contributed to the increase. Heavy-volume renewal cycle refers to how every two years, the Department of Finance receives renewal applications from about 70% of the total population of SCHE and DHE recipients.<sup>18</sup> The following charts and graphs highlight recurring issues brought to OTA’s attention in recent reporting periods.<sup>19</sup>



<sup>18</sup> For more information about SCHE renewal cycle trends, see Recommendation No. 3 in the 2024 annual report.

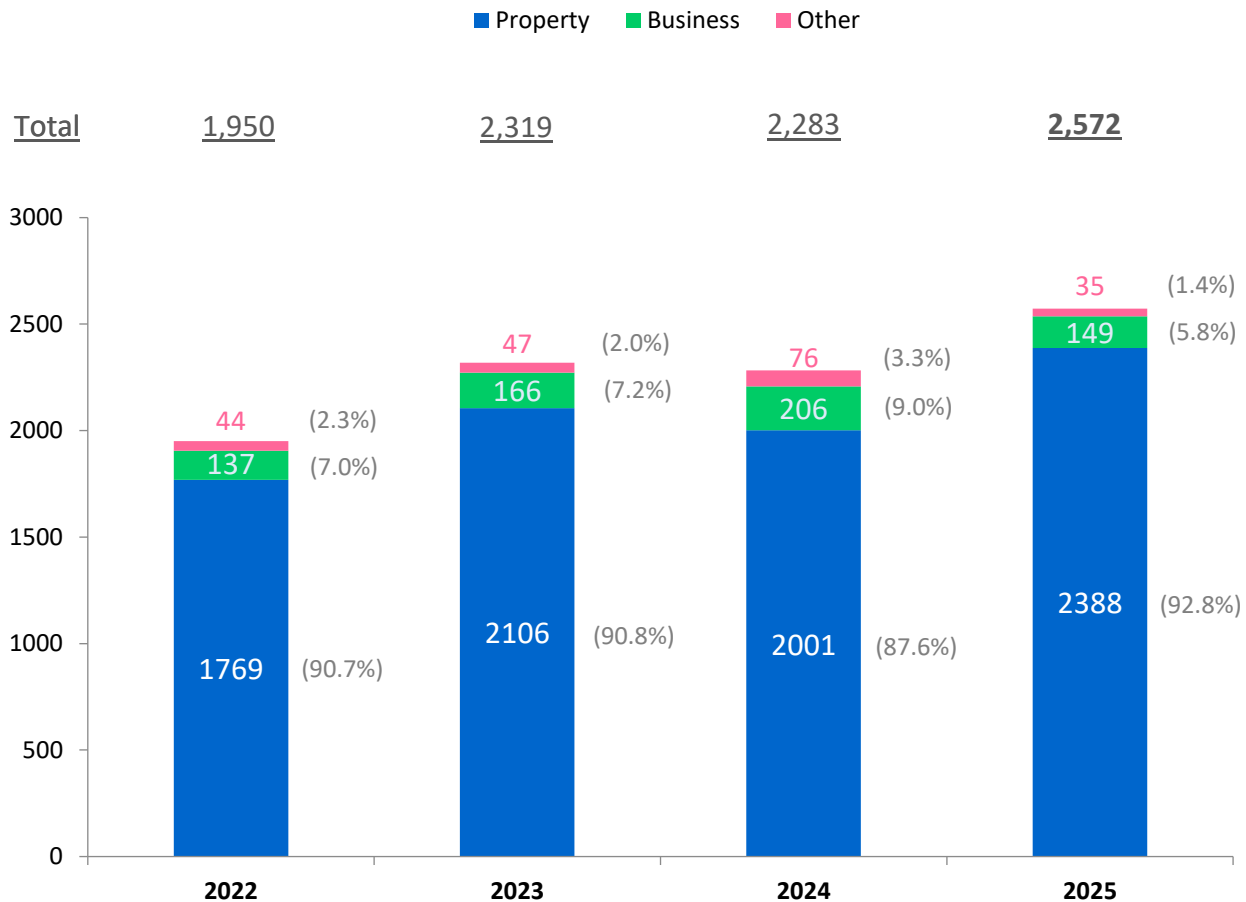
<sup>19</sup> OTA’s quantifying methods are based on the number of cases and inquiries closed during the reporting period. Cases and inquiries opened before January 1, 2026, and not closed are included in a separate chart (see Part III.N) but are otherwise not considered in these statistics. As of the 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 93% of the matters handled by OTA in tax year 2025 involved property tax issues, a slightly higher share than in previous years. Property tax cases increased by 19.3%, driven by lien outreach and sale activity, co-op/condo abatement outreach efforts, and the “heavy-volume” year cycle for SCHE applications. As a result, OTA devoted the majority of its outreach resources to property tax issues.

At the same time, a shift in outreach priorities, combined with improved communication with DOF’s business tax units and increased taxpayer use of online self-service options, contributed to a 27.6% decrease in business and excise tax cases and inquiries. The 53.9% decrease in “Other” issues largely reflects a decline in the number of inquiries OTA received concerning state, federal, or personal income taxes. These cases generally involve inquiries outside OTA’s scope, such as parking violation disputes or personal income tax matters. (The former are typically referred to the Office of the Parking Summons Advocate, which is under OTA’s purview but maintains separate statistics. The latter are referred to the New York State Office of the Taxpayer Rights Advocate or the IRS Taxpayer Advocate Service.)

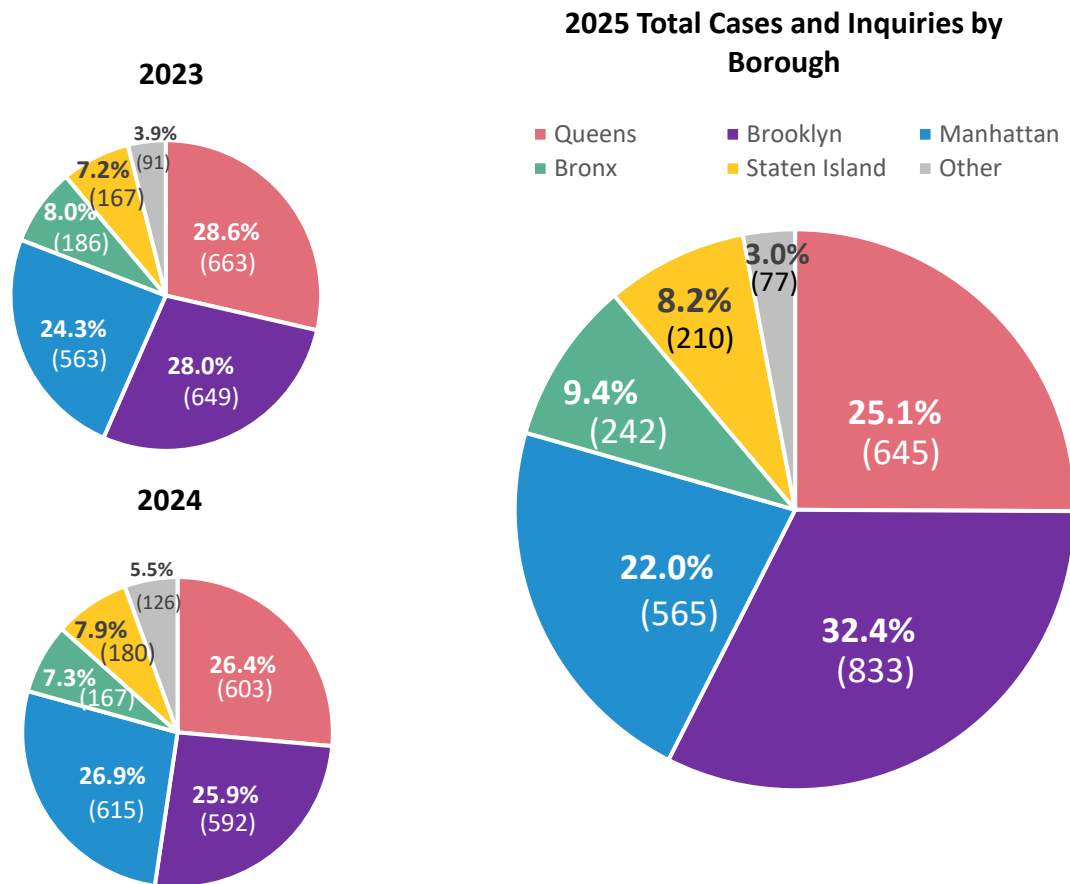
### Major Tax Area Work Flow Comparison by Tax Year



### C. Source of Total Work by Borough

OTA’s breakdown of cases by borough shifted somewhat this year. The most notable change was a 40.7% increase in matters pertaining to Brooklyn (from 592 to 833), which represented nearly one-third of OTA’s total workload within the city. Nearly one-third of Brooklyn matters (274, or 32.8%) were related to the lien outreach and sale. Lien outreach and sale issues and the SCHE heavy-volume year renewal cycle also accounted for much of the increase in Queens, Staten Island, and particularly the Bronx, which recorded a record number of cases and inquiries for the year.

Much of the decrease in the Manhattan (from 615 to 565, an 8.1% decrease) and “Other” (from 126 to 77, a 38.9% decrease) categories can be attributed to the decline in business and excise tax cases and inquiries, most of which pertain to Manhattan companies (from 82 to 49) or outside New York City (from 67 to 44). In addition to non-local businesses required to file New York City returns and non-New York City resident employees, the “Other” category also includes general inquiries in which the source did not specify taxpayer or property information.



#### D. Breakdown of Recurring Issues

The table on the next page shows OTA’s top 25 recurring issues. Because some matters involve multiple issues, the total number of issues (3,349) exceeds the total number of cases and inquiries (2,572) in tax year 2025.<sup>20</sup> Overall, the number of issues increased by 44% between 2024 and 2025 (from 2,324 to 3,349), a significantly larger rise than the 13% increase in total cases and inquiries during the same period. The complex nature of OTA’s casework often involves multiple subject areas within a single matter.

Between 2022 and 2024, the top 10 issue categories remained consistent; however, 2025 saw a shift in issue topics due to the execution of the first citywide property tax lien outreach and sale in more than three years.<sup>21</sup> Lien outreach and sale issues increased by 3,833% (from 15 to 590) in a single year and accounted for 17.61% of all reported issues. To understand the significance of OTA’s involvement in the 2025 lien outreach and sale, the 590 issues recorded in 2025 can be compared with the 159 recorded in 2021, the year of the previous lien outreach and sale process. This represents an increase of 271%.

The 2025 lien outreach and sale process also increased the number of issues reported across several related categories and brought another topic into the top 10 for the first time: payment plan issues. Payment plan issues increased by 198%, from 48 to 143. Of these 143 issues, 93 (65%) were related to the lien outreach and sale process. Among those 93, 60 involved establishing a new payment plan, 13 involved resolving delinquent payment plans, and 20 involved payment plan denials. Due to the volume of lien sale cases, OTA provided additional support to the Payment Plan Unit to help ensure that applicants submitted their payment plans in time to be removed from the lien sale pool.

Five of the top six issue categories in 2025 were the same as in 2024: “Denial – Benefit,” “Notice Comprehension Support,” “Application Issue,” “Records Request/Verification,” and “Process Delay.” These categories generally fall within the broader area of application processing issues, most commonly related to lien sale matters, property tax exemptions, and co-op/condo abatement applications. The second-largest issue category in 2025 (“Denial – Benefit”) had been the top issue category in each of the previous two years. The number of issues in this category remained relatively stable, increasing by 5% from 434 to 457. The largest contributors to this category were co-op/condo abatement matters (203 issues, a 1% increase), SCHE and DHE renewals (106 issues, a 6% decrease), and STAR benefits (30 issues, a 7% increase). Co-op/condo abatement matters remained elevated due to changes in the renewal process for managing agents and extensive outreach to buildings with outdated contact information.

“Notice Comprehension Support”, formerly known as “Unclear Notice”—cases in which taxpayers or representatives contact OTA to seek clarification about notices they receive—have increased sharply from 114 to 337 issues (a 196% increase). In the previous two years, lien outreach and sale issues did not appear within the “Notice Comprehension Support” category. In 2025, however, they accounted for the largest subset within this category, with 78 issues (23% of the total). Two additional topics each accounted for more than 10 % of the total: personal exemptions (67 issues, 20%) and payments (34 issues, 10%). Taxpayers often bring notice-related questions to OTA to ensure that the documents they submit are accurate and timely before application deadlines.

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<sup>20</sup> A single case can have more than one issue to be resolved. For example, lien sale cases often required individual resolutions in areas such as personal exemptions or payment plan creation or curing.

<sup>21</sup> Prior to the lien sale on June 3, 2025, the Department of Finance last held a lien sale on December 17, 2021.

“Record request/verification” continued an upward trend, increasing by 456% since 2020 (60 in 2020; 143 in 2021; 180 in 2022; 273 in 2023; 314 in 2024; and 334 in 2025). These requests were distributed across several subject areas, including personal exemptions (17%), records (15%), not-for-profit exemptions (15%), personal and commercial abatements (12%), and payments (10%). The remaining requests were spread across 12 additional categories, each accounting for less than 2% of the total. This diversity of requests reflects the public’s increasing use of OTA as a resource for application status updates and assistance obtaining historical documentation.

“Unclear Policy” issues also increased, rising from 195 to 318 total issues (a 63% increase), driven largely by lien outreach and sale-related inquiries, which increased from 2 to 75 in 2025. In addition, personal exemptions-related issues within the category increased from 36 to 70 (94%), as many property owners in the lien outreach pool sought assistance enrolling in an exemption for the first time.

“Application Issue” increased by 43 (23%) to a total of 226 requests, largely as a result of lien outreach activity. Historically, increases in this category have coincided with increases in “Process Delay” cases. In 2025, however, “Process Delay” decreased by two issues (2%), highlighting DOF’s commitment to processing lien sale off-ramp applications efficiently.

Issues Presented	2023	2024	2025	vs. 2024
<b>Total</b>	<b>2479</b>	<b>2324</b>	<b>3349</b>	<b>1025↑ (44%↑)</b>
Denial - Benefit	293	434	457	23↑ (5%↑)
Lien Sale	18	15	590	575↑ (3833%↑)
Notice Comprehension Support	110	114	337	223↑ (196%↑)
Records request/verification	273	314	334	20↑ (6%↑)
Unclear Policy/Procedure	245	195	318	123↑ (63%↑)
Application Issue	280	183	226	43↑ (23%↑)
Payment Plans Issues	45	48	143	95↑ (198%↑)
Process Delay	190	121	119	2↓ (2%↓)
Inaccurate Record	66	78	115	37↑ (47%↑)
MV/AV - Inconsistent Value	88	73	82	9↑ (12%↑)
Misapplied or Denied Payments	207	110	81	29↓ (26%↓)
Tax Calculations	87	82	77	5↓ (6%↓)
Penalty Abatement requests	45	67	59	8↓ (12%↓)
Other Charges - Property Tax Bill	33	33	43	10↑ (30%↑)
MV - TP Disagrees with RFR	42	36	32	4↓ (11%↓)
Refund Issue	23	32	27	5↓ (16%↓)
State & Federal Tax Issues	n/a	40	26	14↓ (35%↓)
Benefit Revocation	61	58	24	34↓ (59%↓)
Erroneous Charges/fees	65	53	23	30↓ (57%↓)
Benefit Reduction	46	22	21	1↓ (5%↓)
DOF - Unresponsive/Unhelpful	30	20	21	1↑ (5%↑)
Incorrect Benefit or Benefit Amount	19	12	21	9↑ (75%↑)
Incorrect Tax/Building Class	34	28	18	10↓ (36%↓)
Managing Agent Issue	7	9	18	9↑ (100%↑)
Warrant Issue	n/a	12	15	3↑ (25%↑)

## E. Cases in Which No Relief Was Granted

OTA strives to provide relief to taxpayers whenever possible. However, in some cases relief cannot be granted. Of the 3,276 cases handled by OTA over the past three tax years, 340 (10.4%) resulted in such outcomes. In the 2025 reporting period, these no-relief cases increased by 19.2% compared with the previous year, with the overall share of unresolved cases rising to 11.3% (124 of 1,101) from 9.6% (104 of 1,083) in 2024.

Most cases in which relief could not be granted (63.7%, or 79 of 124 cases) involved circumstances in which the outcome was dictated by law or DOF policy and therefore could not be changed. Another 23.4% (29 cases) were related to taxpayers' failure to provide required documents or information in a timely manner. The increase in these two categories from 2024 (from 73 and 21 cases, respectively), along with an additional five cases in which OTA was unable to contact the taxpayer (none occurred in 2024), accounted for most of the rise in no-relief cases.

In terms of subject matter, 54.8% (68 cases) of the no-relief matters included a lien outreach and sale-related component. Because the lien sale often involved proactive outreach by DOF, taxpayer response or cooperation was lower than in cases where taxpayers independently sought OTA assistance. In addition, more than one-fifth of the no-relief cases (27 of 124, or 21.8%) involved not-for-profit issues; 18.5% (23 cases) involved abatements; 13.7% (17 cases) involved personal exemptions; and 6.4% (8 cases) involved assessed or market value issues.

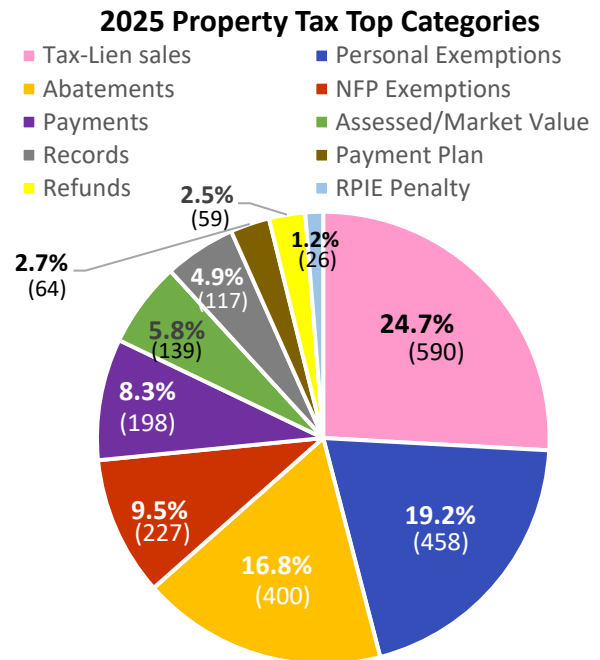
### Cases in Which No Relief Was Granted, 2023-2025

Reason for No Relief	2023	2024	2025	Total
Law or DOF policy	81	73	79	233
Taxpayer failed to provide documents or information timely	16	21	29	66
Unable to contact taxpayer	3	-	5	8
Referred to another city agency	12	10	11	33
<b>Total</b>	<b>112</b>	<b>104</b>	<b>124</b>	<b>340</b>

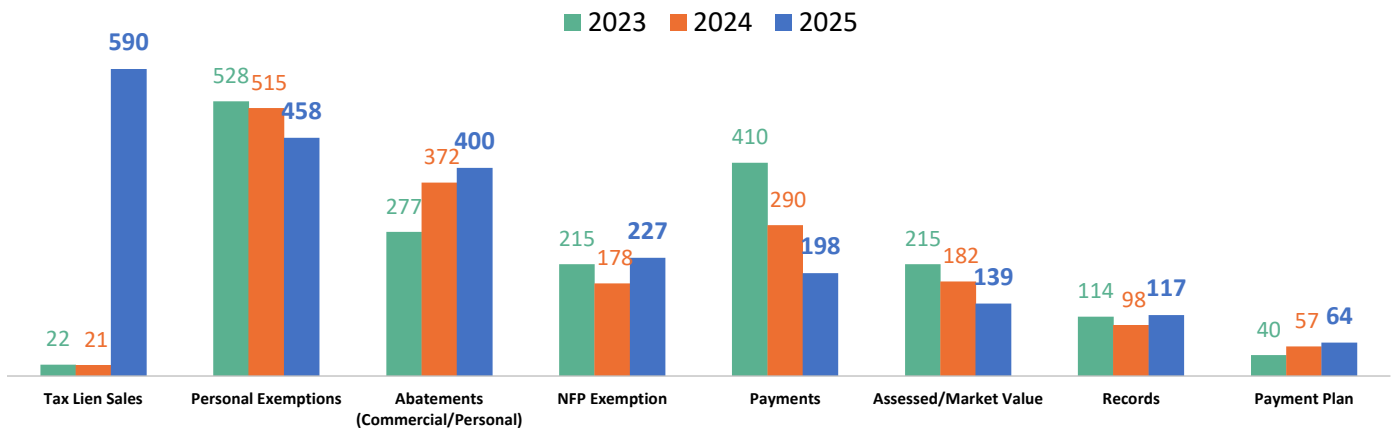
## F. Property Tax Inquiries and Cases by Subcategories<sup>22</sup>

Nearly one-fourth of all property tax cases and inquiries were related to the tax lien outreach and sale (590 out of 2,388), demonstrating the impact of the first lien outreach and sale to be held in nearly four years. Personal exemption matters decreased slightly from 515 to 458 (11%) but remained the second-largest category of property tax matters, accounting for 19.2% of the total property tax caseload. Co-op/condo abatement matters comprised the third-largest category, with 28 more matters than in 2024 (an 8% increase).

Not-for-profit exemption matters increased significantly, from 178 to 227 (28%), returning to levels comparable to the 2023 total of 215 and reflecting the continued work of the not-for-profit ombudsperson. Payment matters continued a downward trend, decreasing by 31% (from 410 in 2023 to 198 in 2025, or 52% over three years). In two additional categories influenced by lien sale activity, records requests increased by 19 matters (19%), and payment plan matters increased by 7 (12%).



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

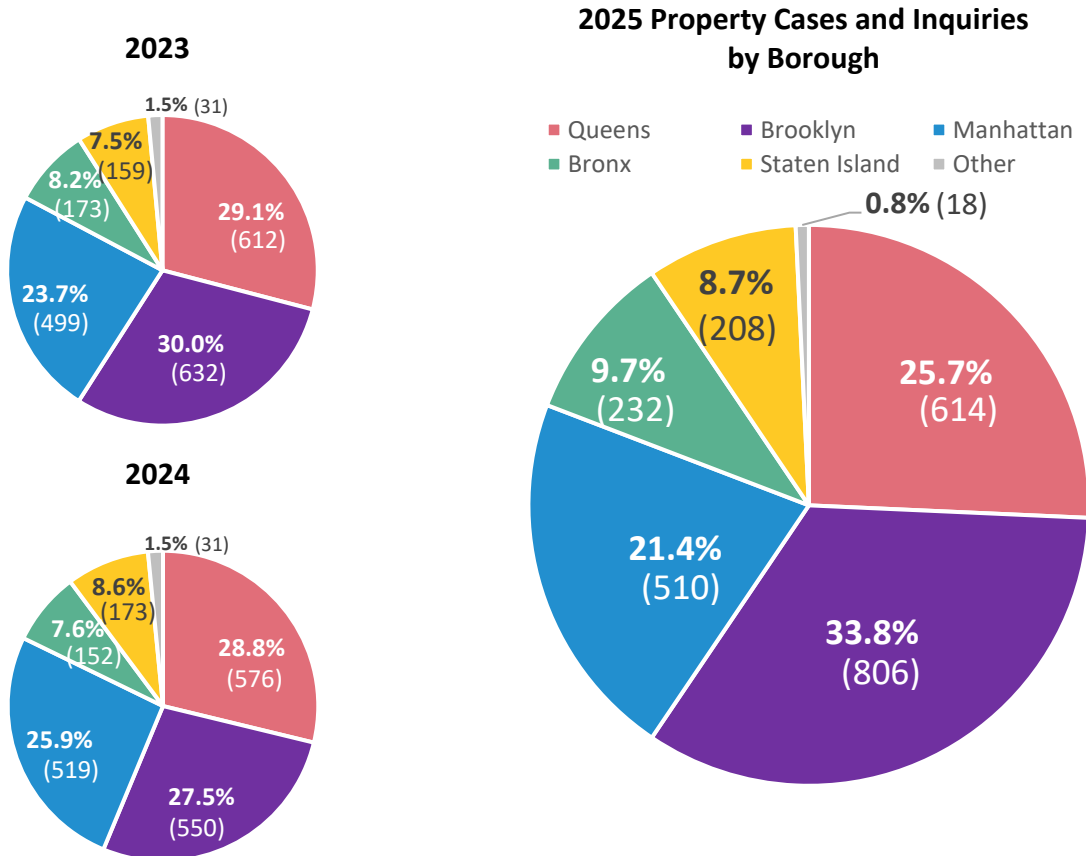


<sup>22</sup> OTA's property tax subcategories are: Personal Exemptions (STAR, Enhanced STAR, SCHE and DHE, Veterans, Clergy, and Good Samaritan); Payments (processing of and application of); Refunds (requests for refunds); Assessed or Market Value (issues regarding valuation); Abatements (co-op and 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); 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).

### G. Property Tax Inquiries and Cases by Borough

The proportion of cases and inquiries by borough has remained consistent over the past three years, with Queens, Brooklyn, and Manhattan accounting for 80% of the workload. Brooklyn experienced the largest increase in total matters, rising by 256 (from 550 to 806), though not the highest percentage increase (46.5%). The Bronx recorded the highest percentage increase compared with 2024, rising by 80 matters (from 152 to 232), a 52.6% increase.

Total cases and inquiries increased in all boroughs except Manhattan, which saw a slight decrease of 9 matters, from 519 to 510 (1.8%). “Other” matters represent general inquiries in which 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 2025. The refund, abatement, and correction<sup>23</sup> 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 Tax Years 2023 through 2025

District / Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
1	C. Marte	37	36	36	\$262,965	\$197,434	\$150,365	\$830,749	\$2,056,100	\$378,143	\$6,496	\$3,744,796	\$277,268
2	H. Epstein	25	26	16	\$204,593	\$452,542	\$71,301	\$1,729,128	\$301,853	\$80,549	\$1,766,304	\$727,370	-
3	Vacant	42	32	34	\$163,069	\$36,571	\$564,489	\$673,266	\$277,724	\$243,039	\$785,968	\$706,418	\$19,214
4	V. Maloney	63	74	65	\$867,946	\$1,516,443	\$511,156	\$628,338	\$5,500,264	\$659,080	\$2,851,406	\$1,653,473	\$85,759
5	J. Menin	28	17	16	\$46,217	\$294,293	-	\$1,778,991	\$384,761	\$56,515	\$907,529	\$94,813	\$10,173
6	G. Brewer	45	52	35	\$304,301	\$61,220	\$100,000	\$264,076	\$2,190,055	\$428,452	\$325,782	\$15,662	-
7	S. Abreu	10	11	7	\$150	\$4,053	-	\$13,742	\$130,641	\$44,350	\$3,305	\$3,732	-
8	E. Encarnacion	13	9	9	\$151,281	-	-	-	\$4,050	-	\$175,500	\$750	-
9	Y. Salaam	14	12	18	\$21,739	\$76,137	-	\$56,214	\$914	-	\$68,706	\$300,782	\$18,987
10	C. De La Rosa	5	5	2	\$413	\$1,250	-	-	\$3,138	-	-	-	-
11	E. Dinowitz	14	16	18	\$60,144	\$21,248	\$67,858	\$944	\$11,759	\$29,487	\$150	\$86,119	\$38,617
12	K. Riley	8	10	16	-	\$12,388	-	\$2,853	\$9	-	-	-	\$2,250
13	S. Aldebol	14	12	15	\$16	\$3,044	-	\$1,215	\$3,623	-	\$11,380	\$88,047	\$20,322
14	P. Sanchez	6	5	1	\$3,340	-	\$20,640	\$565	-	-	\$9,725	\$1,350	-
15	O. Feliz	4	5	6	-	\$7,844	-	\$2,281	-	-	-	-	-
16	A. Stevens	4	5	8	-	\$16,038	-	-	-	-	-	\$1,000	-

<sup>23</sup> “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.

District / Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
17	J. Sanchez	9	5	12	-	-	-	-	-	-	\$359,392	-	-
18	A. Farias	11	12	10	\$1,853	-	\$1,940	\$1,853	\$1,600	-	\$50,252	\$1,823,993	\$1,165
19	V. Paladino	40	32	28	\$254,005	\$150	\$2,357	\$54,768	\$2,082	\$35,195	\$85,682	\$17,397	\$40,061
20	S. Ung	14	11	9	\$9,318	\$81,538	-	\$9,508	\$26,781	\$240,901	\$5,138	\$350	\$8,526
21	S. Thomas-Henry	6	6	8	-	-	-	-	-	\$5,754	\$16,328	\$859,743	\$40
22	T. Cabán	20	17	8	\$19,176	-	\$17,085	\$4,115	\$7,018	\$17,170	\$7,323	\$59,825	\$2,602
23	L. Lee	33	48	31	\$150	-	-	\$23,192	\$210,415	\$77,528	\$7,943	\$14,138	\$15,409
24	J. Gennaro	25	16	28	\$33,913	\$269	-	\$82,791	\$16,874	\$7,285	\$15,746	\$8,140	\$28,058
25	S. Krishnan	15	8	13	-	\$24,455	\$27,408	\$27,839	\$11,145	\$5,256	\$6,767	\$6,300	\$2,545
26	J. Won	16	23	13	-	\$13,470	-	\$3,472	\$16,201	\$38,174	\$710	\$63	\$30,219
27	N. Williams	20	16	27	\$4,426	-	\$4,974	\$4,736	\$4,485	\$3,750	\$4,275	\$144,076	\$35,639
28	T. Hankerson	15	11	17	\$11,046	\$19,377	\$3,522	\$12,297	\$352	\$1,475	\$37,494	\$2,213	\$10,914
29	L. Schulman	17	18	8	-	\$44,935	\$17,264	\$6,329	\$4,852	-	\$6,407	\$34,850	\$4,400
30	P. Wong	15	15	26	\$1,323	\$2,914	\$2,004	\$832	\$8,388	\$12,030	\$14,456	\$19,348	\$330,914
31	S. Brooks-Powers	19	9	13	\$150	\$2,693	-	-	\$659	\$11,923	\$8,274	\$2,650	-
32	J. Ariola	28	22	28	\$1,258	-	\$68,969	\$27,049	\$22,155	\$15,182	\$19,493	\$11,484	\$25,594
33	L. Restler	40	43	43	\$151,945	\$61,664	\$946,484	\$39,130	\$57,022	\$175,642	\$714,467	\$716,904	\$565,163
34	J. Gutiérrez	14	17	12	\$8,384	\$460,821	-	\$24,259	\$2,456	\$642	-	\$1,185,299	\$4,520
35	C. Hudson	19	17	17	\$9,389,540	\$150	-	\$14,883	\$3,145	\$11,142	\$718,398	\$264,599	\$161,071
36	C. Ossé	17	11	24	\$1,605	-	\$42,911	-	\$3,497	\$2,773	\$3,618	\$88,855	\$14,650
37	S. Nurse	14	14	13	-	-	-	\$36,222	\$20	-	\$151,075	\$41,320	\$1,500
38	A. Avilés	15	19	18	-	-	-	\$4,825	\$7,166	\$11,200	\$45,630	\$12,015	\$14,443
39	S. Hanif	22	17	17	-	\$20	\$51,709	\$20,591	\$140,076	\$78,245	\$412,518	\$7,264	\$12,800
40	R. Joseph	7	10	18	-	\$38,828	-	\$12,039	\$1,000	\$13,450	-	\$680	\$13,500
41	D. Mealy	8	6	18	\$150	\$26,830	-	\$11,144	\$1,453	\$4,133	\$1,309	-	\$1,763
42	C. Banks	9	6	19	\$26,452	\$51,753	-	\$16,525	\$723	-	\$257,025	\$7,000	\$100

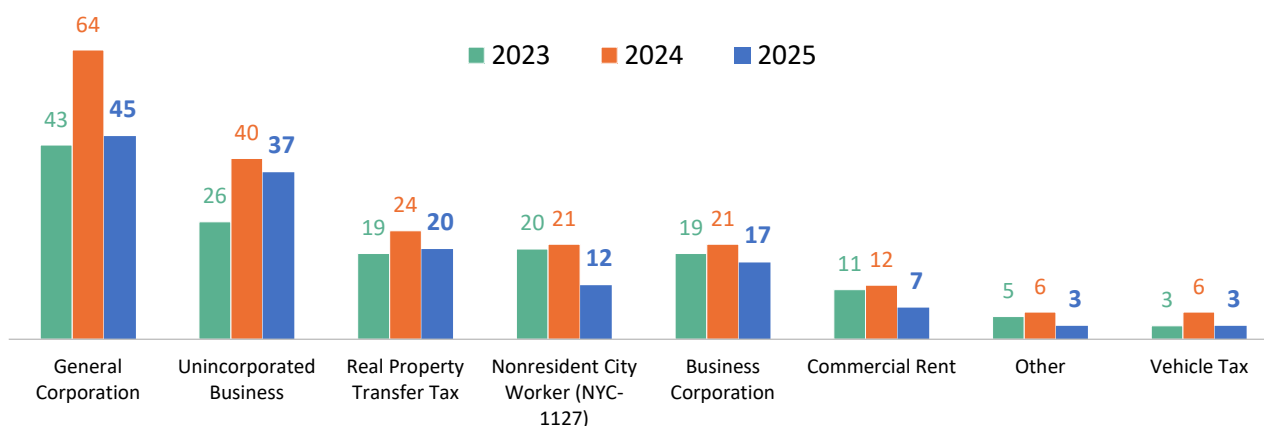
District / Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
43	S. Zhuang	9	16	15	\$19,079	\$1,305	-	\$594	\$7,439	\$14,368	\$15,298	\$17,642	\$49,314
44	S. Felder	20	14	27	\$8,381	\$12,729	-	\$9,540	\$8,969	\$10,705	\$98,501	\$15,500	\$11,947
45	F. Louis	15	22	25	-	\$3,592	\$7,208	\$4,385	\$3,793	\$4,246	\$224,209	\$29,563	\$12,672
46	M. Narcisse	32	19	23	\$18,977	-	\$1,234	\$10,618	\$17,186	\$14,521	\$64,341	\$21,776	\$21,961
47	K. Santosuosso	13	4	16	\$150	-	-	\$2,768	-	\$40,160	\$9,130	\$27,334	\$19,720
48	I. Vernikov	26	23	21	\$117,105	-	-	\$4,907	\$35,251	\$37,041	\$15,902	\$4,756	\$15,693
49	K. Hanks	17	18	22	\$150	\$1,018	\$6,119	\$10,127	\$2,768	\$12,810	\$12,376	\$19,492	\$6,016
50	D. Carr	22	24	33	\$5,381	\$6,500	\$623,808	\$9,132	\$15,129	\$9,806	\$202,593	\$43,494	\$31,837
51	F. Morano	21	33	36	-	\$250	\$1,464	\$10,612	\$25,034	\$149,978	\$4,341	\$906,587	\$36,025
	Other	14	8	8	-	-	\$47,520	-	-	-	\$1,903,998	-	-
	<b>Total</b>	<b>989</b>	<b>937</b>	<b>1,006</b>	<b>\$12,170,090</b>	<b>\$3,555,766</b>	<b>\$3,359,789</b>	<b>\$6,483,444</b>	<b>\$11,530,022</b>	<b>\$2,982,099</b>	<b>\$12,412,660</b>	<b>\$13,838,960</b>	<b>\$2,003,373</b>

## I. Business and Excise Tax Cases and Inquiries by Subcategories

DOF’s 149 business and excise tax cases in 2025 represented a 27.0% decrease from the 204 cases recorded in 2024, but only a 9.1% decrease from the 2023 total of 164. Overall, business tax cases and inquiries declined across most tax areas.

One notable change from 2024 was in general corporation tax matters, which decreased by 29.7% (from 64 to 45 cases and inquiries). Similarly, business corporation tax matters decreased by 19.0% (from 21 to 17), and unincorporated business tax matters decreased by 7.5% (from 40 to 37). With new leadership in both DOF Conciliations and the Tax Appeals Tribunal, cases are being processed more efficiently outside of OTA. In addition, a more robust e-Services platform—including “Linda,” DOF’s business tax chatbot—and the publication of a payment plan-specific webpage (see 2025 Recommendation No. 1) have enabled taxpayers and representatives to find information and resolve many business tax issues independently. Nonresident city worker matters also decreased by 57.1% (from 21 to 12), as issues in this area, previously driven by the COVID-19 pandemic, continued to subside. Real property transfer tax matters also decreased by 16.7% (from 24 to 20).

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

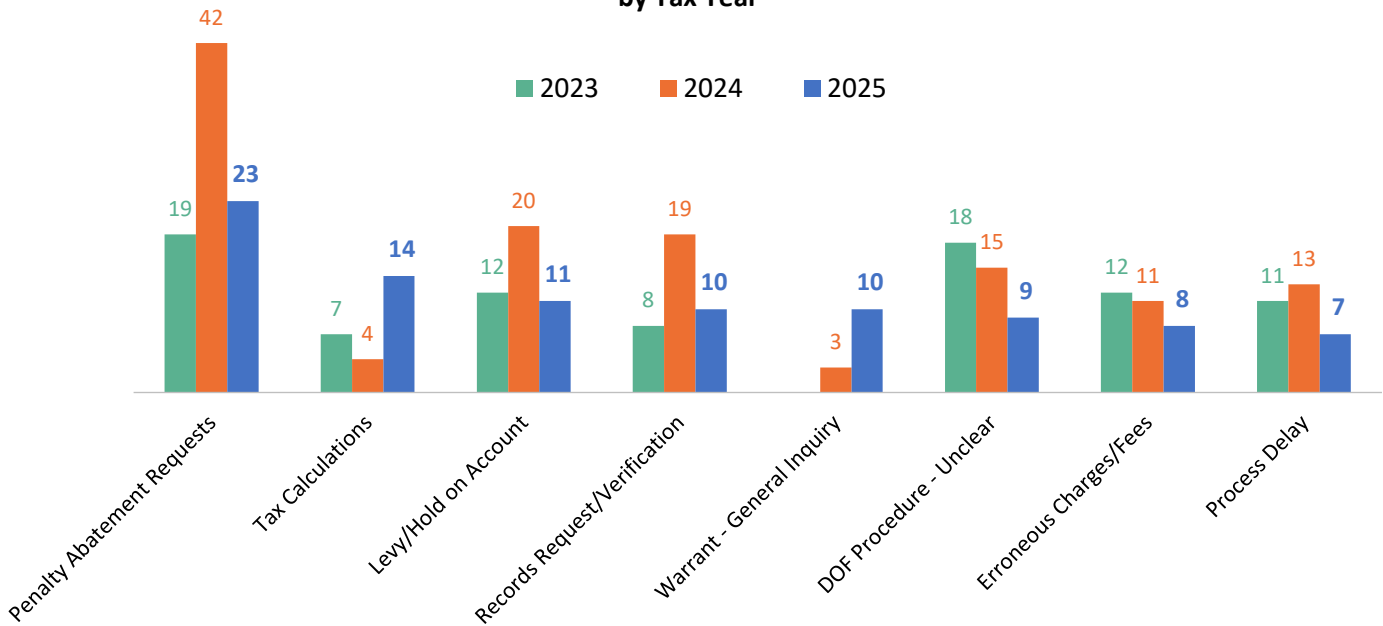


In terms of specific issues, OTA handled more cases and inquiries involving tax calculations in 2025 (14) than in 2023 and 2024 combined (11). This increase is largely attributable to several complex audit-related matters and a small number of taxpayers seeking clarification on tax computation concepts. The 10 general warrant inquiries and cases recorded in 2025 primarily resulted from taxpayers contacting OTA about the status of a warrant discovered through an independent background search.<sup>24</sup>

<sup>24</sup> Note that the apparent 233.3% rise in “Warrant – General Inquiry” cases, from 3 to 10 between 2024 and 2025 is somewhat misleading, as this is a new category that OTA began tracking when it changed software platforms in September 2024. The category was created to more accurately classify inquiries and cases received by OTA for which a specific issue beyond the warrant itself may have been elusive.

Most other issue categories declined, as expected. Reductions in penalty abatement issues (a 45% decrease from 2024), records requests/verification (a 47.4% decrease from 2024), “DOF Procedure—Unclear” (a 50% decrease from 2023), and erroneous charges/fees (a 33.3% decrease from 2023) reflect the impact of a more robust e-Services platform and improved communication with DOF’s business tax units. The increase in levy/hold on account matters in 2024 was the result of a policy change in December 2023, removing the authorization of DOF Collections to reverse levies before the withdrawal of funds; as taxpayers and their representatives have become more familiar with levy procedures, the number of such issues has declined to levels closer to those seen in 2023.

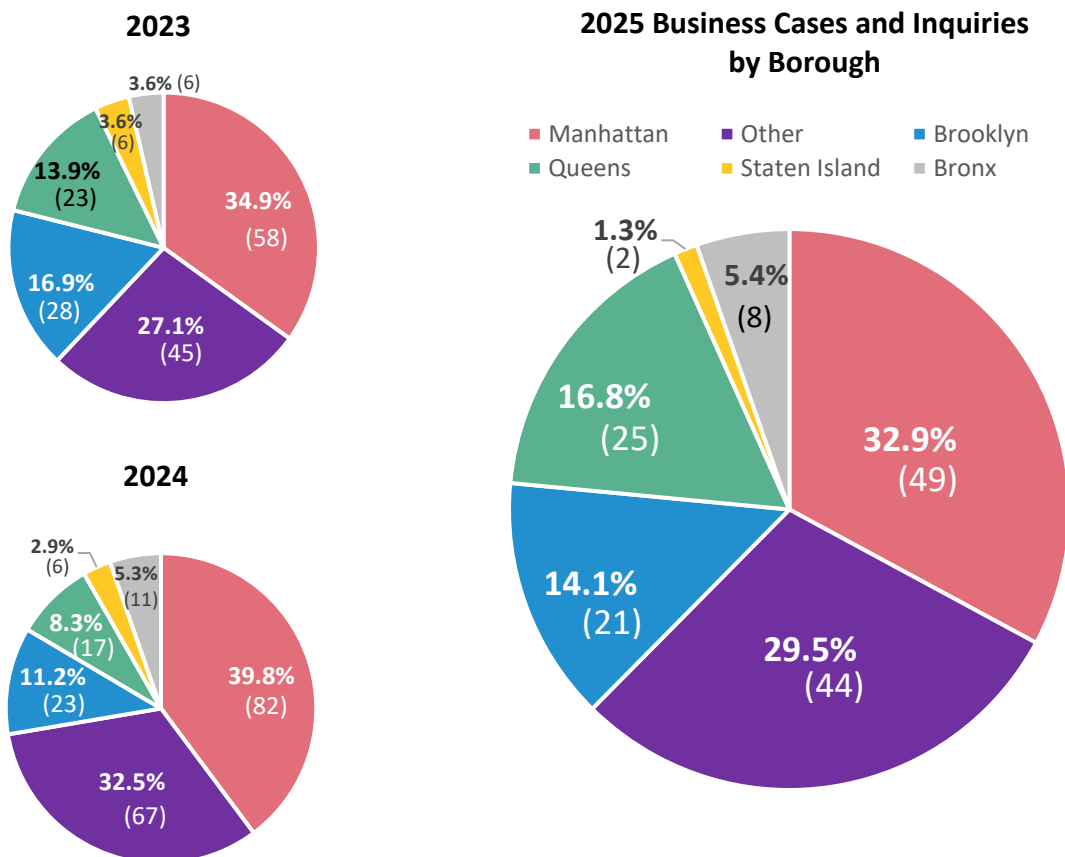
**Business and Excise Tax Cases and Inquiries by Issue, by Tax Year**



## J. Business and Excise Tax Cases and Inquiries by Borough

As overall case volumes declined, all boroughs except Queens saw decreases in the number of cases and inquiries compared to 2024, with the most significant drop occurring in Manhattan, where cases fell by 40.2%. Queens, however, saw its total caseload increase by 47.1% between 2024 and 2025 (from 17 to 25), and its share of the overall distribution more than doubled. This increase was largely driven by a rise in real property transfer tax cases in the borough (from 4 to 10).

Despite this change, Manhattan and non-New York City taxpayers (“Other”) continue to account for the majority of business tax cases. The “Other” category includes nonresident city worker matters, as well as cases involving non-New York City businesses that owe City taxes.



**K. Business Tax Cases by City Council District<sup>25</sup>**

OTA handled business tax cases, some of which resulted in refunds, abatements, or corrections, for business taxpayers in 25 of the city’s 51 council districts during tax year 2025. Twenty-five 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 Tax Years 2023 through 2025**

District/ Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
1	C. Marte	3	8	6	\$666,871	\$367,171	-	-	\$74,728	\$72,867	\$729	\$54,904	-
2	H. Epstein	1	5	-	-	-	-	-	\$41,380	-	-	-	-
3	Vacant	8	10	5	-	-	\$4,547	\$28,032	\$199,176	\$509	-	-	-
4	V. Maloney	3	14	14	\$74,825	-	\$176,829	-	\$285,558	\$30,935	-	-	\$26,447
5	J. Menin	2	3	3	-	-	-	-	-	-	\$13,768	-	\$5,700
6	G. Brewer	2	4	4	-	-	-	\$31,876	\$27,520	-	-	\$13,819	\$6,196
7	S. Abreu	-	-	1	-	-	-	-	-	-	-	-	-
8	E. Encarnacion	1	4	1	-	\$6,719	-	-	\$7,940	-	-	-	-
9	Y. Salaam	-	1	1	-	-	-	-	-	-	-	-	-
10	C. De La Rosa	-	1	-	-	\$123,514	-	-	-	-	-	-	-
11	E. Dinowitz	-	-	1	-	-	-	-	-	\$13,915	-	-	-
12	K. Riley	1	1	1	-	-	-	-	-	-	-	-	\$28,849
13	S. Aldebol	-	3	-	-	-	-	-	\$173,582	-	-	\$115,187	-
15	O. Feliz	-	-	3	-	-	-	-	-	-	-	-	\$42,000
16	A. Stevens	-	2	-	-	-	-	-	-	-	-	-	-
17	J. Sanchez	1	-	-	-	-	-	\$10,956	-	-	-	-	-
19	V. Paladino	1	1	-	-	-	-	-	\$95	-	-	-	-
20	S. Ung	-	3	3	-	\$74,242	-	-	\$129,605	-	-	-	-
21	S. Thomas-Henry	-	1	-	-	-	-	-	\$358	-	-	\$60,150	-
22	T. Cabán	1	-	1	-	-	-	-	-	-	\$2,287	-	\$9,300

<sup>25</sup> Omitted districts have not had any cases from January 1, 2023, through December 31, 2025.

District/ Council Member		Number of Cases			Refunds			Abatements			Corrections		
		2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
23	L. Lee	-	-	1	-	-	-	-	-	-	-	-	-
24	J. Gennaro	3	2	-	\$140	\$125	-	-	\$5,985	-	-	-	-
26	J. Won	2	7	-	-	\$23,364	-	\$516	\$189,990	-	-	-	-
27	N. Williams	-	1	-	-	-	-	-	-	-	-	\$8,365	-
28	T. Hankerson	3	-	-	-	-	-	-	-	-	-	-	-
29	L. Schulman	-	2	2	-	-	-	-	-	\$751	-	-	-
30	P. Wong	1	-	3	-	-	-	-	-	-	-	-	-
31	S. Brooks-Powers	-	1	-	-	-	-	-	-	-	-	-	-
33	L. Restler	1	3	1	\$720	-	-	-	\$1,211	-	-	\$11,258	-
34	J. Gutiérrez	1	1	3	-	-	-	-	-	-	-	-	-
35	C. Hudson	2	2	-	-	-	-	\$13,373	-	-	-	-	-
36	C. Ossé	-	3	-	-	-	-	-	\$500,987	-	-	-	-
37	S. Nurse	-	1	2	-	\$875	-	-	\$39	-	-	\$2,625	-
38	A. Avilés	1	-	-	-	-	-	\$23,253	-	-	-	-	-
39	S. Hanif	2	2	3	-	-	-	\$1,976	-	-	\$6,496	-	-
40	R. Joseph	1	-	1	-	-	-	\$60	-	-	-	-	-
41	D. Mealy	-	1	1	-	-	-	-	-	-	-	-	-
42	C. Banks	1	-	-	\$1,943	-	-	-	-	-	-	-	-
43	S. Zhuang	2	1	-	-	-	-	-	-	-	-	-	-
45	F. Louis	1	-	1	-	-	-	-	-	-	-	-	-
46	M. Narcisse	1	1	-	-	-	-	\$2,374	-	-	-	-	-
47	K. Santosuosso	-	-	1	-	-	\$14,122	-	-	-	-	-	-
48	I. Vernikov	-	2	-	-	-	-	-	-	-	-	\$17,250	-
49	K. Hanks	1	1	-	-	-	-	-	-	-	-	\$29,465	-
50	D. Carr	-	2	1	-	-	-	-	\$379	-	-	-	-
51	F. Morano	2	-	-	-	-	-	-	-	-	-	-	-
Other		50	40	25	\$2,526,650	\$384,627	\$610,935	\$263,013	\$5,233	\$51,364	\$147,028	\$84,534	\$20,500
<b>Total</b>		<b>99</b>	<b>134</b>	<b>89</b>	<b>\$3,271,150</b>	<b>\$980,637</b>	<b>\$806,434</b>	<b>\$375,429</b>	<b>\$1,643,767</b>	<b>\$170,341</b>	<b>\$170,308</b>	<b>\$397,557</b>	<b>\$138,992</b>

## L. Dollar Impact of the Office of the Taxpayer Advocate

The charts below include all cases completed between 2023 and 2025 and their total dollar impact—the amount of money saved by or returned to taxpayers. In 2025, the total dollar impact declined significantly, representing the largest year-to-year decrease in OTA’s history, from \$31,948,308 to \$9,461,027 (a decrease of \$22,487,281, or 70%). Because 24.7% of OTA’s cases and inquiries involved lien outreach where the goal frequently consisted of removing a taxpayer’s property from the outreach pool rather than trying to obtain a benefit, and another 16.8% involved co-op/condo abatement matters, many of these issues did not result in a significant dollar impact.<sup>26</sup>

OTA has tracked dollar impact since its inception. While increased outreach can affect the volume of cases, the total dollar impact can vary widely depending on the types of cases brought by taxpayers.<sup>27</sup> For example, the average annual dollar impact totaled \$4,196,595 from 2016 through 2019, but increased significantly beginning in 2020. From 2020 through 2024, the average increased to \$34,685,680, up 727% from 2016-2019.

Refunds remained relatively stable, decreasing by \$371,697 (8%). However, refunds were the only category to see an increase in dollar impact on a per-case basis. The number of refund cases with a dollar impact declined from 83 to 48 (25 fewer cases), but the average amount per case increased from \$54,674 to \$86,796 (59%).

Corrections experienced the largest decline, with a total decrease of \$12,094,235 (85%). On a per-case basis, the 164 cases involving corrections averaged \$13,063. Abatements also declined significantly, decreasing by \$10,021,349 (76%), with an average impact of \$15,921 across 198 cases.

TOTAL	Refunds	Abatements	Corrections	\$ Impact Total	Case Count <sup>28</sup>	Avg. per Case
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
TY 2025	\$4,166,222	\$3,152,440	\$2,142,365	\$9,461,027	1,101	\$8,593
<b>Total</b>	<b>\$24,145,380</b>	<b>\$23,185,103</b>	<b>\$28,961,933</b>	<b>\$76,292,416</b>	<b>3,276</b>	<b>\$23,288</b>

REFUNDS	Property	Business	Total Refunds	Number of Cases	Avg. per Case
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
TY 2025	\$3,359,789	\$806,434	\$4,166,222	48	\$86,796
<b>Total</b>	<b>\$19,085,645</b>	<b>\$5,059,736</b>	<b>\$24,145,380</b>	<b>226</b>	<b>\$106,838</b>

<sup>26</sup> These type of proactive outreach cases involve assisting taxpayers with approval for future benefits which OTA cannot claim a dollar impact.

<sup>27</sup> OTA’s 1,101 total cases in 2025 is the second highest on record; 1,239 cases were logged in 2020.

<sup>28</sup> 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).

<b>ABATEMENTS</b>	<b>Property</b>	<b>Business</b>	<b>Total Abatements</b>	<b>Number of Cases</b>	<b>Avg. per Case</b>
<b>TY 2023</b>	\$6,483,444	\$375,429	\$6,858,874	220	\$31,177
<b>TY 2024</b>	\$11,530,022	\$1,643,767	\$13,173,789	235	\$56,059
<b>TY 2025</b>	\$2,982,099	\$170,341	\$3,152,440	198	\$15,921
<b>Total</b>	\$20,995,565	\$2,189,536	\$23,185,103	653	\$35,506

<b>CORRECTIONS</b>	<b>Property</b>	<b>Business</b>	<b>Total Corrections</b>	<b>Number of Cases</b>	<b>Avg. per Case</b>
<b>TY 2023</b>	\$12,412,660	\$170,308	\$12,582,968	167	\$75,347
<b>TY 2024</b>	\$13,838,960	\$397,557	\$14,236,600	177	\$80,433
<b>TY 2025</b>	\$2,003,373	\$138,992	\$2,142,365	164	\$13,063
<b>Total</b>	\$28,254,994	\$706,857	\$28,961,933	508	\$57,012

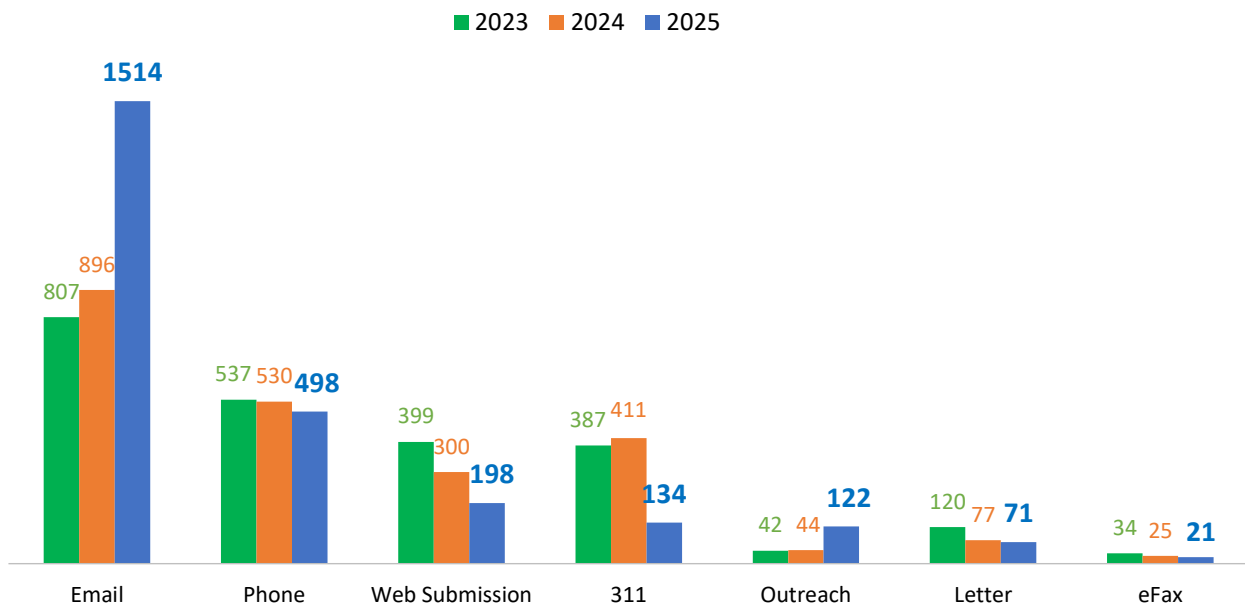
## M. Referrals by Source

Most taxpayers chose to contact OTA directly, typically through electronic submission. In total, 1,514 of the 2,572 requests received were submitted via email, reflecting OTA’s participation in targeted outreach efforts related to lien sale “off-ramp” applications and co-op/condo abatement compliance. Email accounted for nearly 60% of all referrals and saw notable changes across many of the top sources, including property representatives (134 to 691), property owners (631 to 396), DOF (38 to 236), community-based organizations (3 to 55), other City agencies (13 to 47), and business representatives (11 to 34).

Phone referrals declined slightly, from 530 to 498 (6%), but remained the second most common source of contact. Outreach referrals increased significantly, from 44 to 122 (177%), as taxpayers connected with OTA staff at public events.

Significant decreases were observed in web submissions and 311 referrals. Web submissions declined from 300 to 198 (37%), which may reflect taxpayers’ increased confidence in contacting OTA staff directly by email rather than using the online portal. Similarly, the decrease in 311 referrals may be linked to greater awareness of OTA’s contact information through outreach efforts and partner organizations.

### Sources of Referral, by Tax Year

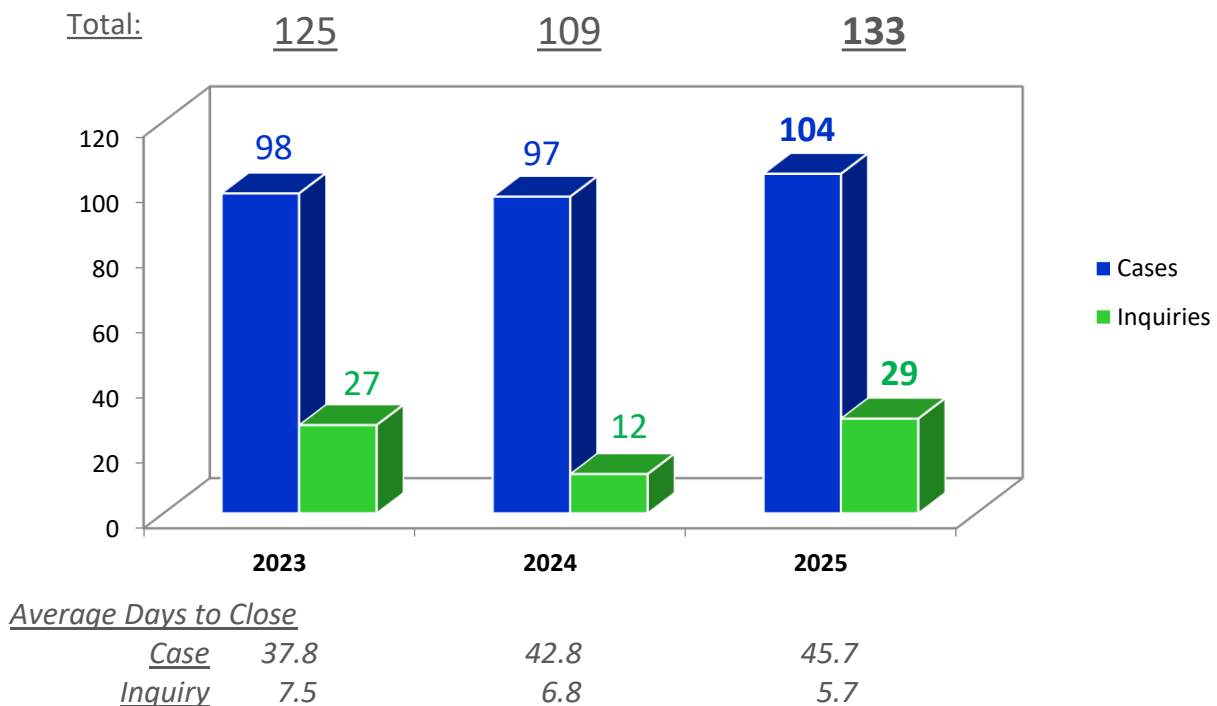


## N. Open Cases and Inquiries

During the 2025 reporting period, the average time to investigate, advocate for, and close a case increased from 42.8 days to 45.7 days—0.7 days above the 45-day service level agreement.

As of December 31, 2025, OTA had 104 cases and 29 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 2025 remained roughly the same compared to 2024 (97 to 104).

### 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.

### **Lien Outreach and Sale Improvements: Adoption of OTA's 2022 Recommendations and Interagency Collaboration**

OTA can report several improvements related to the 2025 lien sale, including the implementation of OTA's 2022 lien sale recommendations, expanded DOF outreach efforts, and the development of comprehensive lien sale guidance for internal staff.

The 2025 lien outreach and sale process incorporated three key recommendations originally proposed by OTA in 2022. First, the minimum qualifying payment amount required from property owners was prominently displayed on notices sent to lien sale-eligible properties. Second, the Lien Enforcement Unit developed an internal collaborative database that allows multiple DOF units to add property documentation and provide daily status updates on specific properties. Historically, information sharing during the lien sale has presented challenges due to the high volume of cases, the variety of available "off-ramps," and the urgency for taxpayers to confirm whether their property has been removed from the lien sale pool.

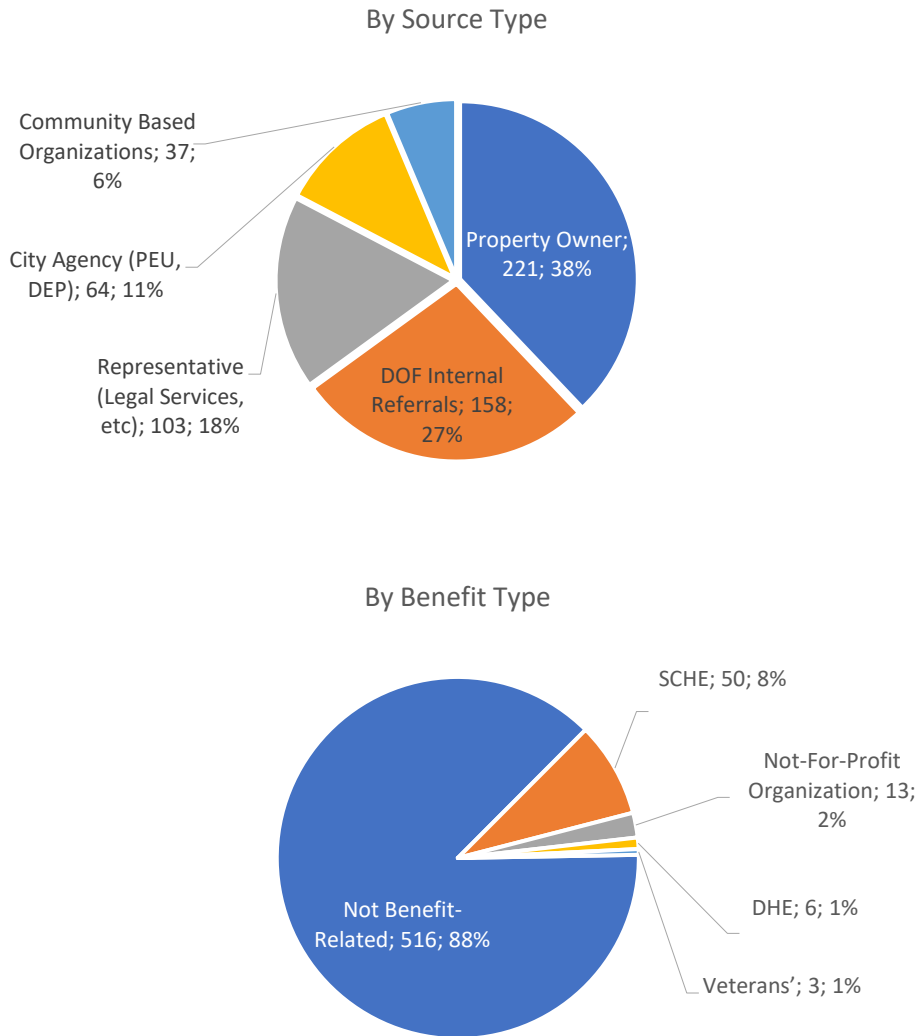
The third implemented recommendation involved direct, door-to-door outreach to lien sale-eligible properties. OTA and DOF collaborated with external partners, including the Mayor's Public Engagement Unit (PEU), to conduct additional in-person outreach. For example, when taxpayers met with PEU staff and indicated they needed further assistance, PEU referred them to OTA. During the lien outreach period, PEU referred 96 taxpayers to OTA for follow-up assistance.

DOF also expanded outreach through its External Affairs Division, organizing 72 events at DOF business centers and with local elected officials. At the same time, new processes strengthened OTA's collaboration with DOF's internal units. A key function of OTA staff was reviewing lists of taxpayers whose applications for lien sale "off-ramp" measures had been denied by various units, including the Lien Enforcement Unit (173 cases), the Payment Plan Unit (54), the Personal Exemptions Administration (84), and the Legal Affairs Division (3). In total, 314 taxpayers were referred to OTA for additional assistance.

Finally, OTA led the development of a comprehensive lien outreach guidance document for customer-facing staff. The guidance prepares staff to address a wide range of "off-ramp" scenarios and identifies key internal points of contact for assistance. The guide required input from all units involved in providing lien sale relief and will be available for use during the next lien sale.

The following set of pie charts illustrates the sources of referrals for lien outreach and sale cases and the types of "off-ramp" measures used to remove OTA clients from the lien sale.

## OTA 2025 Lien Outreach Work Breakdown



### Lien Outreach and Sale Probate Application

The 2024 local law reauthorizing DOF to conduct a lien outreach and sale<sup>29</sup> introduced new mechanisms for property owners to be removed from the at-risk pool, including the Easy Exit Program and certain payment plan options. However, it did not address properties with title disputes—specifically those in which the owner of record’s estate was in probate. In such cases, there may be no individual with the legal authority to apply for one of the removal options, and the outstanding debt may be too high to meet the qualifying payment threshold. Meanwhile, probate proceedings can take years to resolve.

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<sup>29</sup> See Local Law No. 82 (2024).

Initially, these properties were addressed on a case-by-case basis. OTA frequently spoke with owners or estate representatives and presented the relevant facts to the Lien Enforcement Unit, which would determine whether to approve a discretionary removal. This process was time-consuming, and OTA worked with the Lien Enforcement Unit to standardize the requirements for discretionary removal, including the documentation and evidence taxpayers would need to submit.

During the height of the lien outreach period, OTA, the Lien Enforcement Unit, and Legal Affairs developed a “Lien Sale Properties in Probate Removal Application” to formalize the removal policy and streamline the process. Under this policy, a property may be eligible for removal from the at-risk pool for 24 months if the taxpayer submits the application along with a copy of their identification, the death certificate and will (if any) of the owner of record, a notarized affidavit stating that the property has been the taxpayer’s primary residence for at least one year, and documentation showing that the taxpayer is a named beneficiary or heir and that material steps have been taken to settle the estate.

### **SCHE and DHE Rejections: Protecting Applicant Rights to an Appeal**

Beginning in fiscal year 2024, the Property Division introduced a new application status for personal exemption applications. When applicants submitted information that self-reported ineligibility—such as failing to meet primary residency, age, or income requirements—the Senior & Disabled Programs Unit issued a “rejection” notice. The notice informed applicants that they could submit a new application; however, it did not state whether the determination was final. Unlike a “denial” notice, which represents a final determination regarding eligibility for an exemption, a rejection notice did not allow taxpayers to appeal the agency’s decision to the NYC Tax Commission.

OTA advocated for changes to the rejection notice process to ensure that applicants were informed of their due process right to challenge DOF’s determination at the NYC Tax Commission. In response, the Property Division reviewed its internal application workflow and eliminated the use of rejection notices for nearly all applicants. By adjusting the workflow so that applications result in either an approval or a denial, DOF clearly communicated the right of all applicants to challenge and appeal a determination.

### **SCHE and DHE: How to Submit Unreimbursed Medical Expenses and Use the Old Income Definition**

In 2023, Chapter 276 of the Laws of New York State modified the income definition used for both the Disabled Homeowners’ Exemption and the Senior Citizen Homeowners’ Exemption. Under the law, new applicants for either exemption who were not enrolled before the application cycle ending June 30, 2024, are subject to an income definition based on total federal adjusted gross income. Applicants who were enrolled before that date have the option to renew under the previous definition, which includes more income categories but allows the deduction of unreimbursed medical expenses, if doing so provides a greater benefit.

Most applicants benefit from the new definition because it generally results in a lower total household income calculation. However, in some cases, taxpayers' unreimbursed medical expenses may be substantial enough to affect their eligibility for the program.

OTA reviewed DOF's online guidance and application materials to determine whether the differences between the old and new income definitions were clearly explained. OTA found that renewal applications no longer referenced unreimbursed medical expenses (which only renewing applicants could use under the previous definition), that the issue was not addressed in the frequently asked questions, and that applicants had no clear way to indicate which income definition they wished to use. As a result, unless a renewing SCHE or DHE applicant was already aware of the previous definition and its rules, they would not know to submit documentation for unreimbursed medical expenses.

In collaboration with the Property Division, several changes were implemented for the 2025-26 filing period. First, the following language was added to the application under "Section 3: Income": "You may be able to deduct certain unreimbursed medical expenses. Visit [www.nyc.gov/sche](http://www.nyc.gov/sche) for more information." Second, question no. 12 on the SCHE and DHE Frequently Asked Questions webpage now provides guidance on who may submit unreimbursed medical expenses, what types of documentation are acceptable, and how the documentation should be submitted. Finally, question no. 14 provides general guidance on income reporting and includes a worksheet explaining how to calculate income, which also references unreimbursed medical expenses. OTA welcomes these updates to the application and website, which provide greater clarity for qualified SCHE and DHE recipients.

## **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.

### **Lien Sale/SCHE: 90-Day Window SCHE Applicant Approved After OTA Intervention**

In September 2025, DOF's Property Exemption Administration Unit identified a homeowner whose property lien was sold on August 5 who appeared to be eligible for SCHE. Homeowners may apply to have a sold lien defected if they are approved for SCHE or DHE within 90 days of the date their lien is sold.

OTA located contact information for the taxpayer from a 2019 SCHE application and attempted to reach them several times by phone and email before finally making contact. OTA informed the taxpayer that a lien had been sold on the property; the taxpayer had been unaware of the lien sale and was unfamiliar with the process. The taxpayer explained that they had spent the previous two years caring for their ailing sisters and had missed many notices during that period. In addition, the lien had been sold on a property the taxpayer co-owned with a family member who had passed away in 2024. OTA sent the taxpayer a SCHE application by both email and regular mail and explained that the application and supporting documentation would need to be submitted within one month.

The taxpayer experienced difficulty gathering documentation and completing the application. OTA maintained regular contact, initially checking in weekly and then, as the deadline approached, contacting the taxpayer daily. When the taxpayer submitted documentation, an issue arose because income documentation from 2023 listed an address other than that of the property in question. OTA requested additional official billing documentation that confirmed the property address associated with the lien, and after several attempts to obtain sufficient documentation establishing primary residency, the SCHE application was approved for fiscal years 2027 and 2028.

The sold lien was subsequently marked for defect. The coordinated efforts of OTA, the Property Division, and the Lien Enforcement Unit ensured the taxpayer's approval and helped the taxpayer avoid more complicated post-lien sale compliance issues.

### **Lien Sale Outreach: Easy Exit Approved After Building Classification Change and Deed Update**

OTA met a family of three—a husband and wife eligible for SCHE based on age, along with their adult son—at a councilmember-sponsored event in Brooklyn in April 2025. The family presented lien sale notices and requested assistance applying for the Easy Exit Program. A review of the family's property records revealed several complications.

First, eligibility for Easy Exit or SCHE requires the property to be a residential tax class 1 or a condominium unit. Although the taxpayers had owned the property since 2012 and had never operated a business or storefront on the premises, the building classification was mixed-use (a

two-family residence with a store or office) dating from prior ownership. OTA therefore developed a plan to submit an urgent Request to Update to DOF's Property division to change the building classification after an emergency inspection.

OTA also reviewed the property deed and found that three owners were listed: the two parents and a second son who was not present at the event. Because the third owner was under age 65 and unwilling to provide income information, the property remained ineligible for Easy Exit or SCHE. OTA explained that eligibility would require a new deed removing the third owner or creating a life estate or trust arrangement.

OTA worked with the Property Division to schedule an emergency inspection. The inspection confirmed that the property had no commercial use, and the classification was updated in early May. The family then sought an affordable and expedited solution to update the deed. OTA connected them with a not-for-profit organization that assisted in drafting a new deed. The family submitted the deed to the Department of Finance on May 15 for recording. After completing several required steps, the property became eligible for both Easy Exit and SCHE. DOF approved the Easy Exit application on May 21, and the property was removed from the lien sale at-risk pool.

#### **Property Pulled from Lien At-Risk Pool Due to Fraud Investigation**

OTA received an inquiry from Brooklyn Legal Services concerning a taxpayer whose property was in the lien sale at-risk pool and whose property title was under dispute. The taxpayer had inherited a 25% interest in the property from her mother in 1996, while her brother inherited the remaining 75%. In 2017, the brother sold his interest to a third-party LLC, which subsequently filed a partition action seeking to force the taxpayer to relinquish her remaining ownership interest.

Initially, there appeared to be little OTA could do. DOF does not remove properties from lien sales due to disputes between family members. Additionally, under DOF policy at the time, the taxpayer could not enter into a payment plan because she owned less than the required 50% of the property. Even if she prevailed in the partition action, she would still hold less than a majority interest.

However, the individual who facilitated the transfer to the LLC was a known fraudster, and the New York State Attorney General's Office had opened a deed fraud investigation related to the transaction. Furthermore, the unpaid taxes that placed the property in the lien sale pool did not begin accruing until 2019, after the LLC took possession of the property.

Through OTA's advocacy, DOF's Legal Affairs Division and the Lien Enforcement Unit agreed to remove the property from the lien sale at-risk pool based on the attorney general's ongoing deed fraud investigation.

## **RPIE: Penalty Removed After Ownership Not-for-Profit Exemption Status Clarified**

In June 2025, OTA received a request for assistance from a not-for-profit organization that had been assessed a \$5,000 penalty for failing to file the 2020 Real Property Income and Expense (RPIE) statement. The property had long been exempt from real property taxation because of its approved not-for-profit exemption. Additionally, because the property had no commercial tenants, the organization was not required to file an RPIE.

OTA discovered an unusual complication: a deed associated with a nearby property had been mistakenly recorded in ACRIS under the taxpayer's property. Although the ACRIS entry listed the NFP property lot, the deed itself clearly pertained to a neighboring lot. Such misfilings can create ownership discrepancies that affect filing requirements and trigger penalties.

OTA coordinated with multiple units—including Land Records, Commercial Exemptions, and RPIE—to investigate the matter. Property records confirmed the taxpayer's longstanding NFP exemption status and an approved exemption application in 2022.<sup>30</sup> OTA then submitted a formal request to the RPIE Unit, providing documentation supporting the exemption and outlining the applicable RPIE filing exclusions. At the same time, OTA contacted Land Records to initiate correction of the misfiled deed.

On July 8, 2025, the RPIE Unit confirmed that the \$5,000 penalty would be fully abated. OTA's intervention allowed the taxpayer to avoid an unnecessary financial burden and demonstrated how cross-divisional coordination can resolve complex recordkeeping issues.

## **IRS Audit, Tax Court Success, and Legacy Transfer Issues**

Earlier this year, a taxpayer's representative contacted OTA regarding a complex general corporation tax refund. In 2016, the corporate taxpayer received an IRS audit determination adjusting its domestic production activity deductions. Although the taxpayer chose to litigate the settlement amount with the US Tax Court, amended tax returns were filed with DOF for the tax years ending on June 30 of 2006, 2007, and 2008. To cover the interest generated from the amended returns, DOF offset \$359,112 from an overpayment in 2019.

Years later, the taxpayer prevailed in court, reversing the IRS determination in full. As a result, the taxpayer again filed amended returns, showing that the additional taxes were no longer owed. The second amended filing should have generated a refund of \$206,512, which the taxpayer requested on its 2023 return, along with the amounts previously offset in 2019. However, communication with DOF regarding the amended returns was inconsistent. OTA confirmed that the returns had been amended internally, but the refund requests were flagged as "time-barred," because DOF's system identified the request as being filed more than three years after the assessment—even though the court decision should have tolled the statute of limitations. Instead,

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<sup>30</sup> The deadline to file RPIE-2020 was June 1, 2021, which was reflected on the NOPV issued in January 2022 for fiscal year 2023. A not-for-profit application filed in 2022 was granted for fiscal year 2023, which began July 1, 2022.

DOF's records indicated that the taxpayer owed approximately \$58,000 in interest and penalties for those years.

OTA determined that the interest and penalties were associated with the tax years ending on June 30 of 2007 and 2008. The taxpayer's representative also noted that the system showed several payments as late even though they had been made on time. OTA suspected that a data transfer issue might have occurred when older returns were migrated from DOF's pre-2015 business tax system.

OTA consulted with DOF's Collections Division, which confirmed a data transfer error and issued a partial credit for 2019. For the remaining refund associated with the "statute-barred" credits, Collections referred OTA to DOF's Tax Audit & Enforcement Division, which reviewed the case and confirmed that the taxpayer was entitled to a refund. Thanks to OTA's efforts, the taxpayer ultimately received \$565,624 in credits on its account.

### **Collections: A Levy Is Lifted with Proof of Out-of-State Residency**

On September 26, 2025, OTA received correspondence from a representative whose client had their bank account levied for unincorporated business tax liabilities for 2020 and 2021, following an audit. The taxpayer disputed the balance in part because he had moved to Florida in mid-2021 and had severed his ties with New York City.

The taxpayer filed the 2021 return using a Florida address. Although the Notice of Determination from the audit was sent to that address, all other correspondence—including audit notices, the Notice and Demand, the warrant, and collection statements—were sent to a Manhattan address that appeared on the 2020 return. DOF's business tax system continued to mail notices to the Manhattan address even though the taxpayer no longer resided or worked in New York City.

The Collections Division explained that although the taxpayer had filed the 2021 return with the Florida address and marked it as a final return, the system continued to use the Manhattan address because the taxpayer had not checked the box indicating an address change. Given the potential gap between the statutory "last known address" rule and the taxpayer's failure to formally update the address, DOF's Tax Audit & Enforcement Division, supported by senior agency leadership, agreed to conduct a courtesy review within 24 hours.

After reviewing the documentation provided by the taxpayer's representative, DOF reduced the 2020 adjustment to \$0. For 2021, the business allocation percentage was recalculated based on the taxpayer's relocation date. The taxpayer immediately paid the revised balance of \$5,017, significantly less than the \$77,719 that had originally been levied and the Collections Division released the levy.

### **Property Valuation: Family Parking for Home Erroneously Charged as Commercial Lot**

The son of a Bronx property owner contacted OTA regarding multiple changes to the property's tax and building class dating back to fiscal year 2016. Over a nine-year period, the property classification had been changed at least three times.

The taxpayer sought assistance because the annual property tax for the lot had increased by 1,255%, from \$602 in fiscal year 2016 to \$8,160 in fiscal year 2025. The taxpayer explained that the lot was used as a driveway and family parking area. Typically, four vehicles were parked on the property, two of which were not operational and all of which belonged to family members.

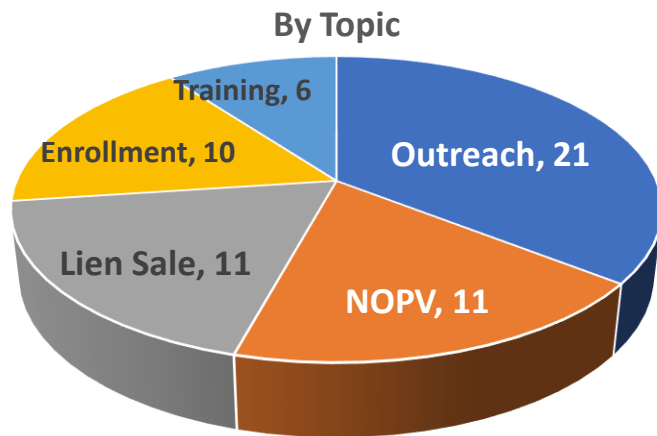
OTA reviewed the Request for Review system and identified a note associated with a Request to Update for fiscal year 2021. The taxpayer had claimed that the property should be classified as building class V0 (vacant land zoned residential), but the lot had previously been rezoned as commercial and therefore remained classified as building class V1 (vacant land zoned commercial).

OTA contacted the Assessor's Office for additional information about the repeated changes in tax and building classifications. Street-view photographs confirmed that the lot functioned as a parking area adjacent to the taxpayer's residence. The Assessor's Office determined that the property had been incorrectly classified and agreed to correct the classification and assessed values for prior years.

The Assessor's Office also confirmed that the one-family home and the adjacent vacant lot had been owned by the same party continuously since 1978. As a result, the vacant lot was retroactively reclassified to tax class 1B (residential vacant land) and building class V2 (vacant land zoned commercial adjacent to a tax class 1 dwelling) for the maximum Clerical Error Remission lookback period. Shortly thereafter, a remission was issued and a credit of \$15,803 was applied to the account.

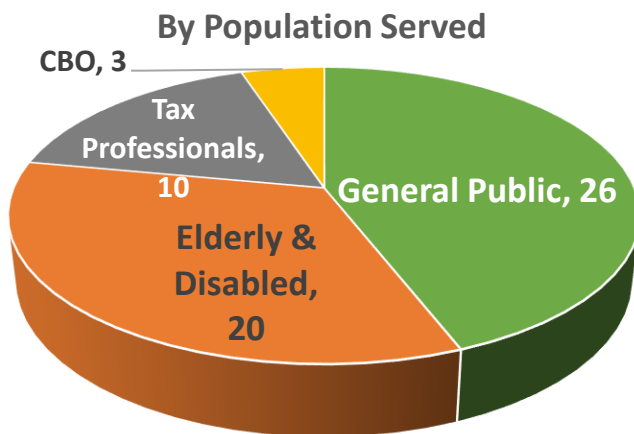
## **Part VI: OTA Outreach Efforts**

In reporting period 2025, OTA participated in a total of 59 in-person outreach events. The majority of OTA’s outreach events were non-specific community programming and appearances. Other types of events included training sessions with local elected officials, lien sale outreach, 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 59 total outreach appearances, OTA received 122 new cases and inquiries.



The 59 events held in 2025 represent an 18% decrease over the previous year’s total (72). OTA continues to search for community partnerships with different city, state, and federal government agencies; elected officials; and professional and nonprofit organizations. About 44% of OTA’s outreach events were directed at the general public; 34% specifically targeted older adults; and the remaining 22% of events included tax professionals, community-based organizations, 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 State and Local Tax Study Group, Fordham Law Outreach, and DOF’s TaxRAPP. OTA also attended numerous CPA and enrolled agent events, including the

New York State Society of Enrolled Agents Annual Conference and events hosted by the New York State 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 2025 OTA Recommendations**

OTA made 11 recommendations in its 2025 annual report. This section provides the status of the implementation of those recommendations.

### **Recommendation No. 1: Collections Guidelines on DOF Website**

**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.**

#### **DOF Action:**

DOF implemented a new webpage, pertaining to “[Payment Plans for Business and Excise Tax FAQ’s](#).” The page provides information about available plans, how to enroll, required documentation, payment methods, and frequently asked questions. DOF will continue to update other business tax webpages and plans to link the e-Services chatbot to the revised pages.

### **Recommendation No. 2: Reasonable Cause Guidelines**

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

#### **DOF Action:**

DOF formed a working group to determine the most effective approach for developing the proposed guidelines and rules. Partners in the effort include OTA, the Collections Division, the Legal Affairs Division, and the Payments, Billing, and Refunds Unit. Several solutions are currently under discussion, and DOF is reviewing legislative and non-legislative options.

### **Recommendation No. 3: Reevaluation of Offers in Compromise (OIC)**

- 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.**

#### **DOF Action:**

DOF formed a working group to evaluate potential approaches. The group includes representatives from OTA, the Collections Division, and the Legal Affairs Division. Multiple options are under discussion, and Legal Affairs is reviewing legislative and regulatory pathways.

#### **Recommendation No. 4: First-Time Penalty Abatement**

**DOF should develop a first-time abatement program for business income tax and commercial rent tax penalties**

##### **DOF Action:**

DOF formed a working group that includes representatives from OTA, the Collections Division, and the Legal Affairs Division to examine potential approaches. Several solutions are under discussion, and Legal Affairs is reviewing legislative and non-legislative options.

#### **Recommendation No. 5: Catastrophic Property Damage Reporting After the Taxable Status Date**

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

##### **DOF Action:**

DOF is reviewing the feasibility of proposing legislation to implement a change that would allow properties catastrophically damaged after the January 5 taxable status date to be assessed on a timeline similar to certain buildings under construction, which use an April 15 assessment date.

#### **Recommendation No. 6: Property Tax Enforcement: Interest Accrual on Unpaid Defected Liens**

**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.**

##### **DOF Action:**

DOF added language to the 2025 Notice of Lien Sold: “If your lien is defected, the original charges and all accrued interest will be reinstated to the Department of Finance for collection.”

#### **Recommendation No. 7: Paperless Statements of Account**

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

##### **DOF Action:**

DOF continues to support this legislative change and is exploring ways to advance the proposal.

**Recommendation No. 8: Inclusion of Email Communications in RPTT Audit Cases Noticing**

- 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.**

**DOF Action:**

DOF supports these recommendations and is exploring potential implementation strategies.

**Recommendation No. 9: Mid-Year Exemption Transfer Requirements for Veterans, SCHE, DHE, and Clergy Recipients**

**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.**

**DOF Action:**

The Property Division is exploring whether the existing paper “Application to Remove Previously Granted Exemption” can be redesigned to include a new section for an “Exemption Transfer Request,” to accommodate taxpayers already receiving benefits who change residences.

**Recommendation No. 10: Visual Aids for New Online Filings**

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

**DOF Action:**

DOF’s External Affairs Division is developing a video-based guidance initiative. The project will include approximately 15 short customer-facing videos (one to two minutes each) for DOF social media channels, along with longer training videos. Planned topics include an introduction to the co-op/condo abatement online filing system for managing agents, as well as instructions on creating an NYC.ID account.

**Recommendation No. 11: Meeting Income Definition Requirements for Property Tax Exemptions**

**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**

**DOF Action:**

DOF has substantially implemented an internal workflow updating processing guidance for SCHE and DHE renewal applications submitted by taxpayers enrolled before June 30, 2024 to ensure the income definition that gives them the greater benefits is selected. The agency also adjusted review procedures to reduce automatic rejections. DOF is implementing a dual-calculation safeguard for these grandfathered taxpayers so that the more beneficial income definition may be used upon renewal. Notice language is also being updated to display the total calculated income figure used in the determination. See Part IV for additional information on the SCHE and DHE income definitions.

## **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.

### **Duplicate SCHE and DHE Application Submissions**

In its 2024 annual report, OTA recommended that DOF add an email field to the initial SCHE and DHE paper applications to facilitate communication and encourage taxpayers to renew electronically. At the time, DOF anticipated that adoption of electronic renewals would remain relatively low because fewer than one-quarter of SCHE and DHE applications had been submitted electronically.

Since then, DOF has added an email field to the Property Information section of both the SCHE and DHE initial and renewal applications. The addition provides taxpayers with more communication options and allows DOF to send renewal reminders electronically.

### **Enhancement of Property Tax Payment Plan Noticing**

In its 2024 annual report, OTA recommended improvements to DOF’s missing payment notice, referred to as the “danger of default” notice. OTA recommended that the notice more clearly emphasize the terms of property tax payment plans—specifically that a full payment consists of both the scheduled installment amount and any newly accruing charges—and that the notice include the CityPay URL so that taxpayers could independently review their balance and payment history.

In its 2025 annual report, OTA noted that the Payment Plan Unit was developing a revised suite of notices for taxpayers enrolled in property tax payment plans. These notices were designed to introduce an additional warning before default, clarify what constitutes a full payment, and include the public access payment webpage.

In August 2025, the Payment Plan Unit announced the implementation of the new notices:

- **Welcome Letter:** Sent after the payment plan contract is signed, welcoming the taxpayer into the plan.
- **First Warning Notice:** Issued quarterly to notify taxpayers that a payment has been missed.
- **Second Warning Notice:** Issued quarterly to notify taxpayers that two payments have been missed.
- **Default Notice:** Issued quarterly to notify taxpayers that the property tax payment plan is in default.

All notices now include the CityPay URL, where taxpayers can review charges, view payment history, and make payments. The warning notices also include the delinquent amount and payment due date.

## **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](http://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.

**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.

**Cooperative** – 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 to make income-based partial payments.

**Property Tax System** – DOF’s system to store property tax data.

**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 cooperatives, condominiums, and rental buildings with more than 10 units.