



**CITY OF NEW YORK
DEPARTMENT OF FINANCE**

Regulatory Agenda for Fiscal Year 2010

In compliance with section 1042 of the New York City Charter, the following is the regulatory agenda for rules that the Department of Finance anticipates that it may promulgate during the fiscal year beginning July 1, 2009 and ending June 30, 2010.

An approximate schedule for adopting the proposed rules and the name and telephone number of a Department of Finance official knowledgeable about each subject area involved are listed below each section.

1. AMENDMENTS TO GENERAL CORPORATION TAX RULES

Pursuant to chapter 6, subchapter 2 of title 11 of the Administrative Code, the General Corporation Tax is imposed on every domestic or foreign corporation for the privilege of doing business, employing capital, owning or leasing property, or maintaining an office in the City of New York. Corporations subject to the tax will be subject to these rules.

The Department intends to amend these rules to reflect legislative changes, court decisions and existing departmental policies not presently addressed by the rules and to eliminate obsolete provisions. The Department anticipates that due to the scope of this project, the rules will be amended in stages, several of which were completed in prior fiscal years but the remainder of which may not be completed during the coming fiscal year.

Second half of fiscal year 2010
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The Department will amend the GCT rules to reflect the results of a project in which it participated with the State to develop guidelines for treating items of income, gain, loss, deduction and credits flowing through to a corporate partner from a partnership.

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The Department intends to amend these rules to reflect the results of a project in which it participated with the State to develop guidelines for treating items of income, gain, loss, deduction and credits flowing through to a corporate partner from a partnership.

The Department intends to amend these rules to conform with State rules by treating as business capital repos and securities lending agreements when held by registered securities brokers or dealers.

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The Department intends to amend these rules to provide guidance as to what constitutes reasonable cause in the context of penalties for late payment and late filing of returns.

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The Department intends to amend these rules to reflect changes in the forms required for extensions of time for filing returns.

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2. AMENDMENTS TO UNINCORPORATED BUSINESS TAX RULES

Pursuant to chapter 5 of title 11 of the Administrative Code, the Unincorporated Business Tax is imposed on unincorporated businesses carried on in the City of New York. Individuals and unincorporated entities are subject to these rules. The Department intends to amend these rules to reflect legislative changes and existing departmental policies not presently addressed by the rules and to eliminate obsolete provisions. The Department anticipates that due to the scope of this project, the rules will be amended in stages, several of which were completed in prior fiscal years but the remainder of which may not be completed during the coming fiscal year.

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These rules will also be amended to change the treatment of sourcing of brokerage commissions in a manner consistent with the State franchise tax.

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The Department intends to amend these rules to reflect changes in the forms required for extensions of time for filing returns.

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3. AMENDMENTS TO REAL PROPERTY TRANSFER TAX RULES

Sections 302 through 307 of chapter 170 of the Laws of 1994 amended the State enabling law authorizing the imposition of the Real Property Transfer Tax and chapter 21 of the Administrative Code to provide for temporary tax rate relief for qualifying real estate investment trust transfers. Chapter 309 of the Laws of

1996 further amended the State enabling law and the Administrative Code to make tax rate relief for qualifying real estate investment trust transfers permanent. Chapter 85 of the Laws of 2002 made technical corrections to those provisions. The Department intends to amend all those sections of the Rules Relating to the Real Property Transfer Tax that are affected by the enactment of the real estate investment trust transfer provisions. The Department also intends to amend the rules to conform with any other legislative changes made since the last amendment of the rules.

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The Department intends to amend these rules to provide guidance as to what constitutes reasonable cause in the context of penalties for late payment and late filing of returns.

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4. AMENDMENTS TO REAP RULES

Pursuant to chapter 6-B of Title 22 of the Administrative Code, the Relocation and Employment Assistance Program provides for credits against the GCT, UBT, Bank Tax and Utility Tax for eligible businesses that relocate to eligible premises in New York City in areas other than Manhattan south of 96th Street. The Department intends to amend these rules to reflect legislative changes.

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5. LMREAP RULES

Pursuant to chapter 6-C of Title 22 of the Administrative Code, the Lower Manhattan Relocation and Employment Assistance Program provides for credits against the GCT, UBT, Bank Tax and Utility Tax for eligible businesses that relocate to eligible premises in lower Manhattan. The Department intends to promulgate rules to provide guidance to taxpayers with respect to this program.

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6. AMENDMENTS TO RULES RELATING TO PARKING VIOLATIONS

The Department plans to streamline the rules to make them easier to understand and to update the rules to conform with current practices. The amendments will apply to any party that incurred a parking violation in New York City.

Second half of fiscal year 2010
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7. AMENDMENTS TO RULES RELATING TO REFUNDS OF REAL PROPERTY TAXES

The Department plans to amend these rules to conform with changes in policy and the availability of requesting refunds via the Department's website. The changes are intended to simplify the procedure for obtaining

refunds, and the amendments will apply to any party seeking to obtain a refund of overpayments of real property taxes or property-related charges.

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8. UPDATE OF OUTDATED REFERENCES IN AGENCY RULES

The Department plans to review all its rules to revise outdated references, which include changes to agency unit names and addresses.

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9. RULES RELATING TO THE INDUSTRIAL AND COMMERCIAL ABATEMENT PROGRAM

The Industrial and Commercial Abatement Program (“ICAP”) was enacted by Local Law 47 of 2008 to replace the Industrial and Commercial Incentive Program (“ICIP”). ICAP provides abatements from real property taxes for construction, alteration, or improvement of eligible industrial or commercial properties in the City of New York. These new rules will provide guidance as to eligibility for the program.

First half of fiscal year 2010
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10. PROMULGATE RULES RELATING TO THE DISABILITY RENT INCREASE EXEMPTION (DRIE) PROGRAM

Local Law 75 of 2005 enacted the DRIE program, under which qualifying disabled tenants receive an exemption from rent increases otherwise authorized on rent regulated properties, and the owners of affected properties receive an abatement of real property taxes in an amount equal to the rent increase exemption. These new rules will be promulgated to explain aspects of the recently enacted program. The rules will include a definition of “aggregate household disposable income” with respect to the amount under which the combined income of the tenants in an apartment must fall if the apartment is to be eligible for the exemption.

First half of fiscal year 2010
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11. PROMULGATE RULES RELATING TO ABATEMENTS AND EXEMPTIONS ON COOPERATIVELY OWNED PROPERTY

Individual homeowners and condominium owners who are granted individual real estate tax exemptions or abatements such as the co-op/condo abatement, Senior Citizen Homeowner Exemption and School Tax Relief Exemption (STAR), automatically realize their tax benefit because their properties are individually assessed and taxed. Tenant-shareholders in cooperatively owned buildings do not receive individual tax bills. Instead, the benefits granted to individual tenant-shareholders reduce the tax liability for the co-op property. Although each statute includes a provision that the benefit belongs to the eligible tenant-shareholder and must be

appropriately credited, co-op shareholders have complained that they have had difficulties with their co-op board and/or managing agent on this issue. As a result, the Department of Finance intends to draft rules, based on the provisions in the STAR statute, which would fully inform co-op boards and managing agents as to their obligations. The rule would deal with the method of crediting or refunding these benefits as well as timing of the credits.

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12. AMENDMENT TO RULES RELATING TO THE BANKING CORPORATION TAX

These rules apply to the tax imposed on banking corporations, including commercial and savings banks, savings and loan associations, trust companies, and certain subsidiaries of banks that do business in New York City in a corporate or organized capacity. The Department intends to amend these rules to reflect changes in the forms required for extensions of time for filing returns.

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13. AMENDMENTS TO REFUND PROVISIONS OF INCOME AND EXCISE TAX RULES

The Department intends to review its rules that relate to application for refunds of overpayments of income and excise taxes in order to update them where necessary to reflect revisions intended to expedite the refund process.

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Michael Hyman
Acting Commissioner of Finance