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

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

TAX YEAR 2017

BILL DE BLASIO, MAYOR

JACQUES JIHA, PH.D., COMMISSIONER

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**REPORT PREPARED BY THE
DIVISION OF TAX POLICY
DECEMBER 2017**

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Introduction

Applicability

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

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

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

Tax Rate and Liability

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

The CRT tax year 2017 starts on June 1, 2016 and ends on May 31, 2017.

2017 Summary

Total liability has increased an average of 5.3 percent annually since TY 2005. Average liability per taxpayer has increased, on average, 2.8 percent per year from TY 2005 to TY 2017. Total liability in TY 2017 was \$808 million.

History

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

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

**COMMERCIAL RENT TAX
TAX YEAR 2017**

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

Premises Base Rent Range*	Premises	% of Total	Liability (000)	% of Total	Median Liability
\$0 - \$249,999**	153	1.3 %	\$675	0.1 %	\$4,521
\$250,000 - \$274,999	463	3.9	1,804	0.2	2,932
\$275,000 - \$299,999	536	4.5	4,733	0.6	8,827
\$300,000 - \$349,999	911	7.7	11,423	1.4	12,628
\$350,000 - \$399,999	767	6.5	11,146	1.4	14,559
\$400,000 - \$449,999	728	6.2	12,017	1.5	16,496
\$450,000 - \$499,999	614	5.2	11,285	1.4	18,454
\$500,000 - \$549,999	506	4.3	10,342	1.3	20,414
\$550,000 - \$599,999	462	3.9	10,347	1.3	22,395
\$600,000 - \$699,999	839	7.1	21,141	2.6	25,052
\$700,000 - \$799,999	609	5.2	17,740	2.2	29,062
\$800,000 - \$899,999	525	4.4	17,353	2.1	33,007
\$900,000 - \$999,999	356	3.0	13,150	1.6	36,949
\$1,000,000 - \$1,499,999	1,453	12.3	69,677	8.6	48,288
\$1,500,000 - \$1,999,999	753	6.4	50,691	6.3	66,866
\$2,000,000 - \$2,999,999	774	6.6	74,916	9.3	98,761
\$3,000,000 - \$3,999,999	362	3.1	48,628	6.0	133,520
\$4,000,000 - \$4,999,999	218	1.8	38,037	4.7	173,103
\$5,000,000 - \$9,999,999	447	3.8	122,259	15.1	265,182
\$10,000,000 and over	322	2.7	260,673	32.3	618,823
TOTAL	11,798	100.0 %	\$808,035	100.0 %	\$26,967

* In prior years' reports, this table defined premises base rent as total taxpayer base rent divided by the number of premises. Using newly available data, this report shows actual base rent for 92 percent of premises, and average base rent for the remaining premises.

** All the premises in this range are partial-year, with annualized base rent greater than \$250,000.

Note: Totals may not add due to rounding.

**COMMERCIAL RENT TAX
TAX YEAR 2017**

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

Taxpayer Base Rent Range*	Taxpayers	% of Total	Liability (000)	% of Total	Median Liability
\$250,000 - \$274,999	330	4.0 %	\$1,325	0.2 %	\$3,091
\$275,000 - \$299,999	375	4.6	3,250	0.4	8,536
\$300,000 - \$349,999	661	8.0	8,337	1.0	12,632
\$350,000 - \$399,999	566	6.9	8,208	1.0	14,531
\$400,000 - \$449,999	524	6.4	8,640	1.1	16,482
\$450,000 - \$499,999	426	5.2	7,843	1.0	18,513
\$500,000 - \$549,999	343	4.2	6,952	0.9	20,408
\$550,000 - \$599,999	345	4.2	7,686	1.0	22,397
\$600,000 - \$699,999	549	6.7	13,762	1.7	25,131
\$700,000 - \$799,999	437	5.3	12,668	1.6	28,994
\$800,000 - \$899,999	361	4.4	11,890	1.5	32,916
\$900,000 - \$999,999	241	2.9	8,903	1.1	37,006
\$1,000,000 - \$1,499,999	880	10.7	41,893	5.2	47,025
\$1,500,000 - \$1,999,999	537	6.5	36,183	4.5	66,758
\$2,000,000 - \$2,999,999	482	5.8	45,712	5.7	93,838
\$3,000,000 - \$3,999,999	259	3.1	34,743	4.3	133,526
\$4,000,000 - \$4,999,999	167	2.0	29,079	3.6	172,741
\$5,000,000 - \$9,999,999	362	4.4	98,810	12.2	264,194
\$10,000,000 and over	396	4.8	422,152	52.2	694,823
TOTAL	8,241	100.0 %	\$808,035	100.0 %	\$27,205

* Base rent is the total base rent for all premises occupied by a taxpayer.

Note: Totals may not add due to rounding.

**COMMERCIAL RENT TAX
TAX YEAR 2017**

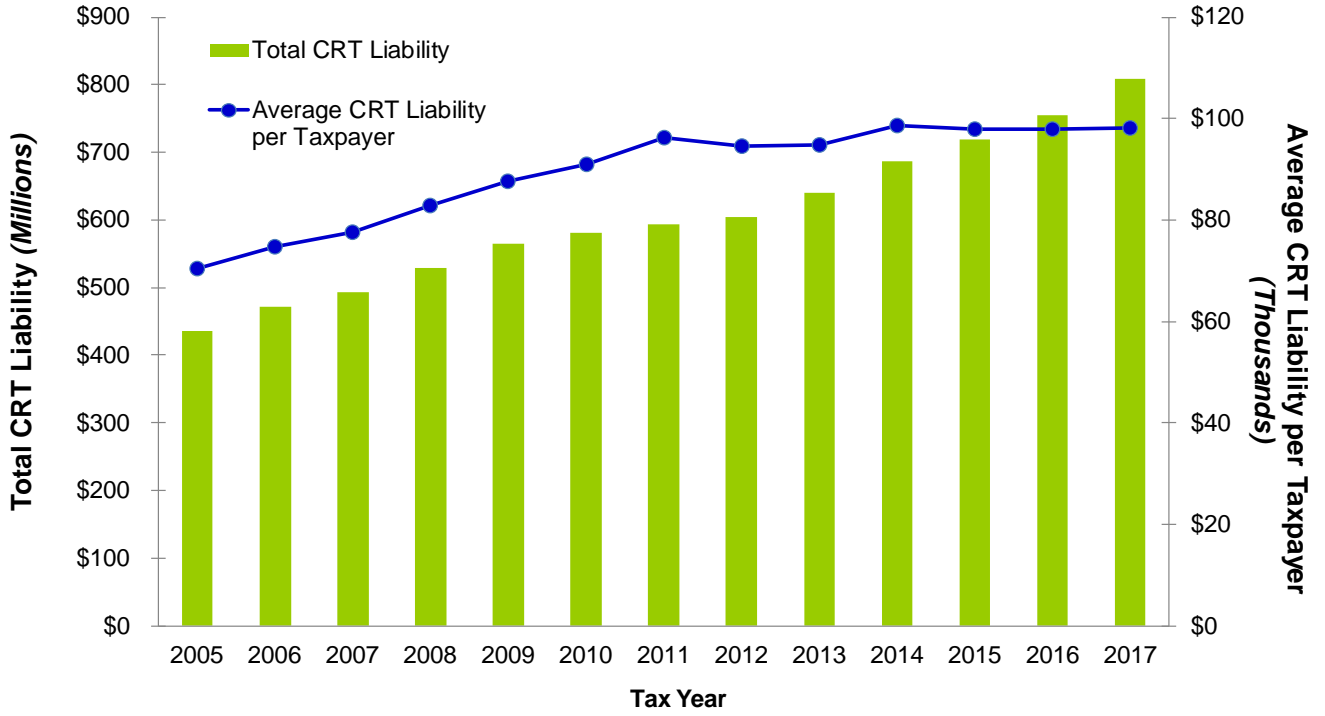
**Table 3
DISTRIBUTION OF TAXPAYERS BY INDUSTRY**

Industry	Taxpayers	% of Total	Liability (000)	% of Total	Median Liability
FINANCE & INSURANCE	1,511	18.3 %	\$210,026	26.0 %	\$35,000
Credit Agencies	214	2.6	83,134	10.3	54,424
Funds and Trusts	47	0.6	2,338	0.3	25,326
Insurance	135	1.6	17,452	2.2	39,451
Securities/Commodities	1,115	13.5	107,103	13.3	32,098
REAL ESTATE	265	3.2	22,727	2.8	29,604
SERVICES	3,563	43.2	263,139	32.6	24,198
Legal Services	510	6.2	86,044	10.6	44,858
Accounting	87	1.1	14,282	1.8	29,532
Holding Companies	72	0.9	13,352	1.7	34,049
Professional/Technical/Managerial	1,079	13.1	77,338	9.6	26,744
Accomodations	20	0.2	1,270	0.2	35,587
Amusement	93	1.1	6,055	0.7	32,916
Food Services	855	10.4	24,553	3.0	18,425
Performing Arts/Museums	109	1.3	9,088	1.1	32,147
Administrative Support	165	2.0	7,491	0.9	26,347
Education	70	0.8	4,931	0.6	40,212
Health Care	110	1.3	4,346	0.5	20,240
Personal Services	337	4.1	10,689	1.3	19,153
Rental/Leasing	26	0.3	1,637	0.2	26,188
Miscellaneous Other	30	0.4	2,061	0.3	22,659
INFORMATION	485	5.9	80,209	9.9	42,716
Broadcasting/Telecom	106	1.3	24,509	3.0	69,402
Information Services/Data	155	1.9	21,538	2.7	33,362
Movies/Video/Sound	81	1.0	14,393	1.8	33,060
Publishing	143	1.7	19,769	2.4	37,675
TRADE	1,669	20.3	180,886	22.4	26,230
Durable Wholesale	299	3.6	16,332	2.0	20,918
Non-Durable Wholesale	329	4.0	24,623	3.0	26,431
Retail	1,041	12.6	139,931	17.3	28,804
MANUFACTURING	303	3.7	32,706	4.0	29,883
Textiles/Apparel/Leather	122	1.5	9,036	1.1	31,796
Food/Beverage	16	0.2	1,256	0.2	51,551
Printing	22	0.3	1,584	0.2	28,665
Other Manufacturing	143	1.7	20,831	2.6	27,134
OTHER	445	5.4	18,342	2.3	21,871
Construction	51	0.6	1,931	0.2	18,720
Transportation	43	0.5	3,562	0.4	23,372
Not Available/Other	351	4.3	12,849	1.6	21,938
TOTAL	8,241	100.0 %	\$808,035	100.0 %	\$27,205

Note: Totals may not add due to rounding.

COMMERCIAL RENT TAX

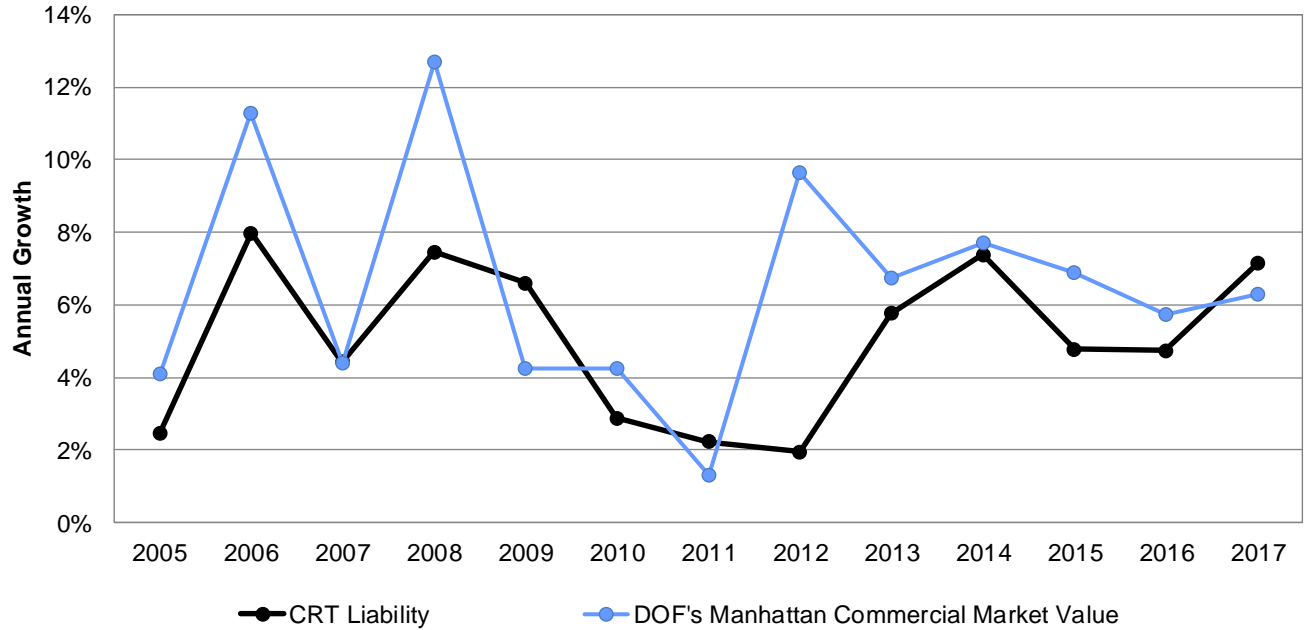
Figure 1
TAXPAYER LIABILITY
TY 2005 – TY 2017



COMMERCIAL RENT TAX

Figure 2
ANNUAL GROWTH OF CRT LIABILITY COMPARED TO
MANHATTAN COMMERCIAL MARKET VALUE
TY 2005 – TY 2017

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



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