

# PARTIAL PROPERTY TAX ABATEMENT PHASES OUT FOR SOME CONDO AND CO-OP OWNERS

*State & Local Tax Alert*  
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As many New York City condominium and co-op owners are finding out, if your NYC condo or co-op isn't your primary residence, your partial property tax abatement is now being phased out. The New York State Legislature recently passed a bill to continue the partial property tax abatement for some NYC condo and co-op owners. The renewed property tax abatement comes with additional red tape, however, which could be costly to some condo and co-op owners in the short run, but potentially beneficial in the long run.

To many condo and co-op owners, the biggest change to the property tax abatement involves the owner's primary residence. Condo and co-op owners who have indicated a different primary residence on New York State income tax returns (or by other means) will receive a notice from the NYC Department of Finance indicating their condo or co-op's property tax abatement will be phased out completely by the 2014 tax year, which begins July 1, 2014. If a condo or co-op owner receives the notice in error, the owner can complete a verification statement attached to the notice indicating the condo or co-op is in fact the owner's primary residence.

While losing the benefit of the partial property tax abatement will sting for many NYC condo and co-op owners who don't consider the apartment to be their primary residence, there is a faint silver lining in the new abatement program. In NYC residency audits where domicile is at issue, auditors and taxpayers will cite a property tax exemption available only on a primary residence (such as the STAR exemption in New York and the Florida Homestead exemption) as a non-primary factor to determine a taxpayer's true domicile. If a taxpayer receives a notice that a property tax abatement is going away because the NYC Department of Finance has determined a condo or co-op is not the taxpayer's primary residence, the taxpayer should keep the notice. While it won't swing the domicile issue, the notice could come in handy as a bit of extra support to prove a non-NYC domicile.

Also, of course, don't get greedy. A taxpayer who protests this change by claiming the NYC property is the primary residence on the verification statement better be sure such a claim won't be regretted later. Such a claim could undermine a contrary position taken in a residency audit.

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The NYC Department of Finance has outlined additional details for the renewed property tax abatement program, available [here](#). Please contact us if you have any further questions or would like to discuss the NYC notice.

