



FINANCE
NEW YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE
nyc.gov/finance

NEW YORK CITY DEPARTMENT OF FINANCE

UPDATE ON AUDIT ISSUES

CRT

Commercial Rent Tax Multiple
Leases in One Premises

June 2006

I. ISSUE

Whether rents paid for multiple leases in one premises should be reported as combined or separated on a Commercial Rent Tax return (CRT).

I. CITE

NYC Administrative Code Sec. 11-701 defines rent as "...the consideration paid or required to be paid by a tenant for the use or occupancy of premises, valued in money, whether received in money or otherwise, including all credits, property, or services of any kind, as well as any payment required to be made by a tenant on behalf of the landlord for real estate taxes, water and sewer charges, or any other expenses including insurance that is normally paid by the landlord who owns the premises."

Examples:

- a. The taxpayer rents the entire 10th floor from the landlord for an annual rent of \$350,000 per year plus escalations. The taxpayer also subleases space on the 7th floor from another tenant for \$200,000 per year. The taxpayer should combine the rents paid for both leased premises and report the total rent paid on the Commercial Rent Tax return.
- b. The taxpayer rents multiple spaces in the building. The rent paid for each individual space rented is under the taxable threshold of \$250,000. In order to determine if the taxable threshold is met, all of the leased spaces must be combined and treated as one premises on the Commercial Rent Tax return.

I. RECOMMENDATION

Whenever a taxpayer occupies two or more locations in one premises, the taxpayer must combine the reporting of the rent paid as one premises on the Commercial Rent Tax return.