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## Business Taxes

Westchester County offers the following tax advantages to businesses:

- no local corporate income tax
- no local personal income tax (except in Yonkers)
- no commercial rent tax
- no unincorporated business tax

Although a number of factors will ultimately determine an organization's tax liabilities, some generalizations can be made regarding taxes. New York State's maximum corporate income tax rate is 11.655% (including current tax surcharges). Most corporations, however, probably qualify for reduced rates as small business taxpayers in New York State. In addition, tax savings may result from investment income treatment. Unlike in New York City, Sub Chapter S corporations are recognized for tax purposes. Relative to its surrounding areas, the Westchester sales tax levy is quite favorable.

State sales tax rates in the New York area are considerably less than in New Jersey or Connecticut. Most New York counties in the metropolitan area impose a local sales tax, ranging from 2.5% to 4.25%. Westchester's 2.5% tax rate\* is less than the rate in New York City, Nassau, Putnam or Orange.

\*higher in Yonkers, Mt. Vernon, New Rochelle, and White Plains

## Resident Taxes

Westchester County has no personal income tax\*, a factor which helps companies attract skilled, highly-paid employees.

The personal income tax is graduated in New York State. New York City has an additional graduated income tax on residents and nonresidents who work in the city. Connecticut also has a state income tax.

Residential tax rates vary throughout the cities, towns, and villages in Westchester because each jurisdiction and school district has the authority to levy and collect their own taxes. Generally speaking, however, the greater proportion of the residential real estate tax supports each school district with the remainder remitted to some combination of city/town/village jurisdictions and Westchester County. Variations in these taxes in the county can reflect the presence of ratables (nonresidential tax base), the type and level of services provided, and the value of a community's real estate.

\* Except in Yonkers



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## NEW YORK STATE AND LOCAL TAXES

The following section outlines some of the more important provisions of the tax laws of New York State. It is designed to provide information in a convenient form and to facilitate comparisons of New York taxes with those of other states. This is not a complete listing of all taxes levied by the State, but does include those taxes and mandated costs which are most likely to affect business.

### Taxes on Corporate Net Income or Alternatives

#### Franchise tax on business corporations

New York State imposes a franchise tax on most domestic and foreign general-business corporations for the privilege of exercising its corporate franchise, doing business, owning or leasing property within New York State. (Utilities, banks, insurance, transportation companies, companies subject to the gross receipts taxes and other corporations which are taxed differently, are not covered under this outline.)

- The corporate franchise tax is comprised of a .09% tax on subsidiary capital as well as the greater of the following taxes:
- Net income allocated to New York at a rate of 9%.
- A corporation's capital allocated to New York at a rate of .178%, subject to a maximum tax of \$350,000;
- Minimum taxable income allocated to New York at a rate of 3.5%.
- Fixed dollar minimum tax that varies with the size of the taxpayer and ranges from \$325 - \$1,500.

#### MTA Surcharge

In addition to the franchise tax on business corporations, New York imposes a 17% surcharge on the State corporation tax liability for firms doing business in the Metropolitan Commuter Transportation District (comprised of several counties in New York, including Westchester). The surcharge is determined by allocating the State tax liability derived from doing business within the district through a three-factor formula (sales, property and payroll, all equally weighted). Payments are made along with those related to the state corporate franchise tax.

#### Allocation

New York permits a corporation to allocate income where that corporation has property, payroll or sales in another state. Income is allocated using a business allocation percentage is comprised of three factors:

- Property within New York, over Property everywhere;
- Payroll within New York, over payroll everywhere; and
- Sales within New York, over sales everywhere.

The business allocation ratio is calculated by adding the property factor, the payroll factor and twice the sales factor and dividing the sum by four. This method of allocation is most

beneficial to a firm having substantial property and payroll in New York, but delivering a large portion of its products or services to out-of-state purchasers.

All firms, whether multistate or not, are allowed to apportion investment income and capital, and subsidiary capital. Investment income and capital are allocated on the basis of an issuer's allocation percentage. This percentage is based on the New York activities of the entity which issues securities. Subsidiary capital is apportioned by the New York allocation ratio of the subsidiary. (If a subsidiary does not do business in New York, and thus is not subject to State taxation, the ratio is zero.)

### **Alternative Minimum Tax**

New York requires corporations to pay a tax on their minimum taxable income base. The Budget has allowed the Alternative Minimum Tax rate to drop to 3.5% in 1997 and years thereafter. The calculation of the minimum taxable income base is calculated by adding to entire net income certain federal tax preference items and reducing entire net income by certain New York preference items.

### **Professional Service Corporation**

The alternatives used to compute the corporate franchise tax payable by such a firm are the same as a corporate taxpayer.

### **Unrelated Business Income Tax**

The income of a religious, charitable or other tax-exempt corporation, association or trust, derived from activities unrelated to the purpose for which such organization was established, will be subject to an unrelated business income tax.

### **Small business corporations**

Shareholders of small closely-held business corporation (as provided in Sub-chapter S, Chapter One, Internal Revenue Code) may by unanimous consent be taxed under a modified corporation franchise tax. The S Corporation Tax equals the difference between the tax calculated at the applicable corporate rate and the top personal income tax rate. The \$800 fixed minimum tax for inactive corporations and the MTA surcharge does not apply.

- *Recent Changes to Subchapter S corporation Tax Law:* New York has conformed to the Federal tax treatment for Subchapter S corporations ("S corporations") and in large part to changes in the treatment of qualified Subchapter S subsidiaries ("QSSS"). Under New York tax law separate corporate existence of the QSSS may be disregarded, which results in the QSSS being treated as a flow through entity. A QSSS is required to be included on the return of its parent, if the parent is a New York S corporation.

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## Returns, Declarations and Payments

Every domestic business corporation, and every foreign corporation exercising its corporate franchise, having officers or employees in the State, doing business, employing capital, owning or leasing property, or maintaining an office in this State (except an office maintained by an officer who is not an employee of the corporation, if the corporation otherwise does not meet the foregoing criteria), is required to file an annual report with the New York State Tax Commission, whether or not subject to the franchise tax.

The tax return must be filed within two-and-one half months after the close of the firm's fiscal year. The entire balance of tax due for the tax year, less any payment of estimated tax previously made, must accompany the tax return.

If a corporation's preceding years tax liability is in excess of \$1,000, the taxpayer must pay with its return an amount equal to 25 percent of the preceding year's tax as the first installment of the subsequent years' estimated tax payments.

## Taxes on other income

### Personal income tax

This tax is levied against the taxable income of residents and the taxable income of nonresidents, allocable to New York. The starting point in computing New York taxable income is adjusted gross income as reportable for Federal income tax purposes, with certain modifications. In general, capital gains and losses are treated in the same manner as for Federal tax purposes except that no preferential tax rate applies. Taxpayers with annual incomes of \$4,000 or less are exempt from filing of a tax return.

- *Exemption:* The personal exemption deductible to arrive at net taxable income is \$1,000 for each dependent other than the taxpayer's spouse. Taxpayers at least 59 ½ years old may exclude up to \$20,000 of pension and annuity income. Government pensions are fully exempt.
- *Deductions:* Other deductions from gross income generally are those allowable for Federal tax purposes, with some exceptions. However, New York does not permit the deduction of New York State or local income taxes. Deductions or additions of certain interest expenses and income-production expenses must be adjusted to conform to State regulations.

A state taxpayer may itemize deductions on his New York return if the deductions were itemized on the Federal return, or may take the standard deduction in lieu of itemizing. For 1997, the standard deduction is \$13,000 for a married couple filing jointly, \$7,500 for a single person, and \$10,500 for a head of household.

- *Rates of Tax:* Personal income tax rates effective for 1997 start at 4%, and increase to a maximum of 6.85% of income above \$40,000 (married-joint), \$20,000 (single) or \$30,000 (head of household). Bracket widths also increase by different amounts depending upon filing status. Taxpayers with New York adjusted gross income of over \$100,000 pay a supplemental tax which recaptures the value of the graduated tax rates below the maximum.

- **Credits:** Credits are deductible from the computed tax. Other benefits are:
  - Credits are deductible from any tax already paid for the year, whether withheld by an employer or prepaid by taxpayer.
  - Credit is available for an allocable portion of any income paid by a resident taxpayer to another state or locality on income which is both derived from such state or locality and is subject to New York state tax. Nonresident taxpayers may not claim this credit.
  - New York has an investment tax credit for tangible property used in the production of goods and industrial waste treatment facilities at a rate of 4%, and research and development property at a rate of 7%.
  - Twenty percent of the Federal credit for dependent-care expenses necessary for the gainful employment of taxpayer can be claimed as a credit.
  - A household credit is available, ranging from \$90 if household gross income is less than \$5,000 to no credit if such income is \$28,000 or over (single) and \$32,000 (other filing status)
  - Certain taxpayers may be eligible for a credit up to stated maximums if real-estate taxes paid on their residences are in excess of a stated percentage of household gross income of up to \$18,000. Any excess of credit over the personal income tax payable will be refunded.
  - Beginning after December 31, 1997 taxpayers will be allowed to contribute up to \$5,000 a year (exempt from state tax) to a “Family Tuition Account” for their children’s college education.

### **Preferred income tax**

Certain Federal tax preference items are taxable at the rate of 6%. A specific deduction of \$5,000 (\$2,500 for a married person filing a separate return) applies. Any tax paid to the State on taxable personal income is also deductible.

### **Returns and declarations**

Income-tax returns must be filed by April 15<sup>th</sup> of each year or three and one-half months after the close of the taxable year. Taxpayers must pay estimated tax on a quarterly basis of their annual tax exceeds \$100 and their withholding is less than 90% of the current year tax.

### **Taxes on Property or Other Assets**

#### **Property tax**

Real-property taxes are levied only by local jurisdictions. Ad valorem taxation of both tangible and intangible personal property is prohibited by law.

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## Exemptions

### Real-property tax exemptions for business are available as follows:

- Statewide: Industrial or commercial facilities financed by a local industrial development agency (a tax-exempt organization) are exempt from ad valorem taxation. Often, however, payments in lieu of real-property taxes are negotiated with the municipalities.
- Statewide: Pollution-control facilities are exempt from local real-property and ad valorem levies (upon application by taxpayer to local taxing authorities) to the extent of any increase in value resulting from the construction or reconstruction of such facilities to comply with New York State environmental conservation laws, codes and regulations. The New York State Commissioner of Environmental Conservation must certify that the facilities are in compliance.
- New York City: Industrial or commercial construction or reconstruction in designated areas of New York City may be eligible for an exemption from payment of real-property taxes. The exemption for industrial projects in any area of New York City and commercial projects in “special exemption” areas of the city begins at 100% of the increase in assessed value for the first 15 years and declines by ten percentage points in each of the succeeding nine years. For commercial projects in “regular exemption” areas, the exemption begins at 100% for the first eleven years and declines by 20 percentage points in each of the succeeding four years. For commercial projects in “deferred areas,” the exemption begins at 100% for the first three years and declines by 20 percentage points in each of the succeeding four years; for the succeeding three years the full taxes are paid and in addition beginning in the eleventh year, the deferred taxes are repaid at the rate of 10% per year until all such deferred taxes are repaid at the end of the twentieth year. Commercial projects in “excluded” areas and residential projects anywhere in the City are not eligible for exemption.
- State outside of New York City: New or reconstructed industrial facilities may be eligible for exemption from real-property tax assessment by counties, cities, towns, villages and/or school districts. The exemption starts in the first year after completion at 95% of any increase in value and declines by 5% each year of the succeeding 19 years. New construction of commercial property may be eligible for an exemption starting at 50% the first year declining by 10% for the next four years. Reconstruction of commercial property may be eligible for exemptions starting at 50% in the first year declining by 5% for the following nine years.
- Economic Development Zone Real-Property Tax Credit: Under Section 485-e of the Real Property Tax Law, businesses or homeowners constructing, reconstructing or improving real property located within an economic development zone may be eligible for a partial exemption from real property taxes during the life of the zone

for up to ten years. The exemption begins at a total exemption of the improvement to real property for up to seven years and is reduced by 25% per year over the next three years (a 10-year average exemption of 85%).

- This exemption is at local option, and is available from each local taxing jurisdiction the zone. This credit cannot be combined with the real property tax exemption under Section 485-b of the Real Property Tax Law.
- Statewide: Solar or wind energy-producing equipment installed to provide a business with heating, cooling or hot water and meeting standards set by the New York Energy Office may be exempt for up to 15 years from assessment for real property tax purposes.

## **Taxes on Retail Sales or Use**

### **Sales and Use**

New York imposes a state sales tax at a rate of 4% with an additional Westchester County tax rate of 2.75%, (3.75% in White Plains), on the retail sale of tangible personal property, commercial, nonresidential utility services, restaurant meals, take-out foods, admission charges and dues, and other specified services (including total room occupancy). A complementary use tax is levied at the same rate. Exemptions include food, medicines and health aids, newspapers and periodicals. In addition, the following are exempt when purchased or used in manufacturing, mining, agriculture, experimentation or laboratory research and development:

- Machinery and equipment
- Tools, parts and supplies used directly and predominantly in such activities;
- Ingredients, components and articles for resale;
- Fuels and utilities used or consumed directly and exclusively in such activities;
- Installation, repair and maintenance of machinery and equipment; and
- Non returnable packing materials.

Purchases by a contractor of materials which become part of a building constructed for a local industrial development agency (“IDA”) are exempt, as are certain other purchases made by recipients of IDA financial assistance. Purchases of building materials that will become an integral part of non-retail commercial or industrial real property located in an economic development zone are exempt from the state sales/use tax and may also be exempt from the local sales/use tax if a new local law authorizes such an exemption.

## **Excise, Fees and Licenses**

### **Business licenses**

Certain business activities are subject to a State license tax, fee, registration or inspection. These activities include financial operations other than banks, such as professional



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bondsmen, check cashers, and makers of small loans; the handling of food products, such as milk dealers, canneries, and slaughterhouses; and persons dealing, handling, auctioning or possessing certain animals. Manufacturers, wholesale and retail merchants dealing in drugs and pesticides, and other business activities which may affect the public health and well-being are also subject to license taxes, fees, registration or inspection.

### **Motor fuel**

There is a tax of eight cents per gallon on motor fuel (four cents for buses and taxicabs) and ten cents per gallon on diesel fuel (six cents for buses and taxicabs) sold by distributors within the State. Motor and diesel fuels sold to fire departments, volunteer ambulance or rescue services, Federal, state and local governments are exempt from the tax. The payment is refundable in whole on fuel used for certain nonhighway purposes (e.g., aircraft) and by business in local transit services. The tax is paid monthly by the distributor.

### **Motor-vehicle registration**

The motor-vehicle registration fees varies according to type, weight and seating or carrying capacity of the vehicle. Registrations expire on dates determined by the Commission of Motor Vehicles. The fee for a vehicle registered for more or less than a 12-month period is adjusted proportionately.

### **Highway-use taxes**

The operation of trucks, tractors, trailers, semi-trailers, and interstate buses having a gross weight of over 18,000 pounds over New York State highways is subject to two taxes, a truck-mileage tax and a fuel-use tax. Intrastate buses, certain farm, non highway, road-maintenance, and public-safety vehicles are exempt.

- *Truck-mileage tax:* the tax is based on the loaded or the unloaded weight of a vehicle, or combination of vehicles, and the number of miles operated over State highways. The tax is measured by the unloaded weights for tractors and starts with a tax rate of 6 mills per mile for vehicles in the 7,001 to 8,000 pound group and goes up to 10 mills per mile for vehicles in the 16,001 to 18,000 pound group with incremental increases of five tenths of a mill per ton and fraction thereof. The tax for trucks is based on unloaded weights and starts with a tax rate of 6 mills per mile for vehicles in the 18,001 - 20,000 group and goes to 10 mills per vehicles in the 28,001-30,000 pound group with incremental increases of five tenths of a mile per ton and fraction thereof. However, mileage traveled on the New York Thruway is exempt.

There is also a supplemental tax which doubles the truck mileage rates, with mileage on the New York Thruway is exempt for this supplemental tax. In addition, a permanent highway-use permit of \$15 for each vehicle subject to this or the fuel-use tax must be obtained from the State Tax Commission. Vehicles of less than the above weights are not subject to the truck-mileage tax and do not require a highway-use permit. Also exempt from the tax are vehicles used exclusively in the transportation of household goods by carriers

under the authority of the New York State Department of Transportation or of the United States Interstate Commerce Commission.

- **Fuel Use Tax:** New York imposes a tax on all motor fuel used by a carrier in New York and then grants a credit for fuel purchased in New York. The tax is calculated by adding (1) a fuel tax component which is equal to the rates for motor and diesel fuel (Currently 8¢ a gallon for motor fuel and 10¢ a gallon for diesel fuels) and (2) a sales tax component which is equal to the current rate for sales and use tax on motor and diesel fuel. The sales and use tax for motor and diesel fuel in Westchester County ranges from 6.75% - 8.25% depending on the location within Westchester.

### **Petroleum Business Tax**

Petroleum businesses operating in New York State are subject to a privilege tax based on gallons of fuel sold in the State. The tax is imposed at different points in the distribution chain depending on the product. The rate of the tax also varies by product. Exemptions include residential fuel oil, sales for export, sales to government entities and kerosene, butane, ethane, propane and residential fuels used as bunker fuels.

## **Mandated Employer Charges**

### **Unemployment Insurance Contribution**

An employer with a payroll of at least \$300 in any calendar quarter must pay an unemployment insurance contribution. The rate varies with the employer's experience rating. Current rates range from 2.4% to 7.1% (including supplemental taxes) of the first \$7,000 of wages per year, per employee. The rate for an employer new to the State is 4.4%. Employer's Report for Contributions (Form IA-5), with payment, is due on or before the last day of the month following the close of each calendar quarter.

Special fixed rates of 5.4% are available for employers primarily engaged in the canning or freezing of fresh, perishable, locally grown fruits or vegetables; employers in the construction industry, and employers in the apparel industry. These fixed rates are only granted upon application by the employer.

### **Disability Benefits Insurance**

The program covers employee sickness and disability not incurred in the course of employment. Employers of one or more persons in at least 30 or more days in a calendar year are subject to the law. Employers may deduct 0.5% of an employee's wages but not more than 60 cents per week, per employee. Any cost of providing disability benefits in excess of the contributions collected from employees is borne by employers. An employer must provide disability benefits protection by either (a) insuring with the State Insurance Fund; (b) insuring with a stock or mutual company; or (c) being an approved self-insurer. Employee contributions are trust funds and can be used by the employer only for the purpose of providing benefits under the law.

### **Workers' compensation insurance**

Workers who become injured in the course of employment are entitled to receive fixed medical and cash benefits. Should death result from such injury, the worker's dependents

are entitled to receive fixed medical and cash benefits. Should death result from such injury, the worker's dependents are entitled to receive weekly case benefits. A firm having one or more employees is required to provide insurance against an injury of this type. Any one of the three acceptable methods of providing coverage for disability benefits discussed above can be employed. The employer pays the full cost of the insurance. Premium rates vary according to the nature of the business activity.

## **Corporate Organization and Qualification Fees**

### **Domestic**

Domestic corporations pay a tax of .05% of the face value of authorized stock or 5 cents per share of no-par value stock with a \$10 minimum, plus a \$125 fee for filing incorporation papers. The same rates also apply to any subsequent increase in the number of shares of authorized stock. Certificates of amendment, reinstatement, correction, merger, or consolidation are accomplished upon payment of a \$60 fee. Certain other certificates or certified copies require a fee ranging from \$20 to \$100.

### **Foreign**

A foreign corporation must file an application for authority to do business in New York State. A fee of \$125 is paid at the time of first filing with the New York State, Department of State. Amendments to the certificates or certified copies require a fee ranging from \$20 to \$200.

The initial license fee for a foreign corporation is 0.05% of the face value of allocable issued stock, and 5 cents per share of no-par value stock. The minimum fee is \$10. The tax is levied on issued stock in proportion to total capital employed in New York. The same rates apply when the tax is recomputed because of a change in capital structure, except that credit is allowed for previous taxes paid.

An annual maintenance of \$300 is payable by a foreign corporation (except certain financial and insurance firms) at the time of filing the annual corporate-franchise report. This fee is a credit against any corporation-franchise tax payable by the foreign corporation.

## **Other Taxes**

### **Real Estate Transfer Tax**

Most realty transfers are taxed at the rate of \$2.00 of for each \$500, or fraction thereof, of the selling price of the property conveyed. If the consideration received for the property is less than \$100, there is no tax. An additional tax of 2% is levied on the consideration received for residences selling for \$1 million or more.

### **Mortgage Recording Tax**

The tax payable for the recording of a mortgage on real property is composed of three parts. The first part is a tax of 50 cents per \$100 of the principal amount with an additional tax of 1% when consideration is \$1 million or more. The second part is an additional tax of 25 cents per \$100 of the principal amount, except for the first \$10,000, for a one or two family residence. The tax is collected at the county level. Counties not members of a transportation district may elect to suspend the imposition of this additional tax. The third

component is a special additional recording tax of 25 cents per \$100. In addition, the City of Yonkers imposes a recording tax at the rate of 50 cents per \$100 of secured debt. Corporations may receive a credit against the corporate franchise tax for any special additional tax paid.

### **Business Tax Surcharges**

The 15-percent surcharges on the Corporation Franchise, Income and Gross receipts taxes was phased out, as of June 30, 1997.

The Petroleum Business Tax surcharge was phased out as of June 1, 1997.

### **Principal State Tax Agency**

New York State Department of Taxation and Finance  
Building No. 9  
State Office Campus  
Albany, New York 12227

## **TAX INCENTIVES - NEW YORK STATE**

New York State offers a variety of tax credits, deductions and/or exemptions to encourage business expansion.

### **Investment Tax Credit**

A credit against the corporation franchise tax on business corporations is available at 5% of up to \$350 million, and 4% of investments over \$350 million of new capital invested for buildings and/or depreciable tangible personal property used primarily in production by manufacturing, processing, assembling, and certain other types of activities. The credit first applies to the tax payable for the year the investment is made. A qualified new business may elect to receive as a refund any unused part of the tax credit earned. All businesses may carry forward any unused portions of the credit earned for up to 15 years. Retail enterprises incurring investments in rehabilitation or renovating structures which qualify under Section 38 of the Internal Revenue Code may also claim this credit. In this case, credits are applicable to the investment in structures which have had no prior construction or rehabilitation for a period of 30 years.

### **Employment Incentive Tax Credit**

A corporation which qualifies for the investment tax credit may also be eligible for an additional credit. The employment incentive tax credit is a two-year credit which may be deducted by a corporation, provided its average number of employees in New York State (exclusive of general executive officers) in each year the credit is available, is greater than the comparable average in the year immediately preceding the year of the investment. The credit is 1.5% if employment is at least 101%, but less than 102% of employment in the base year, 2.0% if employment is at least 102%, but less than 103% greater, and 2.5% if employment is 103% or greater.

A corporate taxpayer, who was not subject to the tax and does not have a taxable year immediately preceding the taxable year in which the investment is made, may determine his eligibility by using the year the investments were made as the base period for calculating the employment change in each of the two succeeding years. Any excess of credit may be carried forward for up to fifteen years.

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### **Economic Development Zone Investment Tax Credit**

A credit against the corporation franchise tax is available for new capital invested in buildings and/or depreciable tangible personal property used primarily in production by manufacturing, processing, assembling, pollution-control and certain other activities in a designated Economic Development Zone (Zone). The credit under the corporation franchise tax is 10% of the cost or other basis of eligible property employed in such zone. The eligibility requirements are the same as those for the regular investment tax credit. For most corporations, no amount of this credit may be taken as a refund. An unused zone credit may be carried forward until exhausted. However, a new business may elect to receive 50 percent of the amount of credit that cannot be used as refund. The Zone Investment Tax Credit is taken in place of the regular investment tax credit or the research and development tax credit, and cannot reduce the corporate tax due below the greater of the alternative minimum tax or the statutory minimum tax.

### **Economic Development Zone Employment Incentive Credit**

A corporation which qualifies for the Zone Investment Tax Credit may qualify for an additional credit. The rate of the credit is 30% of the Zone Investment Tax Credit, and is deductible by corporations from the tax payable in each of three years following the original Zone Investment Tax Credit. The credit is available if the firm maintains an average employment in the Zone, in each year of 101% of the average number of employees employed by the taxpayer in the Zone, in the year immediately preceding the year of the eligible investment in the Zone.

### **Economic Development Zone Wages Tax Credit**

A credit against the corporation franchise tax, personal income tax, insurance tax or bank tax is available to eligible firms who create full-time jobs in Economic Development Zones. The credit for "targeted" employees is \$1,500 for the first year and for each of the four succeeding taxable years. A "Targeted" employee is one receiving Zone wages who is eligible for targeted jobs tax credit, eligible under the Job Training Partnership Act (JTPA), a recipient of public assistance, or a person whose personal income or family's income is below Federal government poverty guidelines and whose rate of pay exceeds 135% of the State minimum wage. The wage credit in any year cannot exceed 50% of the tax otherwise due, without regard to other available tax credits, but unused zone wage tax credits may be carried forward until exhausted. New businesses may get a refund on 50% of the credit.

"Non-targeted" employees are all other zone employees except corporate general officers. Non-targeted zone employees are eligible for a zone wage tax credit equal to 50% of the targeted employee zone wage tax credit or \$750. Businesses located in areas that meet the statistical criteria for zones, but are not designated such are eligible for a modified wage credit. For targeted employees it is \$1,000 in the first year and \$500 in the second; for non-targeted employees it is \$500 in the first year and \$250 in the second.

### **Economic Development Zone Capital Credit**

A credit is allowed against the corporation franchise tax or the personal income tax for up to 25% of any of the following investments or contributions.

- Qualified investments in, or contributions to Zone capital corporations.
- Qualifying investments in certified Zone business that employ no more than 250 persons within New York State (not counting general

executive officers). Investments made by or on behalf of a partner, proprietor or stockholder in the business are not eligible for the credit.

- Cash contributions to community development projects in the Zone.
- Credits received by a taxpayer may not exceed \$300,000 in aggregate, or \$100,000 in each of the above categories.

#### **Pollution-Control Credit**

Expenditures for the construction, reconstruction or improvements of industrial-waste and/or air-pollution control facilities and equipment are eligible for the investment tax credit in the year the expenditures are made or incurred, provided the facilities are certified as being in compliance with applicable New York State laws, codes and regulations.

#### **Research and Development Credit**

An optional credit of 9 percent is available, (instead of the investment tax credit on the cost or other basis for federal income tax purposes) of qualified tangible property acquired for research and development purposes, located in New York State.

However, if the taxpayer elects to use the investment tax credit, which is at a lower rate (i.e., 4 or 5 percent), the employment credit may also be claimed.

**1997/TRI-STATE TAX SUMMARY  
CORPORATION TAX RATES (INCOME/PROPERTY/SALES/OTHER)**

	NYS/ NYC	NYS/ Nassau <sup>2</sup>	NYS/ West- chester <sup>2</sup>	NYS/ Rockland <sup>2</sup>	NYS/ Putnam <sup>2</sup>	NYS/ Orange <sup>2</sup>	CT	NJ/ North
<b>Income<sup>1</sup></b>								
State	10.53% <sup>3,7</sup>	10.53% <sup>3</sup>	10.53% <sup>3</sup>	10.53% <sup>3</sup>	10.53% <sup>3</sup>	10.53% <sup>3,7</sup>	10.50% <sup>3</sup>	9.00%
Local	8.85%							
<b>Property: <sup>2</sup></b>								
<b>Sales:</b>								
State	4.25% <sup>b</sup>	4.25% <sup>b</sup>	4.25% <sup>b</sup>	4.25% <sup>b</sup>	4.25% <sup>b</sup>	4.25% <sup>b</sup>	6.00%	6.00%
Local	4.00%	4.25%	2.50% <sup>8</sup>	3.00%	3.00%	3.00%	-	-
<b>Other:</b>								
Commercial								
Occupancy Tax <sup>8</sup>	6.00%							
<b>Unemployment Taxes <sup>4</sup></b>								

<sup>1</sup> Income/franchise taxes are generally based upon modified taxable income, which varies by jurisdiction. Such base is subject to apportionment based upon receipts and/or property and/or payroll as determined by each taxing jurisdiction.

<sup>2</sup> Property taxes are generally based upon assessed valuation, etc. The tax rates vary by property and by jurisdiction.

<sup>3</sup> Includes the 17% MTA surcharge, but a does not include a temporary surcharge of 2.5% which was imposed on corporations for tax years ending before July 1, 1997.

<sup>4</sup> State and local unemployment and disability taxes are generally not a significant factor due to wage base limits.

<sup>5</sup> Includes an additional .25% state tax imposed in the Metropolitan Commuter Transit District.

<sup>6</sup> Additional 1.0% for Mount Vernon, New Rochelle, and Yonkers.

<sup>7</sup> The majority of corporations will probably be small business taxpayers and qualify for the graduated rate scale: 8% on income up to \$200,000, 9% on income over \$200,000 and 5% on income in excess of \$250,000.

<sup>8</sup> New York City has enacted legislation eliminating the commercial occupancy tax in all boroughs except in Manhattan south of 96<sup>th</sup> Street.

**PERSONAL INCOME TAX RATES  
RESIDENCE LOCATION**

	<b>NYS/NYC</b>	<b>NYS/Outside NYC</b>	<b>Connecticut</b>	<b>New Jersey</b>
<b>Work Location</b>				
<b>NYS/NYC</b>	6.85% (NYS)/ 3.40% (NYC)	6.85% (NYS)/ .25% (NYC)	6.85% (NYS) .25% (NYC)	6.85% (NYS) .25% (NYC)
			4.50% (CT)	6.37% (NJ)
<b>NYS/Outside NYC</b>	6.85% (NYS)/ 3.40% (NYC)	6.85% (NYS)	6.85% (NYS)/ 4.50% (CT)	6.85% (NYS)/ 6.37% (NJ)
<b>Connecticut</b>	6.85% (NYS)/ 3.40% (NYC)	6.85% (NYS)/ 4.50% (CT)/	4.50% (NJ)	6.37% (NJ) 4.50% (CT)
<b>New Jersey</b>	6.85% (NYS)/ 3.40% (NYC)	6.85% (NYS)/ 6.37% (NJ)	6.37% (NJ) 4.50% (CT)	6.37% (NJ)
	6.37% (NJ)			

**Notes:**

- Tax rates are graduated. The rates set forth above are based upon the maximum tax rates for a married person filing jointly for 1997.
- In general, the residence of the individual determines the primary jurisdiction of taxation. In addition, the location of where services are performed may affect the taxation of such individual.
- Most jurisdictions of residence allow a credit to the extent that taxes are paid to another jurisdiction (e.g., NJ residents working in NYS).
- Non-resident taxes are generally subject to allocation based upon where service are performed.

*Source Note: All tax information in this section (with the exception of real property taxes) was prepared by BDO Seidman, 1997.*



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## Comparative Local Real Property Taxes Rates in Westchester County

Westchester County is composed of 46 municipal governments and 41 school districts each with the authority to levy and collect taxes. Many municipalities include portions of several school districts and most school districts contain portions of several municipalities. In only five cases are municipal and school district boundaries coterminous. Furthermore, eight of the 19 towns contain two or more villages. In all, the overlapping of municipal and school district boundaries requires the delineation of 99 separate geographic areas to list comparative property tax rates.

The total tax bill of a residential property owner in Westchester County consists of several components. All will pay a County, town or city and school tax. Village residents will also pay a village tax. The town tax paid by residents of a village will be substantially less than that paid by residents of the town outside the village boundaries.

Tax rates are established by dividing the total amount to be collected in the taxing jurisdiction by the taxable assessed value (expressed in thousands of dollars). New York State law allows municipalities to assess at any uniform percentage of market value, so the nominal tax rates (those that actually appear on a tax bill) cannot be directly compared. Given equal market value in each, a town that assesses at 5% of value will have to set a tax rate ten times higher than a town that assesses at 50% to raise the same tax dollars.

In order to make comparisons it is necessary to equalize the nominal tax rates to bring them all to a full value standard. In this report, which is intended for use by owners of residential property, we have used the Residential Assessment Ratio (RAR) to equalize tax rates. This ratio is simply a measure of the percentage at which each municipality assesses residential property. In the example in the preceding paragraph, the tax rate in the town assessing at 5% must be divided by 20 and the rate in the town assessing at 50% by 2 before the rates may be compared.

The result of this equalization process is the "effective" or "full value" tax rates per thousand dollars of full market value that appear on the following pages. A total effective rate of \$25.00 per thousand means that a homeowner in a house worth \$250,000 could expect to pay about \$6,250 ( $25 \times 250$ ) in total taxes. Another way to look at it is that the effective tax rate is 2.5% of total market value.

There are many reasons for differences in effective tax rates, not the least of which is the ability and willingness of the residents of a city, town or school district to accept a certain level of taxes in return for a certain level of services. Also, a school district with high property value per pupil will be able to raise more money with a lower effective school tax rate than a less wealthy district. Valuable commercial or industrial parcels, or even large tracts of vacant land, which pay taxes out of proportion to their requirements for services will help to achieve a lower effective tax rate.

If you have questions about any of the information in this section you may telephone the Westchester County Property Tax Commission at (914) 285-4256.

1997 Effective Tax Rates for One, Two and Three-Family Houses  
Westchester County, NY

City/Town	Village	School District	Effective County Rate	Effective City/Town Rate	Effective Village Rate	Effective School Rate	Effective Special District Rate	Total Effective Rate	% Change From Prior
<b>Bedford</b>		Bedford	5.07	3.84		13.27	0.73	22.91	2.84
		Byram Hills	5.07	3.84		14.75	0.73	24.39	2.48
		Katonah	5.07	3.84		19.23	0.73	28.87	6.38
<b>Cortlandt</b>	Buchanan	Henrick Hud.	3.75	0.73	1.68	12.40	0.79	19.35	-2.46
	Croton	Croton-Harmon	3.75	0.73	7.67	16.48	0.79	29.42	-3.47
	Croton	Henrick Hud.	3.75	0.73	7.67	12.40	0.79	25.34	-5.00
		Croton-Harmon	3.75	5.07		16.48	0.79	26.09	-1.12
		Henrick Hud.	3.75	5.07		12.40	0.79	22.01	-2.53
		Lakeland	3.75	5.07		13.22	0.79	22.83	-10.99
<b>Eastchester</b>		Putnam Valley	3.75	5.07		12.74	0.79	22.35	-6.78
		Yorktown	3.75	5.07		13.97	0.79	23.58	-7.53
	Bronxville	Bronxville	4.16	0.55	4.47	15.34	3.12	27.63	2.50
	Tuckahoe	Eastchester	4.16	0.55	8.20	13.22	3.12	29.24	-1.63
	Tuckahoe	Tuckahoe	4.16	0.55	8.20	14.30	3.12	30.33	-1.50
<b>Greenburgh</b>		Eastchester	4.16	4.91		13.22	3.12	25.41	-7.53
		Tuckahoe	4.16	4.91		14.30	3.12	26.49	-7.17
	Ardley	Ardley	3.72	0.21	7.60	16.66	4.81	33.00	1.05
	Dobbs Ferry	Ardley	3.72	0.21	7.29	16.66	4.81	32.69	2.75
	Dobbs Ferry	Dobbs Ferry	3.72	0.21	7.29	18.94	4.81	34.97	4.11
	Elmsford	Elmsford	3.72	0.21	5.78	12.90	4.81	27.42	-1.00
	Elmsford	Greenburgh	3.72	0.21	5.78	13.13	4.81	27.65	-2.06
	Hastings	Hastings	3.72	0.21	5.88	19.85	4.81	34.48	0.65
	Irvington	Ardley	3.72	0.21	6.88	16.66	4.81	32.28	0.32
	Irvington	Elmsford	3.72	0.21	6.88	12.90	4.81	28.51	0.82
	Irvington	Irvington	3.72	0.21	6.88	14.67	4.81	30.29	0.00
Tarrytown	Irvington	3.72	0.21	6.88	14.67	4.81	30.29	0.00	
Tarrytown	Tarrytown	3.72	0.21	6.88	15.82	4.81	31.44	1.85	
<b>Greenburgh</b>		Ardley	3.72	5.13		16.66	4.81	30.31	-0.27
		Edgemont	3.72	5.13		16.34	4.81	29.99	-1.09

WESTCHESTER COUNTY DEPARTMENT OF PLANNING DATABASE - 1998

1997 Effective Tax Rates for One, Two and Three-Family Houses  
Westchester County, NY

City/Town	Village	School District	Effective County Rate	Effective City/Town Rate	Effective Village Rate	Effective School Rate	Effective Special District Rate	Total Effective Rate	% Change From Prior
<b>Greenburgh</b>		Elmsford	3.72	5.13		12.90	4.81	26.55	0.19
		Greenburgh	3.72	5.13		13.13	4.81	26.79	-0.94
		Hastings	3.72	5.13		19.85	4.81	33.51	0.76
		Irvington	3.72	5.13		14.67	4.81	28.32	-0.64
		Pocantico	3.72	5.13		6.03	4.81	19.68	0.97
		Tarrytown	3.72	5.13		15.82	4.81	29.48	1.34
	Valhalla	3.72	5.13		12.41	4.81	26.07	3.28	
<b>Harrison</b>	Harrison	Harrison	3.52	3.07	0.74	8.17	1.95	17.44	5.76
<b>Lewisboro</b>		Katonah	4.59	2.22		17.41	0.41	24.62	6.16
<b>Mamaroneck</b>	Larchmont	Mamaroneck	4.18	0.48	6.58	13.68	1.47	26.40	-0.27
	Mamaroneck	Mamaroneck	4.18	0.48	7.56	13.68	1.47	27.37	0.69
		Mamaroneck	4.18	4.42		13.68	1.47	23.74	0.54
		Scarsdale	4.18	4.42		13.80	1.47	23.87	-1.80
<b>Mt. Kisco</b>	Mt. Kisco	Bedford	3.79	0.00	7.46	9.93	0.48	21.66	0.67
<b>Mt. Pleasant</b>	Briarcliff	Briarcliff	4.02	0.12	4.90	14.34	2.72	26.10	2.55
	Sleepy Hollow	Pocantico	4.02	0.12	5.89	6.50	2.72	19.25	0.17
	Sleepy Hollow	Tarrytown	4.02	0.12	5.89	17.06	2.72	29.80	-0.47
	Pleasantville	Byram Hills	4.02	0.12	7.13	11.62	2.72	25.60	3.83
	Pleasantville	Mt. Pleasant	4.02	0.12	7.13	12.24	2.72	26.23	4.52
	Pleasantville	Pleasantville	4.02	0.12	7.13	15.84	2.72	29.83	2.51
<b>Mt. Pleasant</b>		Briarcliff	4.02	1.90		14.34	2.72	22.98	3.06
		Byram Hills	4.02	1.90		11.62	2.72	20.26	3.37
		Chappaqua	4.02	1.90		16.11	2.72	24.76	3.11
		Mt. Pleasant	4.02	1.90		12.24	2.72	20.89	4.23
		Pleasantville	4.02	1.90		15.84	2.72	24.49	1.85
		Pocantico	4.02	1.90		6.50	2.72	15.14	1.41
<b>Mt. Vernon</b>	Tarrytown	Tarrytown	4.02	1.90		17.06	2.72	25.70	0.15
	Valhalla	Valhalla	4.02	1.90		13.39	2.72	22.03	3.02
		Mt. Vernon	3.46	8.05		15.41	0.95	27.88	-4.22
		Bedford	4.40	2.66		11.52	0.68	19.26	8.30
<b>New Castle</b>		Byram Hills	4.40	2.66		12.80	0.68	20.54	7.69
		Chappaqua	4.40	2.66		17.80	0.68	25.53	7.50
		Ossining	4.40	2.66		17.28	0.68	25.02	11.13
	Yorktown	4.40	2.66		18.36	0.68	26.10	7.93	

**1997 Effective Tax Rates for One, Two and Three-Family Houses  
Westchester County, NY**

City/Town	Village	School District	Effective County Rate	Effective City/Town Rate	Effective Village Rate	Effective School Rate	Effective Special District Rate	Total Effective Rate	% Change From Prior
<b>New Rochelle</b>		New Rochelle	4.43	6.53		17.80	1.55	30.31	-0.48
<b>North Castle</b>		Bedford	3.79	3.77		9.88	0.28	17.71	4.73
		Byram Hills	3.79	3.77		10.98	0.28	18.81	4.42
		Harrison	3.79	3.77		8.82	0.28	16.66	3.33
		Mt. Pleasant	3.79	3.77		11.60	0.28	19.44	5.53
		Valhalla	3.79	3.77		12.69	0.28	20.53	4.34
<b>North Salem</b>		Katonah	4.76	5.28		16.85	0.53	27.41	-2.92
		North Salem	4.76	5.28		18.04	0.53	28.60	3.00
<b>Ossining</b>		Briarcliff	4.89	0.45	4.90	17.34	2.00	29.58	1.82
		Briarcliff	4.89	0.45	4.90	18.92	2.00	31.16	4.81
		Ossining	4.89	0.45	9.73	19.02	2.00	36.09	6.07
		Briarcliff	4.89	5.53		17.34	2.00	29.75	1.79
		Ossining	4.89	5.53		18.92	2.00	31.33	4.76
<b>Peekskill</b>		Hendrick Hud.	4.07	8.45		13.60	1.24	27.36	2.92
		Peekskill	4.07	8.45		18.30	1.24	32.06	2.02
<b>Pelham</b>		Pelham	4.46	0.30	8.10	16.25	1.35	30.47	1.76
		Pelham Manor	4.46	0.30	8.16	16.25	1.35	30.52	4.06
<b>Pound Ridge</b>		Bedford	5.03	2.41		13.16	0.45	21.05	5.26
		Katonah	5.03	2.41		19.07	0.45	26.96	9.07
<b>Rye (City)</b>		Rye City	3.63	3.39		10.85	1.03	18.90	-0.99
		Rye Neck	3.63	3.39		11.37	1.03	19.41	0.95
<b>Rye (Town)</b>		Rye Neck	4.78	0.00	7.56	14.85	2.69	29.88	2.36
		Port Chester	4.78	0.00	8.10	14.29	2.69	29.86	4.68
		Rye Brook	4.78	0.00	4.06	13.41	2.69	24.94	2.53
		Rye Brook	4.78	0.00	4.06	0.00	2.69	11.53	-0.72
		Rye Brook	4.78	0.00	4.06	14.29	2.69	25.82	2.51
<b>Scarsdale Somers</b>		Scarsdale	4.24	0.00	4.63	14.02	1.07	23.97	-0.02
		Lakeland	4.71	1.60		19.28	0.49	26.08	-4.24
		North Salem	4.71	1.60		16.69	0.49	23.49	-1.35
		Somers	4.71	1.60		14.86	0.49	21.66	-1.80

**1997 Effective Tax Rates for One, Two and Three-Family Houses  
Westchester County, NY**

<b>Yonkers</b>		Yonkers	4.89	2.29	17.02	1.21	25.42	-0.19
<b>Yorktown</b>		Croton-Harmon	4.95	4.30	24.28	2.10	35.62	13.49
		Lakeland	4.95	4.30	19.87	2.10	31.21	2.45
		Ossining	4.95	4.30	19.13	2.10	30.47	7.34
		Yorktown	4.95	4.30	20.32	2.10	31.66	4.63

**NOTES:**

1. The effective tax rates of some village portions may be slightly over-stated because of the inclusion of special district levies which may apply only to the unincorporated area of the town.

2. Special district figures are based on the largest district of each type (fire, water, sewer, etc.) and are approximations only. They do not represent the effective special district tax rates of any specific parcel.

## Municipal Assessors

	<b>Municipalities</b>	<b>Assessor</b>	<b>Mailing Address (Municipal Building)</b>	<b>Phone Number</b>
C	Mount Vernon.....	Anthony DeBellis.....	Mount Vernon, NY 10550 .....	665-2326
I	New Rochelle .....	Louis Perone.....	New Rochelle, NY 10801.....	654-2052
T	Peekskill.....	Paul Wotzak.....	Peekskill, NY 10580 .....	737-4190
I	Rye .....	Edye Kershner .....	Rye, NY 10580 .....	967-7565
E	White Plains .....	Elliot Glaser.....	White Plains, NY 10601.....	422-1223
S	Yonkers .....	Mark Russell .....	Yonkers, NY 10701 .....	377-6200
	Ardsley .....	Gerry Iagallo .....	Ardsley, NY 10502.....	693-1550
	Briarcliff Manor .....	Anthony Turiano.....	Briarcliff Manor, NY 10510.....	941-4800
	Bronxville.....	Robert Balog .....	Bronxville, NY 10708 .....	337-6500
	Buchanan .....	Village Board.....	Buchanan, NY 10511.....	737-1033
	Croton-on-Hudson.....	Joseph Sperber.....	Croton-on-Hudson, NY 10520 .....	271-4783
	Dobbs Ferry.....	Gerry Iagallo .....	Dobbs Ferry, NY 10522 .....	693-2203
	Elmsford.....	Gerry Iagallo .....	Elmsford, NY 10523.....	592-6555
V	Harrison.....	James Calandrucchio .....	Harrison, NY 10528 .....	835-2000
I	Hastings .....	Robert Balog .....	Hastings-on-Hudson, NY 10706.....	478-3400
L	Irvington.....	Marcus Serrano .....	Irvington, NY 10533 .....	591-7070
L	Larchmont .....	Ross Valenza .....	Larchmont, NY 10538.....	381-7820
A	Mamaroneck.....	Lloyd T. Wright.....	Mamaroneck, NY 10543 .....	777-7720
G	Mount Kisco.....	James Palmer .....	Mount Kisco, NY 10549 .....	241-0500
E	Ossining .....	Josette Polzella.....	Ossining, NY 10562.....	762-8428
	Pelham .....	Board of Assessors.....	Pelham, NY 10803.....	738-2015
	Pelham Manor .....	Richard Blessing .....	Pelham Manor, NY 10803 .....	738-8820
	Pleasantville .....	Gordon Washburn.....	Pleasantville, NY 10570.....	769-1886
	Port Chester .....	Wm. Wendelant .....	Port Chester, NY 10573 .....	939-5202
	Rye Brook.....	Wm. Wendelant .....	Rye Brook, NY 10573 .....	939-0077
	Scarsdale .....	Noreen P Whitty.....	Scarsdale, NY 10583.....	722-1133
	Sleepy Hollow.....	Robert Balog .....	Sleepy Hollow, NY 10591 .....	631-1440
	Tarrytown .....	Robert Wheatley .....	Tarrytown, NY 10591 .....	631-1106
	Tuckahoe.....	Richard O'Donnell.....	Tuckahoe, NY 10707.....	961-3100
	Bedford.....	Thomas Polzella .....	Bedford Hills, NY 10507 .....	666-5149
	Cortlandt.....	Salvatore D'Onofrio.....	Cortlandt Manor, NY 10566.....	734-1041
	Eastchester .....	Richard O'Donnell.....	Eastchester, NY 10709.....	771-3345
	Greenburgh .....	Gennaro Iagallo .....	Elmsford, NY 10523.....	993-1517
T	Lewisboro .....	Shirley Hynes .....	South Salem, NY 10590 .....	763-3034
O	Mamaroneck.....	Ross Valenza .....	Mamaroneck, NY 10543 .....	381-7820
W	Mount Pleasant .....	Barbara Adams .....	Valhalla, NY 10595.....	742-2347
N	New Castle .....	John P. McGrory .....	Chappaqua, NY 10514 .....	238-4771
S	North Castle .....	Anna Maria Marrone .....	Armonk, NY 10504 .....	273-3324
	North Salem .....	Kathlyn Stanley .....	North Salem, NY 10560.....	669-5214
	Ossining .....	Josette Polzella.....	Ossining, NY 10562.....	762-8274
	Pelham .....	Nanette Albanese .....	Pelham, NY 10803.....	738-2878
	Pound Ridge.....	Carole Long .....	Pound Ridge, NY 10576 .....	764-5511
	Rye .....	William Wendlandt .....	Port Chester, NY 10573 .....	939-3566
	Somers.....	Karl Gentilli.....	Somers, NY 10589 .....	277-3504
	Yorktown .....	Robert Killeen .....	Yorktown Heights, NY 10598.....	962-5722