



TAX COMMISSION OF THE CITY OF NEW YORK
1 Centre Street, Room 936, New York, NY 10007

TC201INS
2013

INCOME AND EXPENSE SCHEDULE
FOR RENT PRODUCING PROPERTIES

FORM TC201 INSTRUCTIONS FOR 2013

Attachment to application. Form TC201 is an attachment to an application or supplemental application (TC150). It is not valid if submitted separately. Applications on Form TC101, TC105, TC106 or TC109 must be filed by March 1, 2013.

Attachment to TC150 or TC159. For properties assessed at \$750,000 or more and for recently acquired properties, if a required income and expense schedule was not available by March 1 to attach when the original application was filed, it may be attached to Form TC150 and filed between March 2 and March 22 in 2013. TC201 must be complete when filed.

Who should use TC201? Use TC201 to report income and expenses from the operation of a rental property. For example, an apartment building or a multi-tenant commercial building. If the applicant leases the entire property to an unrelated person, report the income and expenses on this form. For example, a vacant lot leased to a parking operator or a store building leased to a single tenant.

A net lessor, leasing to a related lessee that occupies the property, may use Form TC200, Part 5, instead of TC201. A net lessor, with a related lessee that sublets to unrelated tenants, must use TC201.

Cooperatives must use Form TC203, hotels TC208, and a property used to operate a business such as a public parking garage or department store TC214.

TC201 copy required. One photocopy of TC201 must be filed in addition to the TC201 attached to the original application or TC150. Submit just a copy of both sides of TC201, not the entire application. The copy should be filed on the 11th Floor.

NEW TC201 Part 1. If the TC201 covers more than one lot, indicate the method you use for allocating income and expenses. If the consolidated filing this year is a change from prior years-e.g., in 2012, Blocks 1-4 were consolidated, but in 2013, only 1, 3 and 4 are, a written explanation must be provided by someone with personal knowledge.

TC201 Part 2. You must indicate whether the accounting basis used for the reporting year is the same that was used in the prior year. The accounting basis **must** be the same one used on federal, state and local income tax returns.

TC201 Part 3. Do not divide residential income reported in Part 6 by 12 to calculate monthly rent in Part 3. Do not risk denial of review for incorrect information by averaging annual residential rent instead of stating an actual month's rent roll. Report rent due on the December 2012 or January 2013 rent roll.

TC201 Part 4. Nonresidential occupancy information may be reported line by line separately for specified floors or for the building as a whole. If reported separately line by line, each line totals 100% for the space on the floor(s). If reported as a whole, the area of each floor is a portion of the entire building area, and the sum of the floor-by-floor subtotals in the right hand column equals 100% of the entire building area. Percentages must be provided; approximate gross area, in square feet, may also be provided.

TC201 Part 4 information for certain applicants not otherwise required to report rental income and expenses. An applicant who owned an income-producing property before January 1, 2013, but is not required to report income and expenses for an application to be eligible for review under governing law, must complete TC201 Part 4 if the property is rented or offered for rent on January 5, 2013. Attach TC201 to the application, or submit it at the hearing attached to Form TC159.

Reporting year. A report covering the full calendar year ending on December 31, 2012, or full fiscal year ending after July 31, 2011, is considered a current statement. In many cases the Tax Commission requires a current statement.

If a current statement is unavailable, the Tax Commission will accept a statement for the calendar year ending December 31, 2011, but only if the applicant operated the property for all of 2011, does not use a fiscal year for federal income tax, and the 2013/14 actual assessment is less than \$750,000. A detailed explanation as to why current year figures are unavailable should be attached to the TC201.

If the applicant uses a fiscal year for federal income tax purposes, the schedule may report income for the most recently ended fiscal year, as of a date six months prior to the date the application is filed.

The form has space for figures for the year prior to the reporting year. The Tax Commission requests that applicants provide this information, if available for the full year prior to the most current year. Prior-year consideration will not be granted if prior-year information is not provided either in the prior-year or the current-year TC201.

What income and expenses are to be reported? Report all income received or accrued in connection with the property. Report only actual operating expenses. Do not report projections or reserves. Do not report payments to related persons as expenses, unless disclosure is made as directed in the Glossary below.

Income and expenses must be itemized as indicated in TC201 Parts 6 through 9 or review will be denied.

New in 2013: Income and expense figures should be reported to the nearest whole dollar amount.

Accountant certification. If the actual assessment is \$1,000,000 or more, TC201 (or a corrected TC201, if any) must be accompanied by Form TC309, which must be signed by an independent certified public accountant who has conducted an appropriate audit of the applicant's records. The accountant must sign his or her own name, not the firm name.

Required substantiation in 2013. Submit substantiation to explain the following 14 items:

1. Operating loss
2. Substantial decrease in gross income
3. Continuing substantial vacancy
4. Substantial decrease or increase in operating expenses
5. Total rent substantially below market rental levels
6. Total stabilized residential rent substantially above or below stabilized levels at comparable properties
7. Average monthly rent per apartment \$650 or less, or \$850 or less per apartment in Manhattan on or south of 110th Street.
8. Wages higher than normal for the type of property or the level of income
9. Repairs and maintenance higher than 15% of gross rent
10. Substantial increase in vacancy
11. Residential rent roll times 12 less than total residential income
12. Residential rent roll times 12 110% or more of total residential income
13. Residential rent roll times 12 equals precisely total residential income
14. Apparent inconsistency between RPIE and TCIE information or in the property's owner-occupied status.

How to substantiate these 14 items.

Item 1. State the specific circumstances causing the operating loss, such as the tenants, time period and extent of vacancy, unusual expenses, or physical conditions.

Items 2, 3, 4, 10 and 14. State specifics that would explain the situation.

Items 5, 6, 7, 11, 12, and 13. Submit a copy of the December 2012 or January 2013 rent roll or the 2013 DHCR filing for the building. Tenants, apartment numbers, apartment rents and a total of the month's rent income must be stated.

Item 8. Submit a weekly payroll statement from January 2012 with job descriptions, employee names, total gross salary and benefits.

Item 9. Submit an itemized breakdown of repair and maintenance costs.

Submit substantiation: (a) with the application when filed, or at the hearing (b) written on TC159 or (c) attached to TC159. See TC600A for details on when substantiation for the previous year is required.

Supplemental information. You should strengthen your application by supplementing the income and expense schedule even when substantiation is not required. Copies of leases or abstracts, a rent roll, and itemizations of expenses may be useful. Supplementation is especially useful when there is no prior filing, there is a single major tenant, there is a substantial increase in the income from the prior year, or the building has unusual operating characteristics, for example, an unusually high expense item. Use Form TC159 when the supplemental information is not attached to the application.

Related lots. TC201 may cover a group of lots operated by the same landlord if one of the following tests is met: All of the lots are contiguous, (i.e., Sharing an edge or boundary; neighboring, adjacent or adjoining. All of the lots are situated on the same or adjacent blocks and are operated as an economic unit. All of the lots are units in a single condominium and are covered by a single application (or if there are multiple blocks, by one application per block).

When filing a consolidated income and expense schedule that covers multiple lots (other than condominium units) observe the following requirements:

Each lot requires a separate application. Attach the combined schedule to the application for the first lot in the group. On the other applications, refer to that lot. If filing on Form TC150, file the combined schedule only for the first lot in the group.

File Form TC166 listing the related lots in a consolidated unit. See TC166 instructions.

Rules based on assessed value relating to accountant certifications, supplemental applications and reporting prior calendar year income are governed by the highest assessment in the group.

Department of Finance RPIE requirements. By September 1 each year, rent-producing properties assessed for \$40,000 or more must file a Real Property Income and Expense statement with Finance for use in preparing real property tax assessments. Exclusively residential properties with ten or fewer apartments, residential properties with up to six apartments and one store, and other types of properties may claim an exclusion from filing.

Failure to comply timely with RPIE filing requirements results in the loss of eligibility for Tax Commission review of the assessment the following year and subjects the owner to liability for fines.

Filing TC201 does not satisfy the RPIE filing requirement in 2013. Finance RPIE rules require electronic filing of RPIEs. Information on RPIE filing requirements in 2013 is posted at www.nyc.gov/finance.

Electronic TCIE option. You may satisfy both the TC201 and RPIE filing requirements with a single filing online. File your RPIE statement electronically on or before the applicable Tax Commission filing deadline, March 1 or 24. The Tax Commission will accept a print-out of pertinent portions of an RPIE statement timely filed

electronically, together with the 1st page of TC201 and Form TC309 if required. Enter all information for RPIE and submit the data. Then obtain a print-out for use at the Tax Commission. Unless attached to your application when filed, bring or mail the print-out to the Tax Commission, attached to Form TC150 or TC159, so that it is received within five business days following the deadline. Make sure the print-out shows the time of electronic filing. If a consolidated income statement for multiple lots is required by the Tax Commission and you submit print-outs of individual RPIE statements for each lot, submit a consolidated TC201 with Form TC159 at the hearing.

Glossary. Definitions of terms and further information on completing TC201, including instructions on reporting rental income on the accrual basis and on amortized costs of common area improvements having a useful life of more than one year, are set forth below:

Related persons. *Related persons* include individuals related by blood, marriage or adoption, individuals and the business entities they control, business entities under common control, and fiduciaries and the beneficiaries for whom they act. A *person* includes a corporation or other business entity.

Floor area. Where floor area is called for, state the approximate gross floor area to the best of your knowledge and ability. The measurement should be from exterior wall to exterior wall for each floor.

TC201 PART 6. INCOME INFORMATION

Report all operating income received or accrued in connection with the property.

Lines a-h. Rent received or accrued for space occupied by tenants. Exclude space occupied by the owner, applicant, related parties or affiliates. Rent must be correctly identified by use (apartments, offices, stores, loft, factory, warehouse, storage, parking). Regulated and unregulated residential rent must be reported separately on two lines indicated in Part 6. Failure to itemize disqualifies the application from review. In reporting rental income on the accrual basis and the reporting entity's leases provide scheduled increases in rent, do not straight-line rental income as may be required by Financial Accounting Standard No. 13. Payments by tenants to the reporting entity to terminate a lease prior to the lease's expiration date (lease termination income) should be included and specified in item k. Additional explanation or disclosures about any item may be attached to TC201 or noted on TC309.

Line i. OWNER- or APPLICANT-OCCUPIED SPACE; OWNER- or APPLICANT-RELATED SPACE - Income from related persons must be segregated from other income and listed only on line i. State the amount carried on the owner or applicant's books for space occupied by the owner, applicant, related parties or affiliates. If such rent income is not reflected on the reporting entity's books, an estimated fair market rental may be stated instead. Whether or not rent is stated, report the number

of residential units on Line i and non-residential floor area in Part 4 on the front of TC201.

Line j. ANCILLARY INCOME

1. OPERATING ESCALATION INCOME - Additional rent received or accrued above the base rent, as provided for in the lease, for increases in operating expenses, CPI clauses, etc.

2. REAL ESTATE TAX ESCALATION - Additional rent received or accrued above the base rent, as provided for in the lease, for increases in real estate taxes.

3. SALE OF UTILITY SERVICES - The gross amount received or accrued from the sale of utility services such as electricity, gas and air conditioning. Do not deduct the landlord's costs.

4. SALE OF OTHER SERVICES. - The gross amount received or accrued for services such as laundry, valet, vending machines, etc.

5. GOVERNMENT RENT SUBSIDIES - Direct rent subsidies received or accrued (for example, Section 8) and any abatement of real estate taxes or carry-over amount received or accrued in respect to senior citizen rent increase exemption (SCRIE) orders.

6. SIGNAGE/BILLBOARD - The gross amount received from unrelated persons from renting any signage or billboard space on your property.

7. CELL TOWERS - The gross amount received for placing a cell tower or other telecommunications equipment on your property.

Line k. OTHER OPERATING INCOME - Any other operating income derived from the property not previously specified (exclude interest on bank accounts and tenants' deposits). Identify the source or sources of income on line k. Lease termination payments should be reported and specified on line k.

Line l. TOTAL GROSS INCOME - Add all items on lines a through k.

TC201 PART 7. EXPENSE INFORMATION

Report only actual operating expenses to the nearest whole dollar amount in the appropriate category. Do not report projections or reserves. Do not include any personal or business expenses for space occupied by the applicant or a related party. All related party expenses must be disclosed in an attachment to TC201 or noted on TC309, stating: the nature, amount of the expense(s) and on what line of Part 7 the expense is reported. An example of a related party disclosure is a management fee, reported on Line f of Part 7, representing 5% of rent collected during the year. Services or goods provided by related parties for which no charge was made may be disclosed on an attachment to TC201 or noted on TC309 and a fair market expense estimated. For example, an owner of the property may provide management services at no charge.

Line a. FUEL - Amount paid or incurred for heating and for supply of hot water. Include the cost of gas provided to tenants.

Line b. LIGHT and POWER - Amount paid or incurred for electricity. Include electricity supplied or sold to tenants; exclude electricity consumed for the owner's personal or business use.

Line c. CLEANING CONTRACTS - Amount paid or incurred for cleaning contracts.

Line d. WAGES and PAYROLL - Wages and related payroll taxes and employee benefits paid or incurred to employees responsible for the operation or maintenance of the property. Exclude salaries or commissions paid to directors, officers or management employees or agents.

Line e. REPAIRS and MAINTENANCE - Amount paid or incurred for contracted labor and materials for the general maintenance and repair of the property. Exclude reserves for replacements, amounts attributable to capital improvements and common area improvements (see instructions for Line l below).

Line f. MANAGEMENT and ADMINISTRATION - Amount paid or incurred for management, legal and accounting services attributable to operation of the property.

Line g. INSURANCE - Annual charges paid or incurred for fire and other insurance premiums relating to the real property. Prorate multi-year premiums on a yearly basis.

Line h. WATER and SEWER - Amount paid or incurred for water and sewer usage.

Line i. ADVERTISING - Amount paid or incurred for advertising space for rent.

Line j. INTERIOR PAINTING and DECORATING - The cost of all contracted labor and decorating materials for interior painting and decorating, including paint, wallpaper and brushes). This item may be combined with REPAIRS and MAINTENANCE if the applicant's books are maintained on that basis, and Line e should be so marked.

Line k. AMORTIZED LEASING and TENANT IMPROVEMENT COSTS - The amortization of all costs incurred to lease space to tenants over the term of their respective leases. Examples of such costs are legal fees, brokers' commissions, tenant improvements, etc.

Line l. MISCELLANEOUS EXPENSES - Other expenses paid or accrued not previously specified which are related to the operation and maintenance of the property, including amortization of common area improvements and amortization of certain lease buyout costs defined below. **Exclude income tax, commercial rent tax, rent, ground lease rent, capital costs, depreciation, mortgage payments and acquisition costs, interest, and uncollectible accounts receivable originating in a previous year.**

Amortization of common area improvements having a useful life of more than one year may be included in item l if you itemize the amortized costs and the amount is amortized over the useful life of the item. For those costs that are amortized, provide a schedule showing a brief description, cost, date of service, period of amortization, and amount of amortization included in line l this year and accumulated amortization.

Common area improvements include replacements of existing building components, major repairs, and installation of safety and health systems. Examples of replacement costs are replacement of boilers, roofs, elevators, and residential kitchen appliances and cabinets. Examples of safety and health systems are brick pointing, fire safety systems, and environmental remediation.

Amortization of lease buyout costs includes all costs to acquire the unexpired lease of an exiting tenant to secure an identified prospective tenant and may be included only on line l if you itemize the amortized costs and the amount is amortized over the term of the new lease. Lease buyout costs incurred without an identified replacement tenant should be deferred until a new tenant is secured; itemize and amortize such costs over the term of the new lease.

Line m. EXPENSES BEFORE TAXES - Add Lines a through l.

Line n. REAL ESTATE TAXES - Total annual real property taxes paid or incurred. Where there are SCRIP abatements, state the total tax levied.

Line o. TOTAL EXPENSES - Add Lines m and n.

Public records. Tax Commission application forms and attachments are subject to public disclosure.

Details of rent rolls and lease schedules whose disclosure would cause substantial injury to the filer's competitive position May be non-disclosable if confidentiality is claimed.

Where to get additional forms and information.

Copies of Tax Commission forms may be obtained at <http://www.nyc.gov/html/taxcomm>, at the Tax Commission's main office and at Finance Business Centers in each borough. Questions about RPIE filings, how your assessment was determined, or general questions about real property tax assessments should be addressed to Finance. Contact Finance at <http://www.nyc.gov/html/dof> or call 311.