



Impact of the World Trade Center Disaster on the NYS Tax Department

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Direct Impact on Tax Dept.

- 225 employees in WTC Tower 2
- Most from Audit and Enforcement
- 40 were lost

Physical Damage was Enormous

- Preliminary damage estimates of \$60-70 billion.
- Over 30 buildings damaged or destroyed...nearly 40 million square feet
- Destruction to mass transit and telecommunications infrastructure

Immediate Effects & Analysis

- Issued Notice to taxpayers and practitioners
- Problem because of proximity to due dates
- Withholding lockbox near WTC

Cost to New York State

- Tax Dept. produces no independent estimates...provide input to DoB & Governor's Office
- In October 2001, DoB released first estimates: \$54 billion (\$34 billion in rescue, recovery & rebuilding), \$20 billion in economic recovery & revitalization)
- Revenue loss estimated at up to \$9 billion

Development of Relief Packages

- Federal relief for New York
- Economic Stimulus Package
- Victims' Relief legislation

State Relief

- WTC Victims' relief
- ITC recapture
- Liberty Zone tax holidays

Other Policy Issues

- Issues with firms temporarily relocating to New Jersey
- Effect on payroll systems
- Effect on bonus payments

Effects on Filing of Tax Returns

- Sales tax return due date – September 20
- Corporation tax due date – September 15
- Personal Income tax extension due date – October 15

State Extensions of Due Date

- State Law provided for extending due dates for all returns to December 10, 2001
- Federal government extended due date for Personal Income tax returns to February 12, 2002.

Processing of PIT returns

- Close of system processing usually December 10
- Everything received after held to next processing year
- Needed to make special provisions for refund requests

Choosing PIT Sample and Finalizing Population – Normal Process

- Normally define the PIT population for research purposes as:
 - All finished returns
 - No exceptions
 - Filed between 1/1/2001 and 12/10/2001
- Choose stratified random sample from this

Choosing PIT Sample and Finalizing Population – 2001 process

- Needed to capture returns filed after December 10
- Needed to capture returns filed by February 12 deadline
- Because of the special processing needed to capture exceptions as well

Problems with Comparisons in Collections

- Impossible to compare year over year collections for any period after September 2001
- Masks the true effect of what is happening in New York State