

TAX FIGHTERS GUIDE

For the Home Owner

A GUIDE TO APPEALING YOUR PROPERTY ASSESSMENT NOTICE

Are you paying your fair share of
property taxes and not a penny more?
Here are proven tips to ensure that!



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Note to the Homeowner

In our opinion, most assessment authorities try to be fair when assessing your property. Given the number of properties they must assess, it is almost impossible for them to be fair to everyone. Your concern and input to the assessor is vital if the system is to work fairly for all concerned. It is your right, and responsibility, to work with the assessors to ensure that your assessment (and the taxes that result from it) are fair in relation to all other taxpayers in your community.

How To Use This Guide

Read this guide

It will give you a good understanding of how property taxes are levied, and a useful “checklist” to follow should you decide to appeal your taxes. Keep this guide with you and use it to make notes and write down your questions.

Now for the most important advice of all.

If anything isn't clear, or you need some expert help, call your Real Estate Representative who gave you this guide. They are well informed about how the property tax system works in your area. They'll be pleased to offer advice, at no cost and no obligation.

To the best of our knowledge, the information in this guide is accurate. We've gone to considerable lengths to research this information carefully but the property tax system is complex and varies from place to place, so some facts may have slipped through our net. If we have missed something, please let us know.

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How to Ensure that Your Property Taxes are Fair

- How your property taxes are calculated
- How you can tell whether your assessment is fair
- How to appeal your assessment

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Key Dates

January 31 – Property Assessment Review Panel Deadline

People wishing to request an independent review of their assessment must file their written notice of complaint with the assessor by this date.

July 1 – Valuation Date

The date actual (market) value of properties is determined for the purpose of assessment rolls.

October 31 – Physical Condition and Permitted Use

The assessment reflects the physical condition and permitted use (zoning) of a property as of this date, except where substantial damage or destruction of the buildings occurs.

December 31 – Assessment Notices

Completed assessment information produced and mailed to property owners.

Assessment information and value totals are delivered to tax authorities and are available online.

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All Canadian homeowners have something in common. Every year we get a bill for property taxes and every year we're at least a little mystified by it.

We ask ourselves:

- Am I paying more than my fair share?
- If I *am* paying too much—how do I go about paying less?

In many parts of Canada the property tax system isn't "user-friendly". Sometimes it's hard to reach the right government official to get answers to your questions. Sometimes the answers themselves are hard to understand. Figuring out your choices, and your rights can be frustrating.

That's where *The Tax Fighter Guide for the Homeowner* is designed to help.

Its purpose is to guide you through the maze, give you plain answers and tell you where you can go for more information if you still have questions. Let's get started.

The Property Tax: How It All Began

Property taxes have been around since the Roman Emperor Augustus brought in the first property tax almost 20 centuries ago. Today, property tax is the financial backbone of local governments all over North America, and is the source of most of the funds that pay for police, fire, local road and sewer, and other municipal services. The services vary from community to community.

All of us should pay our fair share for these services. The problem arises when the property tax is applied unfairly, causing some people to pay more than they should.

When this happens, it usually isn't because the tax assessor is sloppy or unfair. It's because tax assessors use mass appraisal techniques which don't account for specific differences between properties.

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The Assessment Process:

1. **Information Collection:** Information is collected and analyzed by BC Assessment appraisers for all properties (more than 2 million) in BC.
2. **Information analysis:** Property sales are analyzed by BC assessment appraisers to understand the property market as of July 1st of each year. This new market information is used to set the new assessments.
3. **Create and deliver assessment notices:** Assessment notices are created and then mailed to all property owners on December 31st each year.

Property Assessment and Taxes

The property tax is based on the assessed value of your property (buildings and land you own) But the assessment process is not a precise instrument. Tax Assessors calculate what they think is the fair market value of every property in the municipality. The value of your property is calculated on July 1st of the previous year.

Key factors, components & variables that may influence the value of your property:

Location:

- Some neighborhoods have higher sales value
- Location of the land parcel
- Lakeshore/lake view (which lake)

Structure Type

- Detached Vs attached
- style of home; E.g: Two-story, bungalow, split level, etc
- Information gathered from building plans or professional measurements
- Quality of construction (e.g. standard, custom)
- Renovations (building permits)

Size

- Lot Size
- Structure size

Influences

- View influences (river valley, full mountain, etc.)
- Green spaces influences (corridor adjacent, large park, etc.)
- Commercial, multi-family, traffic
- Site specific characteristics of the property
- Traffic, nuisances, etc
- Equity

You can appeal the assessed value of your property, but not the property tax itself. In other words, you can't appeal your "taxes". You can only appeal the assessment of your property's value.

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Assessments, Mill Rates and Taxes: How They Work

The government makes up its budget for the year. It divides that budget into the total assessed value of all the properties in the municipality. The result is what is called the “mill rate”. This mill rate is expressed as so many dollars of taxes per year per \$1,000 of assessed property value.

How do they Determine “Assessed Value”?

In order to estimate a value for tax purposes, the government employs Tax Assessors. These officials produce an assessment of the value of your property based upon the price they think your property would sell if it were sold in the open market at a fair market price.

This doesn't mean that the Assessor comes out each year and checks your house to see what he thinks it's worth. Instead, assessors feed market information into a computer that compares similar properties and calculates an appraisal by a date. These mass appraisals are done by comparing information about your property to similar properties recently sold in your neighborhood or town.

In addition to these “mass appraisals”, assessors get information about your property from other government departments. For example, if you apply for a building permit to build a garage, they forward the details to the assessment authority, who includes the value of your new garage when appraising your property.

Why does the Assessed Value of Your Property Change?

- The supply of properties available for sale and demand from willing buyers
- Market values typically increase during a seller's market, where supply is low and demand is high
- The value can increase when there are changes to properties including new construction and renovations
- Market values typically decrease during a buyer's market, where supply is high and demand is low

Important Point To Remember:

The assessed value of your property is based on the expertise and professional opinion of the appraiser and the accuracy of the information on file. Just because an assessor says your property has increased in value doesn't mean that it is so.

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If Your Assessment Goes Up, Must Your Taxes Go Up?

Not necessarily. Let's assume that everyone in town received a higher property assessment (a new industry was opening nearby and land prices went up). In a case like this, no one's taxes would rise, because the mill rate would drop by the same amount as the increase in the overall assessment. The higher assessment would be cancelled out by a lower mill rate.

Most of the time, governments don't hold the line on spending, they increase it. So both the assessment and the mill rate rise. The threat to your interests comes from the fact that your assessment may be unfair compared to other similar taxpayers. In that case, you'll be charged a higher property tax than you deserve.

What can you do if you Disagree with The Assessment Authority's Calculation of Your Property's Value?

Every property owner has the right to review government records on his or her property and to question the assessed value. Assessment authorities are public servants and are willing to assist you in making sure your property is accurately and fairly assessed. Before consulting the assessment authority, it's best to have an understanding of how the process works. Follow the steps outlined in the Assessment Appeal Checklist.

If You Have Discussed Your Assessment With The Local Assessment Office And Still Disagree With Their Evaluation, What Should You Do?

Merely believing that your taxes are too high is no basis for lowering an assessment value. To successfully appeal an unfairly high assessment, you must present evidence that proves one or more errors in how the appraiser appraised your property. If you have followed the Assessment Appeal Checklist, met with an assessor and still disagree with his/her opinion of value, you have the right to appeal to a higher authority that is independent of the assessment office.

The deadline for filing an appeal is January 31st.

What if I Appeal, and they Increase My Assessment?

There's no guarantee and you have to take the chance, the odds are good that it won't happen. According to a 2017 study done, when people appealed their assessment to the second level of appeal, over 46% of cases received reduced assessments, 43% were unchanged and only 1% received a higher assessment. If you do your homework and you have a strong case, the odds are on your side.

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Steps in the Assessment Review Process

1. When you receive your assessment notice in early January, review it promptly.
2. If you're concerned about your assessment or have any questions, call BC Assessment at 1-866-825-8322 and talk to an appraiser.
3. If you're not satisfied, file an appeal with the Property Assessment Review Panel (PARP) through BC Assessment by February 1st.
4. Prepare your case using sales data from similar properties in your area.
5. If you are unhappy with the (PARP) decision, you appeal to the Property Assessment Appeal Board (PAAB). The deadline for this level of appeal is April 30th.

Please note that you must file an appeal to the (PARP) first before filing an appeal to (PAAB)

What happens after you request a review?

A conference call with Online Evidence Submission System is the primary hearing method for complaints. You may receive a Notice of Hearing to advise you of the date and place to appear before the Panel. You will then need to phone your local BC Assessment office to arrange a specific hearing time.

What happens at a hearing of the property assessment review panel?

For conference call hearings, upload your evidence to the PARP online evidence submissions system (POESS) at least one day prior to your hearing date.

If you have an in-person hearing, bring five copies of any materials you wish to present to the Panel. Three for the panel members, one for the BC Assessment representative and one for yourself.

Hearings will occur on select dates between February 1 and March 15, the length of an entire hearing is usually 30 minutes. You will be provided approximately 6-10 minutes to make your presentation.

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Assessment Appeal Checklist

The key to protecting your interests from the tax authority is to do your homework and document your case properly! Follow these steps and check each one off when you have completed it.

- Read your assessment notice carefully. Compare your assessment to the previous year. Does your new assessment seem fair?
- If you think your assessment is unfair, consult this guide for information on how the tax system works. **Please note the important deadlines for filing an appeal.**
- Familiarize yourself with the tax terms in the glossary at the back of this booklet. Knowing the language will help when you talk to an assessment officer.
- Visit the assessment authority and review all public records on your property (deed, title, roll and field report cards).
- Obtain the facts on the actual sale price of properties like yours.
 - Check listings of all properties similar to yours that sold in your area recently. If only a few were sold, go back further in time.
- Review how the assessor has described your property record. Note any blatant inaccuracies. Have they made errors in measuring the size of your lot, square footage of living space (or non-living space) in your home? Have they erred in describing any of the features of the property itself—e.g. there are two fireplaces when there is only one?

Additional factors in and around your home may also result in a reduced assessment:

- You may live next door to a property whose landscaping offends most people's sensibilities.
- There may be "quality of life" factors near your property (e.g. a motorcycle gang just moved in next door).
- You may have a poorly designed floor plan.
- Your insulation may be inadequate.
- You may lack sufficient storage area.
- Your plumbing or heating system may be inadequate.

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Write a letter clearly outlining the inaccuracies you discovered. **(All appeals must be in writing.)** This can only be represented by owner, lessee and/or interested third party. The Compliant appeal and information line can be accessed by:

- **Complaint Appeal Line: 1-866-825-8322 Information line : 1-888-775-1740**
- **Online at <https://info.bccassessment.ca/services-products/appeals/Appeal-Guide>**

The following information must be included about the property when you are requesting a review:

- The assessment roll number
 - Your reason for requesting a review
 - The property description (e.g. address)
 - Your full name, mailing address, home and business phone numbers
 - A statement clarifying whether or not you are the owner of the property in question
 - If you appoint an agent, the full name of the agent and the agent's business phone number.
- Be prepared to substantiate your claims with proof of property size and, if possible, provide pictures and the classification of the property. If possible, find several comparable homes that have sold recently in your area and determine their selling price.
 - Your sales representative will advise you where to obtain the information on your assessment.
 - Finish assembling your case. Gather copies of all the supporting documents you will need. E.g. a copy of your latest tax assessment notice; a copy of your deed to the property; a copy of the real estate bill of sale if you purchased your home recently this is proof of its market value).
 - **Mail** your letter to the correct address for appeals, **WITHIN THE TIME ALLOWED** postmarked by the deadline of January 31st (year of assessment).
 - **Fax:** 250-861-6136
 - **In person:** 300-1631 Dickson Ave, Kelowna, BC, V1Y 0B5
 - **On-line:** complete the on-line appeals form at www.bccassessment.ca
 - Make an appointment with your area assessor to discuss the letter.

Remember, if brought to an appraiser's attention, it could lower your property assessment. Market forces play a direct role in property values, including: unfavorable zoning, changes near or around your home; lack of services or amenities (garbage collection, street lights, etc.) or environmental problems (poor air or water quality).

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Further Information

There are a number of good references you can consult for additional information. Start with your assessment office; often they will have pamphlets or guides for the taxpayer.

If you want an exhaustive source, we highly recommend a book by Lawrence J. Czaplyski and Vincent P. Czaplyski, called *The Homeowner's Property Tax Relief Kit—Everything you need to fight unfair assessments and slash your property taxes!* It's published by McGraw-Hill, Inc. This book deals with American property taxes but, when it comes to property taxes, the two countries are similar and the book has some excellent ideas.

Glossary of Property Tax Terms

Abatement:	A reduction in the assessed value of a property.
Appraisal:	An assessor's opinion of value of a property and its improvements.
Assessment:	The official valuation of property for taxation.
Assessment Notice:	An annual notice mailed to property owners stating the assessed opinion of value.
Assessor:	A professional who gathers, records and evaluates property to determine an opinion of value for taxation purposes. Assessors do not determine tax rates or collect property taxes.
Deed:	A legal description that conveys ownership of real property.
Easement:	The right to use, without ownership, a portion of an owner's property.
Field Card:	A record filled out by many assessors. Contains all relevant details about your property as viewed by an appraiser.
Homeowner:	Someone who enjoys the rights and privileges of property ownership and is subject to paying taxes on the assessed value of land and improvements.
Improvements:	Anything built or added to land to increase its value (garage, swimming pool, etc.)
Mass Appraisal:	Determining the value of specific properties by comparing similar properties in a specific area and appraising all land and improvements together.
Mill:	One-tenth of a cent, a term often used to express real estate tax rates. Mill rates are usually expressed in dollars per \$1,000 of assessed value.
Property Tax:	Your share of the total cost to provide community services and fund local government spending.
Tax Authority:	Regional Districts, hospitals and schools and municipal and provincial governments set tax rates based on the total assessed land value. Property taxes are collected from owners to pay for government services
Tax Rates:	A portion of the government's operating budget divided according to each property owner's total assessed value. Tax rates are calculated using $\text{Market Value} \times \text{Tax Rate} = \text{Property Tax}$.
Tax Roll:	An official list of all taxpayers in a jurisdiction, their assessed property values and how much tax each owes.