

# THE OPEN HOUSE

Your Window to REBGV Government Relations

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## Close to home. What do property taxes pay for?

**V**ancouver has once again been rated the most livable city in the world, topping 140 cities, according to a survey from the Economist Intelligence Unit. The annual survey scores cities worldwide from 0 - 100 based on 30 factors grouped in broad areas such as infrastructure, the environment, culture and education.

Livability 2009		Rank	City	Livability
		<b>1</b>	<b>Vancouver</b>	<b>98.0</b>
		2	Vienna	97.9
		3	Melbourne	97.5
		4	Toronto	97.2
		5	Perth	96.6
		6	Calgary	96.6
		7	Helsinki	96.2
		8	Geneva	96.1
		9	Sydney	96.1
		10	Zurich	96.1

How do we rate number one, year after year? Property taxes and what they pay for have a lot to do with it.

Think about our great infrastructure, our award-winning libraries and recreation facilities, playing fields and cycling paths, our abundant parks and green spaces, our well maintained road surfaces, and our new police officers and firefighters. Taken together, these add up to a high quality of life in Metro Vancouver.

Read the Economist Intelligence Unit livability study at: [www.economist.com/blogs/gulliver/2009/06/liveable\\_vancouver](http://www.economist.com/blogs/gulliver/2009/06/liveable_vancouver)

To help preserve our quality of life, we have to pay property taxes, which go toward funding:

- animal control
- archives /museums
- community centres
- emergency plans
- fire service
- heritage planning
- local road maintenance
- parks/green space
- police protection
- sewage treatment
- innovative land use planning
- swimming pools/ice rinks
- safe building regulation
- safe drinking water

### Why have property taxes increased overall?

This is a question REALTORS® are asked by home owners and home buyers. Generally, there are two reasons.

1. Property taxes are set by local government councils to meet their funding needs. Local governments cannot run a deficit so they must raise taxes and/or fees to meet the cost of providing increased services (or they must cut services). Costs increase for a variety of reasons including inflation, higher energy and materials costs, rising wages and salaries and new programs.
2. New residential construction was down about 23 per cent compared to the previous year, which means the tax base wasn't growing as much. A growing tax base helps spread the tax load over more taxpayers and minimizes the need for property tax increases.

### A helping hand - the Home Owner Grant

In 1957, the BC Government implemented the Home Owner Grant to help reduce the amount of school taxes paid by property owners. To be eligible for the grant, the property owner must be:

- a Canadian citizen or landed immigrant and reside in BC;
- the registered owner or eligible occupant of the home located within the province; and
- living in the home as a principal residence. The grant doesn't apply to summer cottages, second homes or rental properties.

Spouses who live together, who are married or live together in a marriage-like relationship, including same-gender partners, can qualify for a grant on one residence in the province in a calendar year.

Spouses who live apart can each claim a grant on their principal residence if they have a written separation agreement or a court order recognizing the separation.

Eligible home owners must apply for their grant each year before the tax due date.

### How much is the grant?

For 2010, the basic grant reduces taxes for home owners under the age of 65 by up to \$570.

Continued next page

The additional grant for home owners age 65+ and eligible veterans and disabled home owners is \$275, for up to a total of \$845.

The basic grant is reduced by \$5 for each \$1,000 of assessed value over \$1,050,000 and is eliminated on homes assessed at \$1,164,000 and above.

The additional grant is reduced by \$5 for each \$1,000 of assessed value over \$1,050,000 and is eliminated on homes assessed at \$1,219,000 and above.

For more information: [www.sbr.gov.bc.ca/hog](http://www.sbr.gov.bc.ca/hog)

### Multiple owners, multiple grants?

If you own a property with others, decide which owner will pay the taxes so you don't pay twice. If, for example, there are three owners living in a dwelling as a principal residence, only one Home Owner Grant can be claimed.

You may qualify for the Home Owner Grant if you're a shareholder of a corporation, or a member of a housing cooperative or housing society that owns:

- an apartment building;
- housing cooperative buildings; or
- housing society buildings.

The corporation, cooperative or society applies for grants for all eligible property or units in the building and passes the grant benefit to qualifying occupants. An eligible property includes:

- land shown as a separate taxable parcel on a tax roll that has a taxable improvement;
- a building containing at least two apartment units, each occupied by an eligible occupant;
- eligible land cooperative residences; and
- a multi-dwelling leased parcel with two or more residences on it.

### Deferring taxes

The BC Government helps property owners who are unable to pay annual property taxes and are at risk of losing their homes. After deducting the Home Owner Grant, home owners can postpone paying all or part of the unpaid balance of their residential property taxes if they qualify for one of three low-interest tax deferral assistance programs.

- **Property Tax Deferral Program for seniors:** property owners aged 55+, a surviving spouse or a person with a disability who are Canadian citizens or permanent residents under the *Immigration Act (Canada)* may qualify if they maintain a minimum equity of 25% of the current assessed value as determined by BC Assessment, if they have lived in BC for one year, if they occupy their home as a principal residence, and maintain a fire insurance policy on their home.
- **Financial Hardship Property Tax Deferral Program:** low-income property owners with least 15% equity in their home who are Canadian citizens or permanent residents and have lived in BC for at least one year and occupy the home as a principal residence, may qualify.
- **Property Tax Deferral Program for Families with Children:** qualifying home owners financially supporting a dependent child under age 18, who have at least 15% equity in their home, are Canadian citizens or permanent residents

and have lived in BC for at least one year and occupy the home as a principal residence, may qualify.

### How do the tax deferral programs work?

The BC Government pays the local government all property taxes for the home owner. Interest on deferral accounts is not compounded and is charged at a rate not greater than two per cent below the bank prime rate.

Deferred taxes and interest must be repaid before a home can be legally transferred to a new owner, other than to a surviving spouse upon the death of the agreement holder(s).

Home owners cannot defer utility charges (sewer, water, recycling, garbage), penalties, interest or user fees.

If a home owner plans to refinance, the mortgage holder may require full repayment of deferred taxes. Home owners can repay all or part of the deferred taxes and interest at any time without penalty.

These programs are administered by the Ministry of Finance together with the municipal tax collectors and the Surveyor of Taxes (in rural areas). Tax deferral applications are available at the local government office. For information, visit: [www.sbr.gov.bc.ca/individuals/property\\_taxes/property\\_tax\\_deferral/ptd.htm](http://www.sbr.gov.bc.ca/individuals/property_taxes/property_tax_deferral/ptd.htm)

**A word of caution: A home owner considering a tax deferral program should get financial advice.**

### Crib sheet - Property Taxes 101

#### What are property taxes?

The annual local government tax levied on real property, which is based on the assessed value derived by BC Assessment and the tax rate determined by the local government. The local government tax rate is set by the local council that determines the annual budget and the tax rates needed to meet budget requirements. In rural areas, the province assigns the tax rates. Rates vary among property classes and include Residential (Class 1), Utilities (Class 2), Supportive Housing (Class 3), Major Industry (Class 4), Light Industry (Class 5), Business and Other (Class 6), Managed Forest Land (Class 7), Recreational Property/Non-Profit Organization (Class 8), Farm (Class 9). The assessed value of each property is typically determined annually by BC Assessment, as of the previous July 1.

#### Where do I find out what my property taxes are?

Look at your 2010 tax notice which was delivered by mail in June. You can also check your local government website which may have information. For example, the City of Vancouver has a property tax web page <http://vancouver.ca/fs/treasury/index.htm> where you can find out your account balance or, buy a tax certificate which will come in handy during conveyancing if your client is selling their home. For information contact the local government tax office or BC OnLine.

#### What happens if I don't get a tax notice?

You must pay whether or not you receive a notice. Contact your local government finance department and arrange for a duplicate notice. You must ensure that your local government and BC Assessment have your correct mailing address.

## What does your property tax bill include?

**Municipal tax** – is set by council and staff in the local government's annual budget process and is based on revenue needs for infrastructure and services.

**Regional district tax** – is set by the regional districts for services such as regional water and sewage treatment. For example, Metro Vancouver tells their local governments what their revenue needs are, and the local governments collect on their behalf. In rural areas, the province (Surveyor of Taxes) collects for regional districts.

**School tax** – is set by BC Government to fund schools and varies by local government. It's paid by residential and non-residential property owners.

**Hospital tax** – is set by the regional hospital districts to help partially fund local health facilities. For example, in Metro Vancouver hospitals are funded by the province, not by property taxes. Outside Metro Vancouver, hospital taxes are still levied.

**Other taxes** – are set by local taxing authorities and collected by the local government to fund BC Assessment, the Municipal Finance Authority and TransLink.

## How to pay property taxes

Go to your local government's web site for details on how to pay. Check the due date on your tax notice, complete the Home Owner Grant application and then pay:

- **online by [www.epost.ca](http://www.epost.ca):** you must first sign up for this free online Canada Post delivery service that lets you pay electronically. When you pay and claim your Home Owner Grant electronically, you'll receive a receipt with a confirmation number;
- **in person:** take your tax notice and a credit or debit card or your cheque book or a certified cheque or cash to your local government finance department. Check business hours;
- **at the drop box:** located in well marked areas of most municipal offices;
- **by mail:** your payment must arrive at municipal offices by the due date on your tax notice;
- **at a financial institution:** most banks and credit unions accept tax payments in person. You can also pay online or by phone through your bank or credit union. Remember to submit your Home Owner Grant form directly to municipal offices, either in paper or electronic format.
- **through your mortgage:** your mortgage company can pay your property taxes on your behalf if you arrange for this service beforehand; and
- **by installments:** check with your local government to see if prepayment options are offered.

## If a home owner doesn't pay their property taxes

If a property owner doesn't pay their property taxes by the due date (check the tax notice), and doesn't submit the Home Owner Grant form by the due date, there are serious consequences.

The property owner will be charged a percentage of outstanding taxes as a penalty. If taxes are unpaid after three consecutive years, the property may be auctioned. Tax sale dates and processes can be found on local government web sites.

## Five misconceptions about property taxes

**1 You can appeal property taxes.** No. You can appeal your assessment, not your taxes. You receive your assessment annually the first week of January and must appeal by January 31.

**2 An appeal will change the market value.** The market value may not correlate to the assessed value. BC Assessment typically assesses properties as of the previous July 1. A REALTOR® valuing a home many months later at the time of the appeal may find a number of factors have affected the value, for example, the market in a particular neighbourhood has changed or the land has been rezoned.

**3 If you just bought a home, the previous owners are liable for taxes.** No. When you buy a property you become liable for all outstanding taxes.

**4 New home owners can claim the Home Owner Grant.** No. New home owners cannot claim the Home Owner Grant if the seller paid the taxes or if the new home owner claimed a grant on another property.

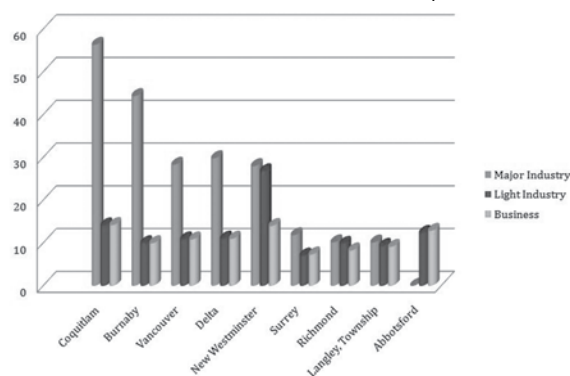
**5 You haven't claimed your Home Owner Grant for a few years and you want to claim it all now.** You're out of luck. You can claim the grant amount only for the previous year.

## How do taxes in our region measure up?

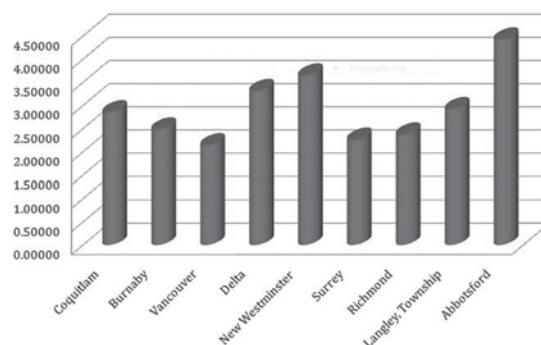
Vancouver city council has just approved another 1% property tax shift in favour of businesses, which amounts to a savings of \$5.68 million in total for just one year, according to the Vancouver Fair Tax Coalition (VFTC).

Since 2005, the tax shift has achieved a cumulative savings of more than \$114 million in commercial property taxes.

2010 Commercial/Industrial Tax Rate Comparison




2010 Residential Tax Rate Comparison



Source: City of Surrey

# Property tax notice explained


1. Owner's Name and Address – All owners' names appear. If there is more than one owner, then each name is listed. Where a single notice was mailed in the past, now each owner receives a copy.
2. Folio Number - A unique property identification number belonging to the property and not the owner.
3. Access - A code used to epost™ tax payments or to apply for the online Home Owner Grant.
4. Legal description: written method to delineate a specific property under the land title system.
5. Total Net Assessed Value for Taxation Purposes - BC Assessment's classification of property, e.g. residential, business, farm and the assessed values for different tax purposes.
6. PID - Parcel identifier used to cross reference to Land Title and BC Assessment.
7. Net School Taxes - Total school taxes after the Home Owner Grant is deducted.
8. BC Assessment - Funds BC Assessment operations.
9. Metro Vancouver – Funds shared operations and services such as sewer and water
10. MFA - Funds the Municipal Financing Authority which provides capital financing and financial services to local governments.
11. TransLink – Funds TransLink.
12. Net Other Government Taxes – Total owing to other taxing authorities.



**City of Richmond**  
3671 No. 4 Road, Richmond, BC V6V 2G1  
Tel: 604.273.3113 Fax: 604.273.4128  
Office Hours: 9:15 a.m. - 5:00 p.m.  
www.richmond.ca

## 2010 PROPERTY TAX NOTICE

**DUE DATE: Friday, July 2, 2010**



1799

**SAMPLE**      **5% PENALTY IF NOT PAID OR GRANT NOT CLAIMED BY JULY 2, 2010**  
**ADDITIONAL 5% PENALTY ADDED TO ANY CURRENT TAXES OUTSTANDING AFTER SEPTEMBER 2, 2010**

**1** WONG, JOE  
123 ANY STREET  
RICHMOND, BC  
V1V 1V1

<b>2</b>	PROPERTY NUMBER 123-456-789	<b>3</b>	ACCESS# 1234567
	PROPERTY ADDRESS# 123 ANY STREET		
<b>6</b>	PID 123-123-123	<b>RATES</b>	

LEGAL DESCRIPTION			
TOTAL NET ASSESSED VALUES FOR TAXATION PURPOSES			
5 CLASS	GENERAL	SCHOOL	HOSPITAL
1 - R-1	745,200	462,000	745,300

	COLUMN A NO GRANT	COLUMN B BASIC GRANT	COLUMN C ADDITIONAL GRANT
School - Tax	1,371.51	1,571.51	1,371.51
Less: Home Owner Grant		-570.00	811.51
<b>7 NET SCHOOL TAXES</b>	<b>1,371.51</b>	<b>801.51</b>	<b>536.31</b>
<b>8</b> BC Assessment	0.06646	49.36	49.36
<b>9</b> Metro Vancouver	0.06476	45.09	45.09
<b>10</b> MFA	0.00120	0.15	0.15
<b>11</b> TransLink	0.58020	282.60	282.60
<b>12 NET OTHER GOVERNMENT TAXES</b>	<b>380.20</b>	<b>380.20</b>	<b>380.20</b>
<b>13</b> General Municipal	1.89772	1,037.45	1,037.45
<b>14</b> City Policing	0.52604	299.11	299.11
<b>15</b> Fire Rescue	0.42855	218.50	218.50
<b>16</b> Storm Drainage/Dyking	0.05613	41.71	41.71
<b>17 NET MUNICIPAL TAXES</b>	<b>1,796.80</b>	<b>1,796.80</b>	<b>1,796.80</b>
<b>TOTAL CURRENT TAXES</b>	<b>3,548.51</b>	<b>2,979.31</b>	<b>2,703.31</b>
<b>18</b> Tax Installments	0.00	0.00	0.00
<b>19 TOTAL TAXES PAYABLE</b>	<b>3,548.51</b>	<b>2,979.31</b>	<b>2,703.31</b>

**19** Payments assigned to parties or institutions should include with your folio number.  
CLAIM YOUR HOME OWNER GRANT ONLINE AT [www.richmond.ca](http://www.richmond.ca).

Our services normally included in the Tax Process include: Withholding PAID. If you were to elect your preferred monthly payment amount for next year's taxes would be \$216.50.

13. General Municipal - The "municipal tax."
14. City Policing - Funds policing.
15. Fire Rescue – Funds fire services.
16. Storm Drainage/Dyking – Funds local storm drainage and dyking.
17. Net Municipal Taxes - Municipal tax less any unused Home Owner Grant.
18. Installments - Total tax installments made.
19. Total Taxes Payable - What you owe. Column A - No Home Owner Grant; Column B - Basic Grant; Column C - Additional Grant.



## Government Relations Advocacy Goal

REBGV advocacy will result in an economic and regulatory environment that supports property ownership, sustainable communities and the business of real estate.

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