

THE OPEN HOUSE

Your Window to REBGV Government Relations

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It's property tax time



Sylvia Sam
Chair, Government
Relations Committee

Property owners should be receiving their annual property tax notice by mail in the next few weeks.

As REALTORS®, to serve our clients we take on many roles: real estate professional, neighbourhood expert, mortgage and insurance advisor, home improvement specialist, financial confidant, and at this time of year, property tax advisor.

And like most complicated subjects, taxes are just that – complicated. Even experienced REALTORS® need help when it comes to explaining the intricacies of the range of taxes attached to property.

A home owner's property tax bill includes:

Municipal tax – set by the municipality, based on revenue needs set by council and staff in the annual budget process. Revenue funds local infrastructure and services.

Regional district tax – municipalities belong to regional districts, such as the GVRD. Regional services include water and sewer. Municipalities collect taxes for regional districts. In rural areas, the province collects for regional districts.

School tax – set by the BC Government to fund schools, this tax varies by school district and is paid by residential and non-residential property owners.

Hospital tax – set by the BC Government to help fund health authorities. In the GVRD, hospitals are funded by the BC Government, not by property taxes.

Other taxes – set by other local taxing authorities, but collected by the municipality to fund BC Assessment, the Municipal Finance Authority and TransLink.

In this four-page insert, we review municipal property taxes. We're leaving the federal Goods and Services Tax and the provincial Property Transfer Tax to future columns.

You can never learn enough about taxes. The more you know, the better able you are to help educate your clients so that they better understand and prepare for the costs and responsibilities that come with home ownership.

Keep this insert handy in case your clients, colleagues, contacts or loved ones have questions about their municipal taxes. You'll be able to give them some answers.

→ As always I welcome your questions and comments, please email me at GRChair@rebgv.org

REALTORS®, help your clients understand property taxes



Property taxes are a significant source of revenue for local governments. When your clients ask you what their property taxes pay for, you can give them this list of facilities and services that are partially or wholly funded through property taxes.

- Archives
- Community centres
- Fire departments
- Historic sites
- Libraries
- Local road maintenance
- Museums
- Parks
- Police
- Sewers
- Skating rinks
- Swimming pools
- Water



Harriet's Perspectives

Top nine tax questions

Property taxes are due the first week of July, and my phone is ringing with members' property tax questions. Here are nine from this week, with my answers.



REAL ESTATE BOARD
OF GREATER VANCOUVER

Government Relations Mission Statement

The Real Estate Board of Greater Vancouver Government Relations function is to ensure that members operate in a legislative framework that supports the real estate industry, and to ensure member's views are represented on real estate industry issues at local, provincial, national and international levels.

~

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1. How do municipalities set property taxes?

Property taxes are set by the municipality according to tax rates. These rates vary among property classifications – residential, business, light and heavy industry, farm, recreation, utility and managed forest land – and are typically calculated by dividing the annual budget needs of the municipality by the assessment base or the total value of properties in each municipality. The market value of each property is determined annually by BC Assessment, as of July 1. The BC Government sets the school tax rates.

2. I haven't improved my property. Why are my taxes higher this year?

Property values have increased throughout the Board's area. Assessment notices sent to home owners this past January reflect this increase. When properties sell for more than the assessed value, this can raise market value since assessors look at comparable sales when valuing a property. As well, another taxing authority such as the school district or transportation authority may have raised rates.

3. All the homes on my street are identical. Why are my property taxes more than my neighbours'?

Each assessment is unique to a specific property. Renovations such as remodeling your basement or attic, adding a Jacuzzi tub to the master bathroom or major landscaping projects will increase your assessment.

4. Like many baby boomers, I own a second home. How are they assessed?

A second home or secondary residence is assessed the same way as a primary residence. But second homes are taxed differ-

ently in one key way: the Home Owner Grant is only available on your primary residence, not on a secondary residence.

5. If I buy a new home and there are taxes owing, who is responsible?

You are. You are liable for all outstanding taxes when you buy a property, unless otherwise written in the contract. If the previous owner paid the taxes or if you have claimed a Home Owner Grant on another property, you cannot claim the Home Owner Grant for the property in the year you buy it.

6. I didn't receive my tax notice. What do I do?

Immediately contact the tax office of your local municipal finance department. It is your responsibility to ensure that your municipality and BC Assessment have your correct mailing address. You are responsible to pay your taxes, whether or not you receive a tax notice.

7. I'm selling my home. Should I claim the Home Owner Grant?

If you haven't sold your home and you live on the property, you may claim the grant. If you have already sold and new owners live on the property, then the new owners should claim the grant.

8. I want to appeal my taxes. What do I do?

Property taxes cannot be appealed. Only property assessments, on which taxes are based, can be appealed. Therefore, it is important to review your assessment notice when you receive it from BC Assessment and report any concerns to them by January 31.

9. I forgot to claim my Home Owner Grant in previous years and I paid the full amount of taxes. I want to claim back my grants. Can I?

Yes, however the BC Government permits you to claim the grant amount only for the prior year. Forms are available at your local municipal finance department. You will be asked to provide proof of residency.

If you have property tax questions, contact me at 604.730.3029 or at hpermut@reb主v.org

The Home Owner Grant

The Home Owner Grant application is on the back of the tax notice. If you are eligible for the Home Owner Grant you should claim it. If you don't claim it and you only pay the net amount of property taxes, you are creating a debt with the municipality for the amount of the Home Owner Grant you didn't claim. The municipality will levy a penalty on the amount of the grant that you owe them.

The grant is a BC Government program to reduce residential property taxes for eligible home owners. To qualify, home owners must be:

- a Canadian Citizen or landed immigrant;
- a permanent resident in BC;
- the registered property owner when applying for the grant; and

- occupying the dwelling described on your application as your principal residence.

How much is the grant?

- The basic grant reduces taxes for home owners under the age of 65 by up to \$570; and
- The additional grant for home owners age 65 and over, 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 more than \$950,000 and is eliminated on homes assessed at \$1,064,000 and above.

The additional grant is reduced by \$5 for each \$1,000 of assessed value over

\$950,000 and is eliminated on homes assessed at \$1,119,000 and above.

Expanded eligibility for low income seniors and others

Thanks to new measures in the 2007 BC Budget, the Home Owner Grant has been extended to some eligible low-income seniors and others, who would qualify for the additional grant except that the value of their homes exceeds the threshold. These owners – low-income seniors, eligible veterans and eligible persons with disabilities – must have an income of \$30,000 or less, reside on their property and can show they will face hardship without the additional grant.

A home owner must claim the grant even if they can't pay their taxes.

Taxes and multiple owners

If two or more residents own a home together, they must decide who's going to pay the taxes. Some multiple owners take turns. Take care with these types of arrangements. You don't want to accidentally pay twice or not pay at all and risk a penalty. You must also decide who will claim the Home Owner Grant. Even if there are three owners living in a dwelling as a principal residence, only one may claim the grant.

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 the eligible property or units and then passes the benefit of the grant to qualifying occupants. Eligible property includes:

- land shown as a separate taxable parcel on a tax roll that has a taxable improvement on it;
- 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.

If you can't pay

Defer your taxes at age 55



Property owners who turn 55 years old anytime in 2007 or are older, may be eligible to defer all or part of their property taxes thanks to the BC Property Tax Deferment program. Until this year, the age for deferral was 60 years. Currently more than 11,000 British Columbians defer their property taxes.

The BC Government pays all property taxes including municipal and taxes collected by the municipality for the GVRD and the school district. Deferred taxes are eventually deducted from the home's value when it is sold.

Interest on deferment accounts is not compounded and is charged at a rate not greater than two per cent below the bank prime rate. Based on current rates, this means that a tax bill of \$1,500 will cost the home owner \$60 a year in interest.

To qualify, a home owner must be:

- 55 years of age or older; or
- a surviving spouse of an eligible owner; and/or
- a person with a disability; and
- a Canadian citizen or permanent resident under the *Immigration Act (Canada)* who has lived in BC for at least one year before applying.

Continued on page 4

If you can't pay *continued...*

Home owners must maintain:

- a minimum equity of 25 per cent of the assessed value; and
- a fire insurance policy.

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

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 that belongs to the property and not the owner.

3. Access - A code used to epost™ tax payments.

4. Property Value - Class - BC Assessment's classification of property, e.g. residential, business, farm.

5. Assessed - 2007-2006-2005 - BC Assessment's assessed values of land, buildings and total for the last three years.

If you don't pay

Delinquent taxpayers are charged a percentage of outstanding taxes. Each municipality's practices vary.

If taxes remain unpaid after three years, local governments typically hold a tax sale, a public auction of each parcel of real property on which taxes are delinquent. Check for the date with the local municipality. For example, the City of Vancouver's tax sale this year will be held on November 14, 2007.

6. Averaged - 2007 Land - Three-year average of the assessed land value.

7. General - School - GVTA (TransLink) - Taxable values that the tax rates are applied against for each taxing authority.

8. PID - Parcel identifier used to cross reference to Land Title and BC Assessment.

9. School - Residential - Funds local schools minus the Home Owner Grant.

10. Net School Taxes - Total school taxes after the Home Owner Grant is deducted.

11. BC Assessment - Funds BC Assessment operations.

12. Municipal Finance Authority - Funds the agency that provides capital financing and other financial services to local governments.

13. Regional Districts - Funds shared operations and services such as sewer and water.

14. Transportation Authority - Funds TransLink and other regional transportation (GVTA).

15. Net Other Taxing Authorities - Total owing to other taxing authorities.


16. City of Vancouver General Levy - The 'municipal tax'.

17. Net City Taxes - Municipal tax less the unused Home Owner Grant.

18. Total 2007 Taxes - Total minus pre-payments.

19. Total Outstanding Taxes - What you owe. Column A - No Home Owner Grant; Column B - Basic Grant; Column C - Additional Grant.


Sample City of Vancouver Property Tax Notice



Property Tax Office
PO Box 7747
Vancouver, B.C. V6B 8R1
Telephone 604.873.7633

2007 PROPERTY TAX NOTICE

DUE DATE: Wednesday, July 4, 2007



Statement Date: May 09, 2007 84298

5% PENALTY IF NOT PAID OR GRANT NOT CLAIMED BY JULY 4, 2007

MORTGAGE CO. - We have notified your mortgage company of the outstanding taxes due on this property. Owners must claim Home Owner Grant separately if applicable.

Smith, John 1	2	123-456-78-9123 3	ACCESS	123456	
123 Any Street Vancouver, BC V1V 1V1		LEGAL DESCRIPTION			

CLASS	Property Value			Averaged 6	Taxable 7		
	2007	Assessed 5	2006		2005	GENERAL	SCHOOL
Residential 4	Land	222,000	180,000	153,000	185,000	185,000	185,000
	Buildings	122,000	117,000	115,000	122,000	122,000	122,000
	Total	344,000	297,000	268,000	307,000	307,000	307,000
PROPERTY ADDRESS 123 Any Street		COLUMN A		COLUMN B	COLUMN C		
PID 123-123-123		CLASS	RATE	NO GRANT	BASIC GRANT	ADDITIONAL GRANT	
School - Residential 9		1.93546		594.19	594.19	594.19	
Less: Home Owner Grant					-570.00	-594.19	
NET SCHOOL TAXES 10				594.19	24.19	0.00	
BC Assessment 11		0.07853		24.11	24.11	24.11	
Municipal Finance Authority 12		0.00035		0.11	0.11	0.11	
Regional District 13		0.08569		26.31	26.31	26.31	
Transportation Authority 14		0.42769		131.30	131.30	131.30	
NET OTHER TAXING AUTHORITIES 15				181.83	181.83	181.83	
City of Vancouver General Levy 16		2.42045		743.08	743.08	743.08	
Less: Residual Home Owner Grant					0.00	-250.81	
NET CITY TAXES 17				743.08	743.08	492.27	
TOTAL 2007 TAXES 18				1,519.10	949.10	674.10	
Payments/Adjustments				-930.00	-930.00	-930.00	
TOTAL OUTSTANDING TAXES 19				589.10	19.10	-255.90	

You are not currently enrolled in the Tax Instalment Payments Plan. If you were to enroll your estimated monthly payment amount for next year's taxes would be \$42.00 if you claim the additional grant, \$95.00 if you claim the regular grant, \$152.00 if you do not claim a grant.