

Property Tax Guide

A Homeowner's Guide To Understanding Your Property Taxes.



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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Notice to the Homeowner

In our opinion, most assessment authorities try to be fair in assessing your property. Given the sheer number of properties they must assess, however, 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 insure that your assessment (and the taxes that result from it) are fair in relation to all other taxpayers in your community.

To the best of our knowledge, the information in this booklet 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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Purpose of this Guide

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?

Getting answers isn't easy. 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 and intimidating.

That's where this Property Tax Guide For The Home Owner is designed to help

It's 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. So ...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 government 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 service 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 have to make a lot of assumptions and sometimes these assumptions (or even the government's records) are faulty.

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How the Property Tax Works

The property tax is based on what the government thinks your real property (the buildings and land you own) is worth. The key word here is “thinks”. In principle, it works quite simply:

- Tax Assessors calculate what they think is the fair market value of every property in the municipality. The municipal 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.
- In most places you can appeal the assessed value of your property, but not the property tax itself. Once you have accepted the assessor’s opinion of your property’s assessed value, the calculation of the actual property tax is automatic.

In other words, you can’t appeal your “taxes”. You can only appeal the government’s assessment of your property’s value. If you think the assessment is too high, you have to produce evidence that shows the assessor made a mistake. Later in this Guide, we’ll show you how.

Assessments, Mill Rates and Taxes: How They Work

- Assume your municipality has a budget of \$1.5 million this year
- Assume the total assessment of all properties in your municipality is \$750 million
- In this case, the mill rate will be \$1.5 million divided by \$750 million or 20 mills.
(In other words, \$20 of tax per \$1,000 of assessment).
- If your property is assessed at \$100,000 then your property tax will be \$100,000 times 20 mills per thousand dollars of value, or \$2,000 per year

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How Do They Determine “Assessed Value”?

In a “market value” system, the market valuation standard, allows assessment appraisers to determine which of the three approaches to value is most appropriate to measure the economic realities of the real estate market.

- The sales comparison approach is primarily used to determine residential property assessments in areas with active sales markets.
 - The cost approach estimates the replacement cost new of a building, less depreciation, adding land values primarily based on sales. This method is useful for cases where there are few comparable property sales.
 - The income (rental) approach calculates the property’s value based on the property’s expenses and ability to produce future income.
- Non-regulated property assessments (e.g. residential and commercial) provide an estimate of the property’s value using mass appraisal techniques that reflect typical

Who Prepares Property Assessments?

Most often SAMA ([Saskatchewan Assessment Management Agency](#)) prepares property assessments. SAMA is an independent agency that manages the rules of property assessment. The cities of Saskatoon, Regina, Prince Albert and Swift Current provide their own assessment services, whereas North Battleford and Meadow Lake contracts an independent assessment service provider

Why Does The Assessed Value Of Your Property Change?

Rising or declining property values in your neighbourhood can have a major effect on your assessment, because assessors look at the sale price of properties like yours. Another thing that can increase the assessed value of your property (even if neighbourhood property values haven’t changed) is renovations. Renovations, not only to a home but also to other buildings like garages, barns and storage buildings, can make a property more valuable. (In case you wondered, normal residential maintenance—like keeping the grass cut or planting a garden doesn't increase or decrease the market value significantly.)

Here’s what’s important to remember. The assessed value of your property is a professional opinion based on the expertise 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. Assessment methods can lead to wrong conclusions. (We give you some examples later on it this booklet).

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

Not necessarily. Let's say the municipal government kept its spending flat this year. Let's also assume that everyone in town received a higher property assessment (perhaps 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. In other words, the higher assessment would be cancelled out by a lower mill rate.

Unfortunately, in the real world it seldom works this way. 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 you have to focus on is ensuring that your assessment is properly done and fair. And that the goal of the Tax Fighter Guide For The Home Owner.

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 the right to question the assessed value. Assessment authorities are public servants and usually 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 Municipal 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 the assessor and still disagree with his/her opinion of value, you usually have the right to appeal to a higher authority that is independent of the assessment office,.

What If I Appeal, And They Increase My Assessment?

There's no guarantee and you have to take the chance. However, the odds are good that it won't happen. According to a 1992 study done in one province, when people appealed their assessment to the second level of appeal, over 46% of cases received reduced assessments, 50% were unchanged and only 3.5% received a higher assessment. So if you do your homework and you have a strong case, the odds are on our side.

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Understand your Assessment

The key to protecting your interests from the tax man (or tax woman) 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). Many offices will have a helpful assessment answer book that tells how the process works. Take a few moments to read their suggestions.
- Obtain the facts on the actual sale price of properties like yours
 - Listings of all properties similar to yours that sold in your area recently. If only a few were sold, go back further in time. (Ask assessment staff to explain the resources available to you).
- Review how the tax assessor has described your own property record. Note any blatant inaccuracies. Have they made errors in measuring the size of your lot, or the 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.. Have they said there are two fireplaces when there is only one?
- 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 Step-by-Step Guide can be accessed by:
 - Online at www.Saskatchewan.ca or click [HERE](#)

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- The following information may be required about the property for which you are requesting a review with your local municipalities Board of Revision.
 - The assessment role number
 - Your reason for requesting a review
 - The property description (e.g.. address)
 - You full name
 - Your mailing address
 - Your 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 agents' business phone number
- Be prepared to substantiate your claims with proof of property size and if possible, provide pictures, classification of property
- Remember, you have to prove that your home has been given too high an assessment relative to other properties like it. If possible, find several comparable homes that have sold recently in your area and determine their selling price. Your real estate representative can help with this.
- Your sales representative will advise you where to obtain the information on your assessment. Or you can hire an independent real estate appraiser for a fee.
- Finish assembling your case. Gather copies of all the supporting documents you will need. For example: 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).
- Appeals must be made within 30 days (60 days in the year of revaluation) of the assessment roll being advertised or of the mailing of the assessment notice, you must file your appeal at the address shown on the assessment notice. This may be done in person, or by ordinary or registered mail.
- A notice of appeal form may be obtained from any municipal office. Its content requirements are set out in legislation. An appeal form accompanies the assessment notice that you may receive from the municipality. Forms are also found in assessment regulations accompanying the municipal Acts. You may access these forms on the Queen's Printer website at: www.qp.gov.sk.ca.

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- Unless the assessor has actually visited your property (and often they do not), he or she has no way of knowing about these facts unless you speak up. Many assessors are reasonable people; sometimes explaining the facts will encourage them to re-assess the property (although usually you must file a written appeal to ensure that this happens). Assessors deal in appearances and averages. If your home has received too high an assessment, it may be because the assessor is unaware of something about the home, or the neighbourhood, that lowers the real value. You must identify what that “something” is, and bring it to the attention of the tax assessment office.
- The first stage (Board of Revision) must be concluded and decisions made as follows:
 - In cities, within 180 days of publishing the notice respecting the mailing of assessment notices;
 - In all other municipalities, within 90 days (120 days in year of revaluation) of publishing the notice respecting the mailing of assessment notices

You and any party to the appeal are entitled to appeal the decision of a board of revision to the Assessment Appeals Committee (AAC).

- An appeal to the Saskatchewan Municipal Board’s Assessment Appeals Committee (AAC) must be made within 30 days of being served with a decision of the board of revision. In the case of the omission, neglect or refusal of the board of revision to hear or decide an appeal, the request must be made within the calendar year for which the assessment was prepared.
- Sources from which to obtain appeal forms include:
 - From the AAC;
 - From the “Assessment Appeals Manual” found on the Government Relations’ website at www.gr.gov.sk.ca;

REMEMBER YOU MUST HAVE AND BE ABLE TO VERIFY A VALID CLAIM WITH SUBSTANTIAL EVIDENCE TO HAVE YOUR TAX ASSESSEMENT CHANGED FROM ITS CURRENT ASSESSMENT.

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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. (See the information sheet with specific details on your area.)
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, barn, 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 \$,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, debt, etc.
Tax Rates;	A portion of the government's operating budget divided according to each property owner's total assessed value of land. 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.