



The Corporation of the Town of Grand Valley

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GRAND VALLEY

www.townofgrandvalley.ca

Essential Property Tax Information for New Home Owners

Do you know that as the owner of a newly constructed residence, the full assessment value of your home may not be determined for a **full year**? As a result, there may be additional property taxes owing on your property backdated to the date you took ownership of the home.

To explain, the Municipal Property Assessment Corporation ("MPAC") is responsible for determining the value of the land and the structures that you own for the purposes of calculating property taxes and once MPAC determines the assessment value, the Town is advised. Only then can the entire property tax calculations be completed. It usually takes MPAC approximately 12 months to notify our office of the full assessment value of your property and as a result, the Town may have to bill you for multiple years of property taxes all at once. To learn more about MPAC, please visit their website at www.mpac.ca.

Since property assessment values are to be relative to market values, the Town can assist you in estimating your ultimate property tax obligations in advance of MPAC completing their assessment work. For example, let's assume a new home is purchased on June 30, 2016 for \$424,000. At the time of acquisition (the time you purchased the home), MPAC has only assessed the vacant land with a value of \$74,000. On January 1, 2017 MPAC follows up with a Supplementary Assessment Notice for \$354,000 (effective June 30, 2016) which represents the value of the improvements to the vacant land, being the house construction.

Calendar Year	Details	Assessment Value	Tax Rate	Effective Date	Property Taxes	Taxation Year	
						2016	2017
2016	Taxes on Land Value	\$ 74,000	1.301834	20-Jul-16	<u>\$ 481.68</u>	\$ 481.68	
	Total Property Taxes Paid					<u>\$ 481.68</u>	
2017	Taxes on Land Value	\$ 74,000	1.273974	20-Jan-17	\$ 942.74		\$ 942.74
	2016 Building(house)	\$ 354,000	1.301834	30-Jun-16	\$ 2304.25	\$ 2304.25	
	Supplementary Taxes						
	2017 Building(house)	\$ 354,000	1.273974	20-Jan-17	\$ 4509.87		\$ 4509.87
	Supplementary Taxes						
Total Property Taxes Paid					<u>\$ 8238.54</u>	<u>\$ 2785.93</u>	<u>\$ 5452.61</u>

As you can see by the above example, this property owner would have only paid \$481.68 in property taxes for 2016 even though their fully assessed obligation is \$2785.93. The additional taxes for 2016 will be billed in 2017 in addition to the 2017 taxes of \$5452.61 for total bills of \$8238.54 in 2016.

Property owners can help themselves to avoid "catch-up" tax bills by contacting the Town's Finance Division. Finance can provide you with an estimated tax payment schedule that will avoid the need for catch-up tax payments at a later date.

In addition to helping you understand your property taxes, the Finance Division staff can also discuss the various payment options, including pre-authorized payment plans that are available to you to assist in planning for your eventual property tax obligations. Generally speaking, residential property taxes are due to be paid at the end of February, May, August, and November of each year.

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Finance Division