

**A GUIDE**  
**TO**  
**PROPERTY ASSESSMENT**  
**IN**  
**NEWFOUNDLAND & LABRADOR**



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## What is Property Assessment?

Property assessment for taxation purposes and its administration is a complex and technical process that is vital to the financial health of local government.

**Property Assessment is the process of establishing a dollar value for property for property tax purposes.** Property tax is an “ad valorem” tax based on the principle that the amount of tax paid should depend on the value of the property owned. Although income and sales taxes are the main sources of revenue for the provincial and federal governments, property tax remains the major source of local government revenue. Generated from within the community, property tax helps to finance such local government services as garbage collection, water and sewer, parks and leisure and fire protection.

Assessed values of properties for tax purposes must be accurate so that the tax burden will be distributed fairly and the public will have confidence in the Municipal Council and the local tax administration.

### Property Assessment in Newfoundland & Labrador

Real Property Assessment (as we call it today) for the province is administered by the Municipal Assessment Agency. The Agency is an independent corporation established under the “Corporations Act.” It is owned by the Crown and is governed by a twelve person Board of Directors. Taxpayers, the municipal sector and the provincial government all have representation on the board. The legislation that governs the assessment system is called:

**“An act respecting the assessment of property for the purposes of the imposition of real property taxes”**

*The Assessment Act, 2006*

228 municipalities in the province are involved in provincial property assessment system. More than 175,000 properties, commercial and residential, have been assessed to date.

## Some Key Terms

The Assessment Act states that an assessor “shall assess property at its actual value.” In forming an assessment, the assessor “shall have regard to the assessment of other properties in the municipality being assessed to ensure that the taxation falls in a uniform manner upon the real property that is subject to taxation in the municipality.” One of the tools to achieve uniformity is by using a “base date” on which to set the property values. What are “actual value”, “uniformity” and “base date”? These words require some explanation to be properly understood.

Reference: Assessment Act—Sections 17

### ACTUAL VALUE

Actual Value means that value being the market value of the fee simple interest in the real property.

### MARKET VALUE

Market value is the amount of money that probably would be arrived at through fair negotiations between a willing seller and a willing buyer. Consideration is also given to the uses to which the property may be put. The following characteristics of market value should be noted:

- is the most probable price, not the highest, lowest, or average price
- is expressed in terms of money
- implies a reasonable time to be exposed to the market
- implies that both the buyer and seller are informed of the uses to which the property may be put
- assumes an arms-length transaction in the open market
- assumes a willing buyer and a willing seller, with no advantage being taken by either buyer or seller
- recognizes both the present use and the potential use of the property

The *Municipalities Act* says that all municipal councils **may** impose a real property tax.

The council of a municipality **must** impose a business tax on anyone conducting business in the community. This tax is also based on the assessed value of the business property and land. The tax is payable by the owner and/or the tenant of a business.

After all the real property has been assessed, the council uses the information to set the mil rate. The mil rate is then used to establish individual tax bills.

Reference: Effective January 1, 2000—*Municipalities Act*-Sections 112, 113 and 120

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## Mil Rate Calculation

Each year, council, during its budgetary process, approves the amount of revenue required to operate the municipality. From this amount they subtract the known revenues, such as grants, licences, permits and soon. The remainder represents the amount of money to be raised by property taxes. The amount to be raised is divided by the total value off all the property in the municipality and multiplied by 1,000 to decide the tax rate also known as the “mil rate.” The calculation expressed as an equation is as follows:

$$\frac{\text{amount to be raised}}{\text{total taxable assessment}} \times 1,000 = \text{Mil Rate}$$

The word “mil” is derived from the Latin word for one thousand (1,000). In tax terms, one mil is equal to 1/1000 of a dollar or one dollar (\$1.00) in tax for every one thousand dollars (\$1,000) of assessment.

**A sample calculation:**

A town needs \$30,000 to balance its budget. The total taxable assessment for all properties is \$5,000,000.

$$\frac{\$30,000 \text{ (amount to be raised)}}{\$5,000,000 \text{ (total taxable assessment)}} \times 1,000 = 6 = \text{Mil Rate}$$

The mil rate must be applied uniformly throughout the community, although certain properties, such as churches and schools are exempt from real property tax. Council, itself, may exempt certain property owners from paying property tax. That is why the mil rate is calculated on the total **taxable** assessment.

**PROPERTY TAX CALCULATION**

The amount of municipal tax payable by a property owner is calculated by multiplying the mil rate by the assessed value of a property and dividing by 1,000.

$$\frac{\text{Mil Rate} \times \text{Assessed Value}}{1,000} = \text{Property Tax Bill}$$

Using 6 as the mil rate, a taxpayer with a property valued at \$55,000 would be sent a tax bill for \$330.

$$\frac{6 \times \$55,000}{1,000} = \$330$$

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## UNIFORMITY

The idea of uniformity implies that the assessor, using standardized and acceptable assessment procedures, will consider all properties that are similar to the one being assessed. The value should then be similar to those other properties. Taxes for that property should be similar as well.

## BASE DATE

Base date is the date that the values of the properties in a Municipality are set for that particular assessment cycle. Any special or supplementary assessments carried out after this date will relate to the property values that were assigned as of this “base date.”

### **Base Date**

**The base date for all municipalities is:**

January 1, 2008 or January 1 of every third year after 2008

*(Definitions Assessment Act, 2006)*

## **Relation Between Assessed Value and Municipal Taxes**

Now that we have looked at the history of property assessment and the basic principles of property taxation, the questions now become “How are tax rates decided and by whom?” and “What is the relationship between property assessments and municipal taxes based on the assessments?”

### **Remember**

Tax rates are decided by the municipal council **not** by the Assessor or the Municipal Assessment Agency

The **assessor's job** is to determine the actual value of the properties in a municipality. **The council's** job is to set the rate, calculate and send out the tax bills and collect the taxes.

## Myths About Property Assessment

Over the years, several myths have evolved concerning the role of assessors and their impact on property taxes. These myths are a result of misunderstandings of property owners as to the exact role assessors play. Historical attitudes of taxpayers toward the assessors of yore may play a part as well.

### Myth One:

Assessors have control over the tax rates.

### Reality:

Not so! The **municipal council** sets both the property tax rate and the business tax rate.

### Myth Two:

Assessors create the actual values for properties in a municipality.

### Reality:

Not true! **Buyers and sellers** in the market **create actual value**. The assessor merely studies the market and collects information about properties to **estimate value**.

### Myth Three:

Town councils inform the Assessment Agency of their financial picture before assessments are started so that the assessed values will be what is required.

### Reality:

The Assessment Agency has no such information, and even if it did, it would not be able to defend values based on the financial state of the councils. Assessments for towns and cities reflect fair market value as of the base date.

### Myth Four:

If the assessed value on a property rises or falls due to a reassessment, then taxes will rise or fall accordingly.

### Reality One:

If property values rise or fall in a municipality and there is no need to raise **additional** revenue, the council may adjust the mil rate to maintain tax bills at the levels prior to the changes in valued. The following example may help:

- A municipal council has decided that it needs to raise \$1 million in property tax.
- The assessors have estimated the total assessed value of all the taxable properties in the town at \$100 million.
- The mil rate is then calculated by dividing the amount of taxes to be raised by the total assessed value and multiplying by 1,000:

$$\frac{\$1 \text{ million (amount to be raised)}}{\$100 \text{ million (total taxable assessment)}} \times 1,000 = 10 \text{ Mils}$$



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If the property owner is not at home, the assessor will leave a "NOTICE OF VISIT" at the house similar to the one below.



MUNICIPAL  
ASSESSMENT  
AGENCY INC.

## NOTICE OF ASSESSMENT

Municipality: \_\_\_\_\_

Prop. Address: \_\_\_\_\_

Date: \_\_\_\_\_

A property assessor visited your property and you were not at home. **Please contact the assessor so that we may gather the information required (or) confirm the information we have on file.**

**Reason for Visit:**      **Obtaining Property sale Information**  
                                 **Assessment Appeal**  
                                 **Reassessment/Supplementary Assessment of Property**

Comments: \_\_\_\_\_

Your prompt attention would be greatly appreciated

\_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_

Toll Free: 1-877-777-2897

\_\_\_\_\_  
ASSESSOR

## **The On Site Inspection:**

### **RESIDENTIAL INSPECTIONS: (A) IF THE PROPERTY OWNER IS HOME:**

An introduction at the door to the property owner (ID must be visible), including explanation for inspections

An interior inspection must be completed (main floor(s) as well as basement).

All buildings including outbuildings must be measured

### **RESIDENTIAL INSPECTIONS: (B) IF THE PROPERTY OWNER IS NOT HOME:**

A notice of visit must be left

The inspection field on the data must be coded accordingly

All pertinent data available from the exterior must be recorded. (ie house measurements, out buildings, basement finish etc.)

### **COMMERCIAL INSPECTIONS:**

1. Review parcel summary report and note the following before entering the property:

- Number of tenants and assigned areas
- Total building area and use
- If a sale has taken place that may not have been investigated

2. Complete interior inspection of property:

- Confirm that all tenants on report exist
- Confirm tenant area and location in building, ie first floor, basement etc.
- Provide common area measurements
- Provide tenant use, ie office, retail, warehouse, etc
- If tenant no longer occupies property, make sure assessor is instructed to delete tenant from records
- Pick up any new tenants; make sure that area, use, location in building, legal name, trade name, and mailing address are provided
- If property owner or representative is available, confirm lease information and investigate any sales

3. Complete exterior inspection:

- Make sure building measurements are correct
- Provide sketch on back of commercial costing card showing all measurements
- Take picture of property

4. Compile all information and return to Commercial Assessor:

- Make sure commercial card is completed and includes all the information required
- Make sure picture is loaded to system before returning file to Assessor.
- Return file to Commercial Assessor on a regular basis, ie every Friday or earlier if available

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## Assessor's Responsibilities

- Assessor has the right to have access to a property at any reasonable time to carry out his/her duties.
- All information concerning the property that would help the assessor is required to be provided by any adult present at the time of the visit.
- If the necessary information cannot be supplied at the time of the assessor's first visit, then the assessor can request either orally or in writing, the particulars from anyone who may have knowledge of the property. "Anyone" can include: owners, tenants, architects, contractors, etc. The information can vary from sale prices or rentals paid to construction and operating costs.
- The person who was written has 45 days from the date of delivery or mailing to provide all the information within his or her knowledge or possession. Any information that the person is unable to provide should be noted in the correspondence.
- If the assessor is not satisfied with the accuracy or truthfulness of the information supplied, he/she has the right and a duty to challenge it.
- The assessor has the right to make an assessment of any property with or without the detailed information concerning that property. The assessment is based on the fair market value.
- An assessor is not required to accept the information given by anyone concerning the property.
- If a person claims ownership of a property and the assessor has reason to believe that the individual in question does not have legal title to it, the assessor can leave the person's name off the assessment roll.

## PENALTIES

- A person who refuses to permit an assessor to enter real property or to provide information shall not be entitled to appeal an assessment until access is granted or the information is provided.
- For any offence under the act a person may be fined.
- Reference Sections 7 and 47 of the *Assessment Act, 2006*

## **Assessment Notice**

This is the tax year

Date of mailing.

This area identifies the base date

**1** Parcel Number: 999-999  
Property Address: 20 SOME STREET  
Municipality: SOMETOWN

**THIS IS NOT A TAX BILL**  
Tax Bills are issued by your Municipality

**2** **2010 Assessed Value**

NON-TAXABLE	\$	0
TAXABLE	\$	55,200
BUSINESS TENANT	\$	0

The 2010 assessment is based on January 2008. This is the value your municipality will use to calculate your 2010 property taxes.

**4** **Previous Assessed Value**

NON-TAXABLE	\$	0
TAXABLE	\$	41,200
BUSINESS	\$	0

The previous assessment is based on January 2005.

**3** **APPEAL DEADLINE**  
If you wish to appeal your assessment, your appeal must be received or postmarked no later than **November 1, 2009**.  
The appeal process and form is on the reverse side.

**5** **Questions?**  
Call us at 1-877-777-2807 or visit our website, [www.maa.ca](http://www.maa.ca).

9999 999-999  
SCMB, OWNER  
20 SOME RD  
SOMETOWN ND A1A 1A1

If the name or address on this notice are incorrect, complete the name/address correction section on the shaded area below and return the document.

**MUNICIPAL ASSESSMENT AGENCY**  
P. O. BOX 334  
GANDER NL A1V 2W7

**Name/Address Correction**

This is the owner's name and mailing address.

Address corrections should be noted in this area and returned to the indicated address.

**Box 1** – Parcel identification, including the parcel number, street address, and municipality where the property is located.

**Box 2** – The assessed value; this valuation will be used by the municipality to calculate the taxes. Tax rate times the assessed value will equal the taxes payable.

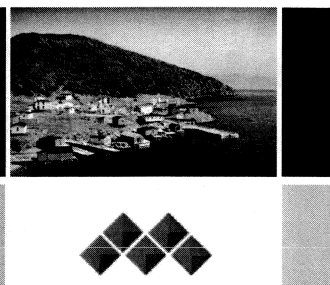
**Box 3** – The deadline to file an appeal. The legislation does not permit the Agency to accept late appeals.

**Box 4** – The previous value; the value on the previous notification for this property.

**Box 5** – Our contact information.

# factsheet

## Understanding your Assessment



### Who does the Assessment?

Your property assessment is completed by the Municipal Assessment Agency, a crown agency, at arm's-length from the municipality.

### Does the agency visit every property?

No. Our schedule of field visits is determined by property sales, physical changes, requests for visits and planned property inspections. To request a property visit, please contact the Agency by telephone at 1-877-777-2807.

### Should I appeal?

Ask yourself - "Is the assessment of my property fair in relation to its actual value as of January 1, 2008?" If you wish to find out more information on the Municipal Assessment Agency and what we do, please go to our web site [www.maa.ca](http://www.maa.ca) or call us, toll free, at 1-877-777-2807.

### How is property assessed?

Property is assessed at actual value in accordance with the legislation. For most property, this means the market value as of the base date, January 2008. When estimating the market value, the assessor analyzes property sales in the area. They consider characteristics such as size, age, quality, condition, and location that vendors and purchasers consider when establishing a sale price. The real estate market determines the value and the assessor reports it.

### Notice of Appeal Form

**Appeal Deadline Date:** November 1, 2009.

I hereby appeal against the 2010 Tax Year Assessment of:

**Parcel ID:** 999-999

**Property Code:** 2001

**Property Address:** 20 SOME STREET

**Municipality Number:** 9999

This appeal is made on the following grounds:

\_\_\_\_\_

Signature: \_\_\_\_\_

Phone (Res): \_\_\_\_\_

Cel: \_\_\_\_\_

### Appeal Process

If you wish to appeal this assessment, follow these steps:

1. Complete the Notice of Appeal section below.
2. Return the Notice of Appeal to:  
**MUNICIPAL ASSESSMENT AGENCY  
P. O. BOX 334  
GANDER NL A1V 2W7**
3. Appeals must be received or postmarked no later than November 1, 2009.
4. On receipt of your appeal, an assessor will review the property file and may contact you to discuss or arrange a property inspection.
5. You will be advised by mail of the result of the review.
6. If you wish to request a hearing at the Assessment Review Commission, please follow the instructions on the appeal review results form.

Date: \_\_\_\_\_

(Bus): \_\_\_\_\_

E-mail: \_\_\_\_\_

**Toll Free:** 1-877-777-2807

**E-mail:** [info@maa.ca](mailto:info@maa.ca)

**Website:** [www.maa.ca](http://www.maa.ca)

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## **Appeal Guide**

The province's assessment process provides certain safeguards to insure the rights of property owners to a fair and uniform assessment of their property. Under the Assessment Act, property owners who are dissatisfied with their assessment, may make an appeal to have the assessment reviewed. This section covers how the appeals should be made and handled by all concerned.

The deadline to file an appeal is thirty days after the mailing of the assessment notice. The exact date can be found in box 3 on your assessment notice. Please note, the appeal must be received or postmarked on or before the date indicated. The legislation does not permit the Agency to accept late appeals.

#### STEP 1 - REVIEW YOUR ASSESSMENT NOTICE

When you receive your assessment notice, please review the details listed carefully;

- Is the information on the notice correct?

The value on your assessment notice should reflect the value of the land improvements as of January 1, 2008.

You can also visit our website, [www.maa.ca](http://www.maa.ca) and follow the link *Search Assessments Online* to compare your assessed value with other properties on your street or in your community.

#### STEP 2 - DISCUSS YOUR CONCERN

If you believe the information on your notice is incorrect, contact the Municipal Assessment agency by telephone, toll-free at 1-877-777-2807. Your call will be directed to the office responsible for your property.

An Assessor will:

- Discuss your property file
- Explain the valuation process for your property.

You may request a copy of your property's detailed information.

#### STEP 3 - FILING THE APPEAL

If you are still concerned, you may file an appeal of the assessed value. Please complete the form on the back of your assessment notice and return it to:

Municipal Assessment Agency  
PO Box 334  
Gander, NL A1V 1W7

Please be as detailed as possible when stating the grounds for appeal. If you appoint an agent, please provide the name and contact information for the agent. Please note that your appeal must be received or postmarked no later than the date indicated on the front of your notice in box 3.

Once we receive your appeal, an Assessor will be assigned to review your property file. The Assessor may contact you to discuss your appeal or to arrange a property inspection. You will be advised by mail of the results of the review.



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#### STEP 4 - REQUESTING A HEARING

If you are not satisfied with the results of your review, you may request a hearing at the Assessment Review Commission, your request must:

- be in writing
- be accompanied by a cheque or money-order for twenty-five (\$25) dollars payable to the Municipal Assessment Agency.

The filing fee is fully refundable, if your appeal is upheld by the Assessment Review Commission.

The Commission consists of one-member, appointed by the municipality. The Commissioner has no authority over taxes or taxation levels in the municipality. You will be advised by the Commissioner of the date and time of your hearing.

#### STEP 5 - THE HEARING

Appear at your scheduled hearing. A typical residential appeal may take up to 30 minutes.

For residential appeals, the Agency will usually present its case first and you will be invited to ask questions. Following the assessor, you will be asked to present your information.

The *Assessment Act, 2006* gives direction to the Commission:

- 37. (1) A Commissioner, after hearing the evidence, shall confirm or amend the assessment appealed against by increasing or decreasing, it but the Commissioner shall not amend an assessment only on the ground that it is above or below the actual value if the assessment bears a just and fair relation to the value at which other properties are assessed in the city or a municipality.

No later than 15 days following a decision, the results will be mailed to you.

#### STEP 6 - APPEALING THE DECISION

If you are not satisfied with the Commissioner's decision, you can file an appeal with the Trial Division, Supreme Court of Newfoundland and Labrador.

- Your appeal must be filed within thirty days of mailing or delivery of the decision.

*Assessment Act, 2006* Section 39.

*(5) The court shall either confirm or vacate the decision of the Commissioner and, where vacated, the court shall refer the matter back to the Commissioner with the opinion of the court as to the error in law or jurisdiction and the Commissioner shall deal with the matter in accordance with the opinion.*



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## **Assessment Roll Maintenance**



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There are routine assessment roll maintenance practices that a municipal clerk should be utilizing. They are designed to keep the roll updated and accurate. This is especially important since falling behind may mean loss of needed revenue and unnecessary delays in the preparation and distribution of the assessment roll and notices. The loss of equity in the entire assessment is also a problem.

#### SUPPLEMENTARY ASSESSMENTS

Where a major change in the nature or use of a property impacts significantly on the property or business taxes levied, the municipality will request a supplementary assessment. This is so that the taxes reflect the new value of the property in question. Some important points to remember about supplementary assessments are:

- Requests for supplementary assessments should be sent by the municipal clerk monthly to the Assessment Agency. A Supplementary Request Form is used for this purpose.
- Properties requiring supplementary assessments would include:
  - new construction
  - extensions on existing buildings
  - major renovations
  - status changed- taxable to non-taxable or vice versa
  - land that has been subdivided
  - when structures have been removed
  - new businesses
- The assessor will complete any required supplementary assessments and supply the municipal clerk with a supplementary roll. The Agency mails or delivers the notices to the property owners by the date specified on the notices.
- Supplementary assessments may be appealed. Appeals are handled in the same way as the annual assessments.

#### REVISED ASSESSMENTS

When an error is discovered in an assessment, the Assessor may issue a revised assessment.

This can occur when:

- a property owner requests an inspection
- the Assessor discovers an error when reviewing a nearby property

Revised assessments may be appealed.

## REGIONAL CONTACTS

### Labrador

Labrador Office  
Municipal Assessment Agency  
P.O. Box 3014  
Happy Valley-Goose Bay, NL  
A0P 1E0  
Telephone: 896-5393  
Fax: 896-8847

### Western

Director of Valuation  
Western Regional Office  
Municipal Assessment Agency  
24 Brook St.  
P.O. Box 143 Stn Main  
Corner Brook, NL  
A2N 6C7  
Telephone: 637-7150  
Fax: 637-7162

### Central

Director of Field and Data Services  
Central Regional Office  
Municipal Assessment Agency  
165 Roe Ave.  
PO Box 570  
Gander, NL  
A1V 2E1  
Telephone: 651-4460  
Fax: 651-4473

### Eastern

Residential Manager  
Municipal Assessment Agency  
75 O'Leary Avenue  
St. John's, NL  
A1B 2C9  
Telephone: 724-1510  
Fax: 724-1531

Toll Free #      1-877-777-2807  
Web Site        [www.maa.ca](http://www.maa.ca)