

24 March 2020 Draft Rates postponement policy

Existing policy

INTRODUCTION

This policy is prepared under sections 102 and 110 of the Local Government Act 2002.

OBJECTIVE

To assist ratepayers experiencing extreme financial circumstances which affect their ability to pay rates.

CONDITIONS AND CRITERIA

Only rating units used solely for residential purposes (as defined by Council) will be eligible for consideration for rates postponement for extreme financial circumstances.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application. The person entered on Council's rating information database as the 'ratepayer' must not own any other rating units or investment properties (whether in the district or in another district).

The ratepayer (or authorised agent) must make an application to Council on the prescribed form.

Council will consider, on a case-by-case basis, all applications received that meet the criteria described in the first two paragraphs under this section.

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

Before approving an application Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care and proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.

Before approving an application Council must be satisfied that the ratepayer has taken all steps necessary to claim any central government benefits or allowances the ratepayer is properly entitled to receive to assist with the payment of rates.

Where Council decides to postpone rates the ratepayer must first make acceptable arrangements for payment of future rates, for example, by setting up a system for regular payments.

Any postponed rates will be postponed until:

- The death of the ratepayer(s).
- The ratepayer(s) ceases to be the owner or occupier of the rating unit.
- The ratepayer(s) ceases to use the property as his/her residence.
- A date specified by Council.

Council, as authorised by section 88 of the Local Government (Rating) Act 2002, will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year. The fee that will be charged in the 2009/10 financial year is \$50.

Even if rates are postponed, as a general rule the ratepayer will be required to pay the first \$500 of the rate account.

The policy will apply from the beginning of the rating year in which the application is made although Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit

Suggested additional rates postponement policy

INTRODUCTION

This policy is prepared under sections 102 and 110 of the Local Government Act 2002.

OBJECTIVE

To assist ratepayers experiencing financial hardship directly resulting from an event which affect their ability to pay rates.

DEFINITIONS

An event An event declared by Council resolution where the Council will define the type and/or the location of the properties affected. An event could be a natural or an economic event.

Financial hardship This when the ratepayer income reduces to a level where paying the rates would result in financial hardship.

Small business Is a business operated by a sole trader, partnership or a close company as defined by section YA 1 Income Tax Act 2007.

PROCEDURE

Once the event has been declared by Council, then the criteria, application process including application form will be available.

No applications for this policy can be made until Council has declared an event under this policy.

CONDITIONS AND CRITERIA

The rating unit is a property that is affected by the event.

This part of the policy will only apply to rating units used for residential purposes or used by a small business (as defined above by the Council).

The rateable value of the property cannot be greater than \$1.5M.

The ratepayer must demonstrate to Council's satisfaction where paying the rates would result in financial hardship.

Only the person entered as the ratepayer (in the case of a closed company every director must sign the application form), or their authorised agent, may make an application for rates postponement for an event that resulted in financial hardship.

The ratepayer must be the current owner property for the previous six months at the time the event is declared.

The entity entered on Council's rating information database as the 'ratepayer' must not own any other rating units other than a residential property in the case of business or in the case of a business, their residential property.

The applicant must demonstrate to Council's satisfaction that the ratepayer has taken all steps necessary to claim any central government benefits or allowances the ratepayer is properly entitled to receive to assist with the payment of rates.

Council, as authorised by section 88 of the Local Government (Rating) Act 2002, will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.

Any postponed rates will be postponed until:

- The ratepayer(s) ceases to be the owner or occupier of the rating unit.
- One year after the Council resolves the effects of the event are no longer felt in the community. At that date, the ratepayer must make arrangements to repay outstanding rates.
- Or a date specified by Council.

Note.

The resolution of Council supporting the application of the policy must include:

- What the event triggering the policy is, and how the event will impact the community.
- What types or location of properties are effected by the event.