

How to lower your property taxes

Save thousands by cutting your property tax bill.

Einstein's general theory of relativity. Lady Gaga's popularity. Your home's assessed value. Some things just seem utterly incomprehensible. But solving the property tax assessment mystery is worthwhile: appealing an incorrect valuation could save you thousands of dollars.

Here's how to do it:

Check for fairness

Property taxes, which pay for most municipal services, are the product of your home's assessed value multiplied by the local tax rate. You can't change the tax rate, but you can argue that you have been over-assessed. Begin by checking your home's assessment report. This is typically a computerized estimate of your home's selling price, based on sales information from a particular assessment date. Is it fair? If a similar house on your block sold for much less than your valuation around the time of the assessment date, you may have evidence of over-assessment.

Fix factual errors

Assessments are carried out by provincial agencies or municipalities. If you've spotted a factual error on your assessment—it claims you have a two-car garage when you don't—you can often get this fixed by simply calling the assessor. If there are no clear-cut mistakes, but you still think you've been over-assessed, you will need to officially appeal your assessment.

Prepare your case

The more unique your house, the harder it is to value—and the better your chances of winning an appeal. "If you live in a cookie-cutter neighbourhood, assessments are usually pretty accurate," says William Howse, a Toronto tax lawyer. "But as soon as you get anything unusual in features or lots, or get into pricier neighbourhoods, then the computer can have big problems." An older or smaller house in an expensive area or proximity to a busy road, railway or school can provide a strong case for appeal.

Compare, compare, compare

Find comparable local homes that sold around your assessment date for less than your home's assessed value. This will be evidence that your assessment is too high. You'll need to show a minimum 5% difference between your assessed price and the selling price on three comparable houses to have a good chance of winning.

Chose wisely

Selecting the right comparison houses is the true art behind a successful appeal, says Howse. Pick comparables that are within 100 interior sq ft of your own house (30 sq ft for condos), and ensure the houses are the same quality as yours. For a formal appeal hearing, Howse strongly recommends hiring a

certified appraiser.

What are your odds?

Few homeowners challenge assessments, but of those who do, many are successful. Roughly 45% of Ontario property owners who submitted evidence of over-assessment last year got their valuations reduced.