



# AUSTIN REAL ESTATE CONSULTANTS

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## ***BUDGETING FOR YOUR ANNUAL TAXES.***

The city or municipality creates a budget. A certain amount of that income will come from property tax. In January, each year, you will receive the assessment notice which will contain your assessed value for that year. In May/June, you will receive a tax notice.

BC Assessment values all land and improvements in each jurisdiction. The taxing authority determine how much of the revenue is to come from each class of property. A **mill (tax) rate** is created for each class as follows:

$$\frac{\text{Total municipal revenue for each class} \times 1000}{\text{Total assessed value of all properties in that class}}$$

The tax for an individual property is:

$$\text{Mill rate} \times \text{Assessed value} / 1000.$$

To make it simple: if your assessment went down by 15% and the average fall in your municipality is 15% then the only tax increase will be what the municipality adds.

There are a number of variables that will affect the calculations of taxes for each property:

1. If your assessments do not change in proportion to the change of total assessments in your particular class (residential, commercial), then your taxes could go down or up. For example, if the change in assessed value on your property was an decrease of 6% from last year and the total overall assessments of all properties in that class decreased by 15%, your assessed values will go up.
2. The mill rate can change to reflect the fact that a municipality required one particular class of property to pay a greater share of its taxes this year than last year. For example, the mill rate for commercial may increase whereas the mill rate for residential may remain the same. Hence your commercial assessment would go up unproportionately to the percentage increase of the total taxes required by the municipality.
3. In the city of Vancouver land averaging will affect taxes.