

Business

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ASK A LAWYER

Timing may be right for property tax appeal

Q. Would a property tax appeal make sense in this tough economic climate with real estate values on the decline?

In the wake of the sub-prime mortgage crisis, unprecedented government bailouts and plunging investment portfolios, the troubled real estate market will likely continue to decline for some time. You could be left paying too much in real estate taxes if your town fails to account for this decline. If you believe your town has over-assessed your commercial property, you may be able to lower your real estate taxes by filing a tax appeal.

In January of every year, your town provides you with an assessment card identifying the value it has assigned to your particular property. It is a sound business practice to have this assessment reviewed annually and to pursue an appeal if the value assigned by the town seems unreasonably high. This applies whether you own the property or are responsible for making real estate tax payments pursuant to a lease.

The first step in this review involves determining the method your town uses to establish property value, as each town assesses property values differently. After you obtain the information, a simple calculation will help determine if your property's value has been improperly assessed. In many cases, the fair market value of the property is less than the amount set by the town.

If an appeal appears warranted, your attorney will then consult with a professional appraiser to confirm that the property has been over-assessed and commence an appeal with the Tax Court or county Board of Taxation. During the appeal process, you and the town will present evidence regarding the property's value. If your property is found to be worth materially less than the amount assessed by the town, your property taxes will be reduced for the current tax year and the two that follow.

Because all tax appeals must be filed no later than April 1 of each tax year, it is essential you take action as soon as you receive your annual property tax assessment card from your town. Consulting with an experienced attorney early in the process will help you to realize the maximum tax savings available.

Carl Rizzo is a member of, and Christopher Massaro is an associate of the litigation department and real property taxation subgroup of Cole, Schotz, Meisel, Forman & Leonard P.A., the largest law firm in Bergen County. Contact: crizzo@coleschotz.com (201-525-6350) or cmassaro@coleschotz.com (201-525-6272). This article is not intended to be legal advice, which can be given only after the attorney understands the facts of a particular matter and the goals of a client.

Do you have a business question for a lawyer? Send it to Business News@northjersey.com.