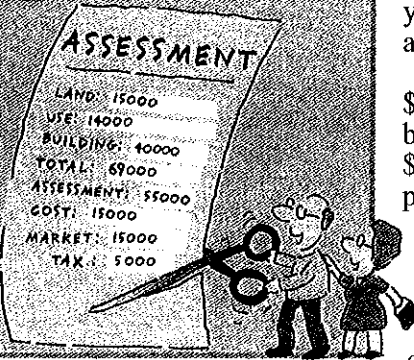


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Moneysaver

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Slash Your Rising Property Taxes Here's How



Home owners are feeling wealthier these days, as prices continue to soar in most parts of the country. But that's bad news, too. While you might be enjoying unprecedented paper profits, you likely are suffering increased costs as property taxes rise along with housing values. Taxes have climbed 36.6% over the past five years on average. Last year alone, property tax collections rose 7% nationwide.

Not only do you have to pay higher property taxes, you might not be able to deduct them on your tax return.

Why: State and local taxes are not deductible against the federal alternative minimum tax (AMT), which an increasing number of taxpayers must pay.

Fight back. Don't accept a higher valuation on your home, and the higher taxes that result, without a challenge. An appeal might lower your tax bill. What's more, gaining tax relief from a lower valuation this

year will pay off in the future. You'll owe less tax each year as a result of your reduced valuation.

OVERVALUED, OVERTAXED

According to the nonprofit National Taxpayers Union, as much as 60% of all taxable property in the US is overassessed. Overassessment, in turn, leads to unnecessary tax payments.

Key: Property taxes must be the same percentage of the property's value, from one property to another, within the same jurisdiction. However, equivalent pieces of property commonly are assessed at different levels of their value.

Owners who can show that their properties are assessed at a higher percentage of value than similar property often can obtain tax reductions.

Many taxpayers are reluctant to question an assessment that they believe is below the current market value of their property. However, a low assessment may still be unfair.

Example: Say your home is worth \$500,000, and the jurisdiction's regulations state that such property is assessed at 100% of fair market value. If the assessed value shown on your real estate tax bill is \$400,000, you might be inclined to accept the assessment and pay the tax.

However, if other houses worth \$500,000 in the same jurisdiction are being assessed at an average of \$350,000, you would definitely be paying more than your fair share of the real estate tax burden. A protest might lower your tax bill.

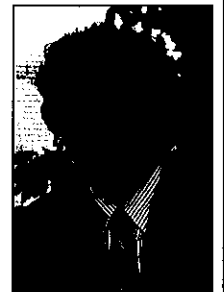
TIMING IS CRITICAL

In most jurisdictions, the procedure for protesting an assessment is fairly straightforward. Periodically, typically annually, you will be mailed an assessment of your home's value from your local taxing authority. There is a deadline to file an appeal and a specific process that must be followed.

Step one, then, is to learn how soon an appeal must be filed. If the date is not on your assessment notice, call your local assessor's office to find out.

Caution: Missing the deadline by even one day means that you have

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accepted the assessment and can't appeal until the next round of notices, which might be a year or more away.

You should send your request for an appeal by certified mail with a return receipt requested, in order to prove that you have complied with the deadline.

INDICATE THE INACCURACIES

Once you've filed your protest, you need to build a case that will reduce your tax bill.

One way to lower your assessment is to show that it contains actual errors. *Examples...*

- Your home is assessed at a higher rate than authorized by law.
- Your home's square footage was incorrectly calculated.
- Your home is listed as newer than it really is.
- Your home is listed as having more bedrooms or bathrooms than is the case.

Ask the assessor's office for a copy of your property record card to check to see if the information is accurate.

FINDING FLAWS

In some parts of the country, age, square footage, number of rooms, etc., matter very little, if at all. Instead, your assessment will be based on recent home sales in your locality.

You can find information on comparable homes and their recent selling prices at the assessor's office. If this search shows that your assessment is not equitable compared with

other valuations of similar property, you have grounds for a protest.

In addition, make sure that you have received all exemptions for which you qualify. These exemptions, which vary by locality, may remove a portion of your property's value from taxation.

Exemptions may apply to the elderly, home owners with disabilities, veterans, or widows or widowers, to name a few.

LEARN THE PROCEDURE

In some jurisdictions, informal meetings with the assessor are allowed. You might point out any errors and the resulting overvaluation, then walk away with a tax cut.

If such meetings are not allowed, or if one proves fruitless, you'll have to file a formal protest.

Find out the required procedures and follow them to the letter. You don't want your protest to be denied because of a simple technicality.

You'll likely get a hearing date, so be sure you're well-prepared. If your local hearings are open to the public, sit in on several other protests, preferably several days before yours. Check out the process and try to get a feel for which arguments are most effective. When the day comes for your appearance, you might bring...

- A statement from a reputable third party, such as a well-regarded local real estate agent, who has measured your living space, for instance, or counted your bathrooms.

- Photographs. For example, if your home has value-lowering faults (such

as a cracked foundation), photos accompanied by a contractor's statement saying that you have a cracked foundation that needs repair, along with the cost of repair, will help.

- A chart showing recent sale prices along with data that compares your house with those sold.

Once your evidence is lined up, prepare a presentation that makes your points clearly and succinctly. Some hearing boards have a time limit for testimony, so be sure you'll be in compliance.

FINAL FLING

In some areas, a negative decision by a hearing board may be appealed to a local or state court. Again, find out the requirements and follow them carefully.

If you prefer not to do all the leg-work yourself, consider hiring a property tax consultant.

Some consultants will take a percentage of the first-year tax savings if they succeed in lowering your assessment. Others will charge flat fees or charge you by the hour.

Best: Ask a local real estate professional, such as an experienced agent or real estate attorney, for a recommendation.

For more information on protesting your property tax, visit the Web sites of the American Homeowners Association (www.ahahome.com, 800-470-2242) and the National Taxpayers Union (www.ntu.org, 703-683-5700).



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