



Property tax deferrals rise significantly

Homeowners in Nanaimo and across B.C. take advantage of programs to put off bills at low interest rates

BY DEREK SPALDING, DAILY NEWS JUNE 4, 2010

The number of Nanaimo homeowners deferring their property taxes has more than doubled in the past two years and the rate could climb again with a third program offered to struggling taxpayers with dependant children.

Tax deferrals reached 745 in 2009, up from 283 in 2007. A large portion of that spike came because the provincial government offered a new hardship deferral program last year aimed to help out homeowners who struggled during the economic recession. Across the province, deferral rates jumped 41% in the same period, climbing from 18,674 to 26,389.

The hardship program allows anyone with 15% equity in their home to delay paying their property taxes while incurring a 2.25% interest on the bill, which is similar to the new family deferral program that takes effect this year. Family deferral, however, caters to people with children under 18 still living at home.

The B.C. government has a deferment program for people older than 55 with 25% equity in their homes at .25% interest.

People should use the money to pay down high-interest commercial debt, according to financial experts, who urge people to curb their spending habits.

"It buys you a little bit of time, but you have to step back and look at what is causing the problem," said Terry Rogers, bankruptcy trustee with Smythe Ratcliffe debt consultants. "Those are good interest rates, so it would make sense if you had a whole bunch of high-interest rate consumer debt, but most people don't have the self-discipline to do that."

The programs do not reduce revenue for municipalities because the government pays the bill. The latest program was first introduced this year during Finance Minister Colin Hansen's speech from the throne.

The hardship deferral program is only available for one more year. There is no end date for family deferral.

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