

Tax appeal may be a sound business tactic

Thursday, January 14, 2010

The Record

Q. Do property tax appeals make sense for business owners in this economic environment?

In our current economic climate — characterized by high unemployment, rising vacancies and falling rental rates, along with great uncertainty in our capital and credit markets — the values of many commercial properties have significantly fallen. You could be left paying too much in real estate taxes if your town fails to recognize this decline by properly adjusting your real property tax assessment. If you believe your town has overassessed your commercial property, you may be able to lower your real estate taxes by filing a tax appeal.

In January of each 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 is 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 confirming your property's total assessment as fixed by the town. After you obtain this critical information, a simple calculation will help determine if the value has been properly assessed. In many cases, the fair market value of the property is lower than the amount set by the town.

If an appeal seems warranted, your attorney will consult a professional appraiser to confirm that the property has been overassessed and begin an appeal with the Tax Court or County Board of Taxation. During the process, you and the town will present evidence of the property's value. If your property is found to be worth materially less than the amount assessed by the town, your taxes will be reduced for the current tax year and the two that follow. In many cases, towns will settle a property tax dispute soon after an appeal is filed.

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.

Carl A. Rizzo is a member, and Christopher P. Massaro is an associate, of the commercial litigation department and real property taxation subgroup of Cole, Schotz, Meisel, Forman & Leonard PA, the largest law firm in Bergen County. They can be reached at 201-525-6350 (crizzo@coleschotz.com) and 201-525-6272 (cmassaro@coleschotz.com). This information is not intended as legal advice, which can only be given 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? E-mail businessnews@northjersey.com.

Find this article at:

http://www.northjersey.com/news/business/81430392_Tax_appeal_may_be_a_sound_business_tactic.html

Copyright © North Jersey Media Group