



Kaupapa Muru me
te Whakatārewa
Reiti

**Rates
Remission and
Postponement
Policy 2022**



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Policy purpose and overview

The objective of this policy is to:

- provide ratepayers with some financial or other assistance where they might otherwise have difficulty meeting their obligations
- address circumstances where the rating system results in anomalies in the incidence of rates
- support the achievement of broader council policy objectives.
- support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993 by supporting Māori ownership and use of Māori land
- support achievement of Kia Ora Tāmaki Makaurau (Māori Outcomes Framework) objectives

The council's primary mechanism for providing rates assistance for Māori land is through the Māori Land Rates Remission and Postponement Policy.

The council's Rates Remission and Postponement Policy is set out in two parts, each containing a number of schemes.

Part 1 - Financial assistance and support

- remission of rates to top-up the rates rebate
- remission of rates penalties
- postponement of rates for residential properties
- COVID-19 Rates postponement scheme
- remission of accommodation provider targeted rate.

Part 2 - Addressing anomalies

- remission of rates for miscellaneous purposes
- remission of uniform annual general charges and targeted rates assessed as uniform annual charges on certain rating units.

Policy background

Section 102(3) of the Local Government Act 2002 provides that a council may have a rates remission and postponement policy. Section 102(3A) (b) of the Local Government Act 2002 requires that any remission policy or rates postponement policy adopted under subsection 102(3) must also support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993.

Full details and criteria for the remission and postponement schemes

This section has the full details of each remission and postponement scheme, as well as outlining the objectives and criteria for each scheme.

Applications

The ratepayer or ratepayer's agent must apply to the council on the prescribed remission or postponement form. The application should show how the remission or postponement will support the objectives of the scheme and how the property fits within the objectives. For the rates to be remitted or postponed, the council may require evidence each year, by way of declaration or statutory declaration, to confirm that the rating unit still complies with the conditions and criteria of the scheme. The council can apply for the remission or postponement on behalf of the ratepayer, provided the council is certain that the property meets all the criteria of the scheme. The council reserves the right to seek further information if it deems it necessary.

The remission or postponement will apply from the beginning of the rating period in which the application is approved and will not be backdated to prior years, unless otherwise stated in the scheme.

Part 1 - Financial assistance and support schemes

Remission of rates to top-up the rates rebate

Objectives

The objective of this remission scheme is to enable the council to address the inequity that results from Auckland ratepayers being unable to include water and wastewater charges when applying for the central government's rate rebate scheme. This scheme allows the council to remit the difference between its rates rebate top-up calculation and the government's rates rebate scheme to include Watercare Services Limited's and Veolia Water Limited's (previously United Water Limited) water and wastewater charges in the calculation.

Conditions and criteria

To be eligible for the top-up remission, the ratepayer must meet the following criteria:

1. be a residential ratepayer and reside on the property
2. have resided on the property at the beginning of the rating year (1 July)
3. be an individual, rather than an organisation or trust. The amount remitted will vary according to the:
 - a. ratepayer's gross income, including any overseas income
 - b. amount of Auckland Council rates payable by the ratepayer
 - c. amount of water and wastewater charges payable by the ratepayer
 - d. number of children or other dependants that the ratepayer supports
 - e. maximum rebate and threshold limits set by central government under its rebate scheme.

Central government updates thresholds for its rates rebate scheme each year. The council's extended rates rebate scheme is automatically updated for the new thresholds.

Remission of rates penalties

Objectives

The objective of this scheme is to enable the council to act fairly and reasonably in relation to penalties applied when rates have not been received by the due date.

Conditions and criteria

Penalties on rates may be remitted when one or more of the following criteria are met.

1. The ratepayer has paid after the penalty date for no more than one instalment, but has not received a rates penalty remission under this policy within the past two years.
2. A new ratepayer for a rating unit has not received the rates instalment notice due to the notice of the sale or transfer of the rating unit not being received by the council prior to the issue of the instalment notice
3. The penalties incurred on the first instalment of each new financial year will be automatically remitted if the ratepayer pays the total amount of rates due for the year, excluding the penalty on the first instalment, but including any arrears owing at the beginning of the financial year, by the second instalment due date.
4. Where the ratepayer meets the payment conditions agreed with the council to resolve a rates arrears, the council can remit any part of the penalties already incurred in the current rating year, or yet to be incurred.

The remission will apply from the beginning of the rating period in which the application is approved and will not be backdated to prior years.

Treatment of penalties on small overdue balances

When a small balance is overdue, which it is uneconomical to collect, council officers may write off the balance in line with other council procedures. Penalties will not be applied in these circumstances.

Postponement of rates for residential properties

Objectives

The objective of this scheme is to assist residential ratepayers who want to defer the payment of rates by using the equity in their property. This scheme also applies to those who may have financial difficulties or unusual circumstances, as long as they have the required equity in their property.

Criteria

The ratepayer must meet the following criteria to be considered for rates postponement:

1. The ratepayer must be the current owner of the rating unit and owned the property for at least two years.
2. The rating unit must be used solely by the ratepayer as his or her residence.
3. The postponed rates will not exceed 80 per cent of the available equity in the property. The available equity is the difference between the council's valuation of the property (the capital value at the most recent triennial revaluation) and the value of any encumbrances against the property, including mortgages or loans, if the ratepayer has insured the property for its full value. Otherwise, the available equity will be the 80 per cent of council's valuation of the land less any encumbrances against the property.
4. The ratepayer or the ratepayer's authorised agent must apply to the council on the prescribed form.

Conditions

1. The council recommends that ratepayers considering postponing their rates seek advice from a financial adviser on the financial impacts and appropriateness of postponing their rates.
2. The council will postpone payment of the residual rates (what is left after any optional payment) if the ratepayer meets the above criteria.
3. The council may add a postponement fee each year to the postponed rates. The fee will cover the period from when the rates were originally due to when they are paid. The fee will not exceed the council's administrative and financial costs of the postponement.
4. The postponement will apply from the beginning of the rating year in which the application for postponement is made, although the council may backdate the postponement application, depending on the circumstances.
5. Once the postponed rates are equal to, or greater than, 80 per cent of the available equity in the property, no further rates will be postponed. Any postponement will apply until one of the situations listed below occurs, at which time the postponed rates (and any postponement fee) will be immediately payable:
 - a. the ratepayer's death
 - b. the ratepayer no longer owns the rating unit
 - c. the ratepayer stops using the property as his or her residence
 - d. a date set by the council in a particular case.
6. All or part of the postponed rates may be paid at any time.
7. The applicant can choose to postpone the payment of a lesser amount of rates than the full amount that they would be entitled to postpone under this policy.
8. Postponed rates will be registered as a statutory land charge on the rating unit's title.
9. For the rates to be postponed, the council will require evidence each year, by way of declaration or statutory declaration, of the ratepayer's property insurance and the value of encumbrances against the property, including mortgages and loans.

Postponement of rates for ratepayers impacted by COVID-19

Objectives

The objective of this scheme is to provide ratepayers who are financially stressed as a result of the economic or health impacts of COVID-19 with assistance with rates that are required to be paid in the 2020/2021 year to allow them the time to reorganise and recover their financial position.

Criteria

Postponement of rates under this policy is not available to:

- a) Ministries and Departments of the public service, State-owned enterprises, Crown entities or utilities
or
- b) ratepayers already in arrears at 26 March 2020.

The ratepayer must meet the following criteria.

1. The ratepayer must have owned the property for which the ratepayer seeks rates postponement as at 26 March 2020 unless the council is satisfied that the owner of a property purchased after this point has been impacted by the effects of COVID-19 that couldn't have been reasonably foreseen before the purchase was entered into.
2. A ratepayer seeking postponement for a residential or lifestyle property must be in financial hardship in the opinion of the council and:
 - a) be a citizen or permanent resident of New Zealand and
 - b) have a mortgage on the property for which the rates are to be postponed or
 - c) be a charity or incorporated society:
 - that is registered with the New Zealand Companies Office or the Department of Internal Affairs and
 - that is physically located in New Zealand and
 - the employees of which legally worked in New Zealand as at 26 March 2020.
3. A ratepayer seeking postponement for a business or farm property must be in financial hardship in the opinion of the council and:
 - a) if a company, charity or incorporated society, then:
 - be registered with the New Zealand Companies Office or the Department of Internal Affairs and
 - be physically located in New Zealand and
 - employees (if any) legally worked in New Zealand as at 26 March 2020;
 - b) if not a company, charity or incorporated society, then be a citizen or permanent resident of New Zealand.
4. Companies seeking postponement of rates for residential properties will be assessed under criteria 3 above but will also be required to have a mortgage on the property for which the rates are to be postponed.

Residential, farm, business and lifestyle property are identified based on the classification of the property in the council's rating information database as at 30 June of the year preceding that in which the postponement is applied for.

The ratepayer or the ratepayer's authorised agent must apply to the council on the prescribed form.

The policy provides for the postponement of the obligation to pay rates in the 2020/2021 financial year. The council by resolution may extend the application of this policy to cover the rates for the 2021/2022 and subsequent years.

Conditions

1. The ratepayer acknowledges that council recommends that ratepayers considering postponing their rates seek advice from a financial adviser on the financial impacts and appropriateness of postponing their rates.
2. Applications for postponement of rates under this scheme must be received by 31 December of the rating year for which the ratepayer seeks postponement.
3. The council will postpone payment of the residual rates (what is left after any optional payment) up to a maximum of \$20,000 (GST incl.) per property in each rating year that the postponement is offered. In the 2020/2021 rating year the council will also postpone payment of up to \$5,000 (GST incl.) per property of rates payments deferred from the fourth quarter of 2019/2020.
4. The council may add a postponement fee for the rates for the 2020/2021 year and each of any subsequent year that the rates are postponed. The fee will cover the period from when the rates were originally due to when they are paid. A postponement fee may also apply from 1 September 2020 for any rates payments unpaid from the fourth quarter of 2019/2020. The fee will not exceed the council's administrative and financial costs of the postponement.
5. The postponement will apply from the beginning of the rating year in which the application for postponement is made, although the council may backdate the postponement application, depending on the circumstances.
6. Any postponement will apply until the earliest of the following, at which time the postponed rates (and any postponement fee) will be immediately payable:
 - c) the ratepayer's death for a residential property or the company owning the property ceases to trade;
 - d) the ratepayer ceases to be the ratepayer for the rating unit; or
 - e) the last day of the rating year (30 June) immediately following the rating year for which rates have been postponed.
7. The ratepayer may pay all or part of the postponed rates at any time prior to the circumstances set out in condition 6.
8. The applicant can choose to postpone the payment of a lesser amount of rates than the full amount that they would be entitled to postpone under this policy.
9. The council may register the postponed rates as a statutory land charge on the rating unit's title.
10. Ratepayers wishing to apply under this policy will be required to make a written application or declaration and to supply such evidence as may be requested to verify that a postponement should be granted under this policy.

Remission of accommodation provider targeted rate

Objectives

The objective of this scheme is to promote fairness in the application of the Accommodation provider targeted rate by allowing the council to remit the rate in circumstances where it is equitable to do so.

Criteria and conditions

The council may remit the accommodation provider targeted rate, where the application meets one of the following criteria:

1. The ratepayer owns no more than two rating units that attract the Accommodation provider targeted rate, and which are under contract to be used as serviced apartments, and where the applicant can demonstrate that they have:
 - a. entered into a contractual arrangement regarding the use of the rating unit as commercial accommodation prior to 1 June 2017, or subsequently purchased a rating unit subject to such an arrangement that was unable to be renegotiated at time of purchase.
 - b. no contractual or relational/negotiating means of managing the additional costs of the rate
 - c. no ability to exit, terminate or renegotiate the contract prior to the start of the rating year in which remission is applied for.
2. Where the applicant has contracted some or all of their commercial accommodation capacity to Work and Income New Zealand or other central government agency for the purpose of emergency housing.

Amount of rate to be remitted

For remissions granted under criterion 1 of this scheme:

- 100 per cent of the Accommodation provider targeted rate for the qualifying rating units in 20018/2019, with the proportion of rates remitted declining each year in equal steps until 2027/2028 when 10 per cent of the Accommodation provider targeted rate will be remitted. This remission scheme will expire on 30 June 2028.
- the amount of remission will be reduced on a proportional basis where the applicant is able to exit, terminate or renegotiate the contract during the rating year.

For remissions granted under criterion 2 of this scheme:

- A proportion of the Accommodation provider targeted rate calculated as follows:

Number of rooms or units under contract X number days under contract

Total number of rooms or units in motel or hotel X 365

Part 2 - Addressing anomalies in schemes

Remission of rates for miscellaneous purposes

Objectives

The objective of this scheme is to enable the council to remit rates in circumstances that are not specifically covered by other schemes in the rates remission and postponement policy, but where the council considers it appropriate to do so.

Conditions and criteria

The council may remit rates on a rating unit where it considers it just and equitable to do so because:

1. There are special circumstances in relation to the rating unit, or the incidence of the rates (or a particular rate) assessed for the rating unit, which mean that the unit's rates are disproportionate to those assessed for comparable rating units
2. The circumstances of the rating unit or the ratepayer are comparable to those where a remission may be granted under the council's other rates remission policies, but are not actually covered by any of those policies
3. There are exceptional circumstances that the council believes that it is equitable to remit the rates. The council has the final discretion to decide whether to grant a rates remission under this policy.

Remission of uniform annual general charges and targeted rates assessed as fixed charges on rating units

Objectives

The objective of this scheme is to promote fairness in the application of rating by allowing the council to remit fixed charges in circumstances where it is equitable to do so.

Conditions and criteria

The council may remit uniform annual general charges and targeted rates assessed as fixed charges, where the application meets one of the following criteria:

1. The rating unit is used solely for vehicle parking in conjunction with a building on a rating unit in the same ownership, and no car parking is available on the main property.
2. The rating unit is used jointly with one or more units as a single farm or horticultural entity and the group of rating units would otherwise be treated as a single rating unit, except that:
 - a. the units are not strictly contiguous (for example, a farm run-off block).
 - b. the occupier of all the rating units is the same but the occupier does not own the rating units or does not own all the rating units.
3. The rating unit is Māori land used jointly with one or more Māori land units as a single entity and the group of rating units would otherwise be treated as a single rating unit, except that:
 - a. the units are not strictly contiguous
 - b. the occupier of all the rating units is the same but the occupier does not own the rating units or does not own all the rating units.
4. The rating unit is classed by the council in the zero-rated general rates differential category

A remission will not apply to any rate that is assessed for a:

- a. separate residential dwelling or business located on the rating unit
- b. service actually provided to the rating unit.

The definition of Māori land for this remission scheme is the same as for our Māori Land Rates Remission and Postponement Policy as listed under points a) to f). Note that properties meeting the definition of Māori Land but excluded from the Māori Land Rates Remission and Postponement Policy may still be eligible for remission under this scheme.

Owners wishing to claim a remission under this policy may be required to make a written application or declaration and to supply such evidence as may be requested to verify that a remission should be granted under this policy.

Delegation of decision-making

Decisions relating to the remission or postponement of rates payments will be made by council officers.