

What can I do if I have difficulty paying my rates?

July 2010

The Auckland Regional Council (ARC) recognises that some ratepayers may face difficulties paying their rates bill.

There are four options available to people:

1. Spreading the payment of rates by fortnightly or monthly payments by direct debit or automatic payment.
2. Applying to the ARC for a rates postponement.
3. Entering into a formal arrangement to pay, that differs from the standard payment options outlined on the rates assessment/invoice.
4. Having your regional rates bill taken into consideration when applying to your local council for a rates rebate on your local council rates bill. (NB your regional rates bill will still need to be paid in full.)

1. Direct debit or automatic payment

You can spread your rates payments over the rating year, in monthly or fortnightly payments, by either direct debit or automatic payment. The direct debit or automatic payment must be set up prior to the due date on the rates assessment/invoice to avoid incurring a payment penalty.

To set up a direct debit or automatic payment, you will need to call the Rates Contact Centre (contact details below). You will need to contact us in sufficient time before the due date to allow the form to be sent, completed by you and returned to us, or the direct debit to be set up and a letter of confirmation issued.

2. Arrangement to pay

You can enter into a formal arrangement to pay, that differs from the payment options outlined on the rates assessment/invoice. This option is only available if you are experiencing extreme financial difficulties. If you meet the criteria, we may enter into an agreement that allows you to pay your rates at a different frequency to our ordinary payment options.

Under the arrangement to pay, you will be sent a payment schedule that you must keep to, in order to avoid a 10 per cent late payment penalty being charged to your rate account. The late payment penalty is applied to any outstanding balance that remains after the due date, so you will need to contact us about entering into an arrangement to pay before the due date on your rates assessment/invoice.

3. Postponement of rates due to extreme financial hardship

A postponement is a way of delaying your rates payment until a later time. A postponement means that you do not have to pay rates until such time as you can afford it, or your property is sold. This option is useful for people who have a large amount of equity in their property but have a low income.

Rates that are postponed do not have to be paid until the conditions under which the postponement was granted change. This means that if you cease to be the owner of the property, cease to use the property as your permanent residence or your financial circumstances change, no rate payment penalties are charged for postponed payments. Any amount of the postponed rates can be paid off at any time.

There are certain criteria that must be met for you to be eligible for a rates postponement. These are:

- Your application is for your permanent place of residence.
- The property is used only for residential purposes.
- You own the property and have owned it for five years or more.
- You have at least 80 per cent equity in the property (ie, your mortgage is no more than 20 per cent).
- Any existing loan commitments (including mortgages, hire purchase or any other loan) do not exceed 30 per cent of the household's gross income.
- You do not own any other rateable or investment properties.
- Your total assets, excluding your rateable property, vehicle and normal household possessions, do not exceed \$15,000.
- The value of your property, according to its rating valuation, is sufficient to meet all outstanding charges and the value of rates to be postponed.
- You have provided the ARC with a signed statutory declaration confirming that the criteria above have been met.
- In the ARC's opinion, you are unlikely to have sufficient funds left over, after the payment of rates, for normal day to day living expenses, normal health care and adequate maintenance of your home and chattels.

The ARC will take out a statutory land charge on the title of the rateable property. This is simply to register that there are rates owing on the property that must eventually be paid. There is also a fee that covers the administrative and financial costs of the postponement. This fee is calculated when the postponed rates are finally paid off and is not payable until that time.

4. Rates rebates

Rates rebates aim to help low income and fixed income ratepayers. The scheme is administered by the Department of Internal Affairs and local councils. There is a predetermined limit to the amount of rates that can be refunded as a rebate, and this is determined each year by the Department of Internal Affairs. There is no direct rebate on your regional rates. You still need to pay your regional rates bill in full, but the amount of your regional rates bill is taken into account when determining if you qualify for a rebate.

You must apply for a rates rebate to your local council, not the ARC (the Rates Rebate Act requires that applications be made through local councils). You should take your ARC regional rates assessment/invoice with you when you apply. Your local council will then calculate whether you are entitled to a rebate or not. If you are entitled to a rebate, you will pay a reduced amount on your local council rates bill, and the remainder will be refunded to the local council by the government.

Contact us

If you would like to know more you can email rates@arc.govt.nz, or you can contact the Rates Contact Centre on 09 366 2000. Call 0800 80 60 40 if you are outside the Auckland free-call area. Press 3 from the options menu.