

PROPERTY TAX CASE STUDY

DOUBLY TAXING

The Challenge

Our client, the accomplished operator of self storage facilities on the mainland decided to replicate their success by developing three properties in Newfoundland ... only to discover they faced a crushing tax burden. Not only were their properties excessively assessed but municipalities levied business occupancy tax in addition to realty taxes. It was salt in the wound. They turned to Turner Drake for advice.

Turner Drake's Approach

For almost 40 years, we have helped property owners in Newfoundland and Labrador alleviate their tax burden. Savings in property taxes fall to the bottom line: money that may otherwise be squandered by government can instead be reinvested to help the business grow and create jobs. However this is a difficult region in which to challenge property taxes: provincial assessment authorities guard data jealously and have information technology (IT) beyond the reach of most private companies. In 1999 it became apparent that bold action was required and in July 2001, after two years of investment in data acquisition and software development to integrate property assessment into our CompuVal® Knowledge Base, we launched PAMS® Property Tax Manager, a new service designed to minimise our clients' property tax load on an ongoing basis. Our client had been a Nova Scotia member of PAMS® since its inception and they promptly enrolled their Newfoundland portfolio in 2010.

We initiated a two pronged approach to minimise the taxes on their Newfoundland properties. First we relentlessly drove down the realty tax assessment. This involved eight appeals, two appearances before the assessment review commission, and numerous informal negotiations.

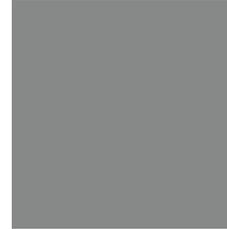
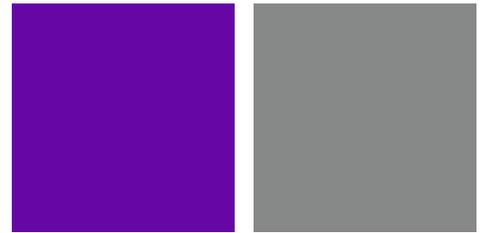
The second step was to eliminate the business tax altogether. This tax was not levied on our client's Nova Scotia properties and, based on a 1987 court decision involving one of those properties, we concluded our client had a case for Newfoundland too. On our recommendation they retained M*ch*el Cr*s*b*e, a property tax lawyer with McInnes Cooper's St. John's office (to spare his blushes we have carefully disguised the name). With our valuation and assessment input (we claim some credit) he was successful in having the business tax removed from the storage units and successfully convinced the Supreme Court that the municipalities had illegally collected taxes for the prior 3 year assessment cycle too.

Winning Results

The reductions we achieved in the realty assessments provided our client with tax savings of \$400,000 over the two 3 year assessment cycles and should continue to do so in the future too. This is a gift which keeps on giving.

The removal of the business tax saved a further \$300,000 (of course, we won the battle but lost the war in St. John's in 2013, when the city rolled its business tax into the realty tax rate...)

In total we were able to save our client \$700,000 with further savings going forward.



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