



# **Rates Postponement Policy**

**31 March 2021**

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## **PURPOSE**

The purpose of the Rates Postponement Policy is to state the circumstances where Masterton District Council (MDC) will consider a rates postponement.

## **SCOPE**

This policy does not apply to Maori freehold land. Refer to the Rates Remission and Postponement on Māori Freehold Land Policy.

## **RATES POSTPONEMENT**

MDC will consider a rates postponement under circumstances detailed below, if the conditions described within this policy are met.

Ratepayers (or the authorised agent) seeking rates postponement must apply in writing using the approved form, taking into account the relevant conditions and criteria as defined in this policy.

### **Extreme Financial Circumstances**

#### Objective

The objective of this part of the policy is to assist ratepayers experiencing extreme financial circumstances which affect their ability to pay rates.

#### Conditions and Criteria

Only rating units used solely for residential purposes will be eligible for consideration for rates postponement for extreme financial circumstances.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of, and have owned for not less than five years, the rating unit which is the subject of the application.

The person entered on the MDC's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the district or in another district).

The Chief Executive and Manager Finance are delegated the authority to approve applications for all cases where the annual rates being postponed are less than \$5,000.

MDC will consider all applications received on a case by case basis. When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant including age, physical or mental disability, injury, illness and family circumstances.

Before approving an application, MDC must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day to day living expenses.

Where MDC decides to postpone rates the ratepayer must first make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Any postponed rates will be postponed until:

- the death of the ratepayer(s);
- until the ratepayer(s) ceases to be the owner or occupier of the rating unit;
- until the ratepayer ceases to use the property as his/her residence; or
- until a date specified by MDC.

MDC may charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover the MDC's administrative and financial costs and may vary from year to year.

Even if rates are postponed, as a general rule the ratepayer will be required to pay the first \$500.00 of the rate account.

Approved postponements will apply from the beginning of the rating year in which the application is made although MDC may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed, pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that MDC will have the first call on the proceeds of any revenue from the sale or lease of the rating unit.

## **Subdivision Developments**

### Objective

The objective of this part of the policy is to assist ratepayers who have developed multi-lot residential and commercial/industrial subdivisions and are experiencing cashflow hardship while the lots remain unsold.

### Conditions and Criteria

Rating units used for residential, commercial and industrial purposes will be eligible for consideration for rates postponement for multi-lot subdivision cashflow hardship.

Only the person entered as the ratepayer, or their authorised agent, may make an application for rates postponement for extreme financial circumstances. The ratepayer must be the current owner of all lots subject to the postponement request.

MDC will consider, on a case by case basis, all applications received that meet the criteria described above. The Chief Executive is delegated authority to approve applications for rates postponement for subdivision developments.

When considering whether extreme cashflow hardship circumstances exist, the ratepayer's personal circumstances may be relevant including the degree of capital input contributed to the MDC's infrastructure from the subdivision.

Where MDC decides to postpone rates the ratepayer must first make acceptable arrangements for payment of future rates, for example by setting up a system for regular payments.

Any postponed rates will be postponed until:

- the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- a date specified by MDC.

Rates on subdivisions will only be postponed to a maximum of 50% of the separate and targeted rates. Remission of Uniform Annual Charges is dealt with in the Rates Remissions Policy.

The policy will apply from the beginning of the rating year in which the application is made and interest will be charged on the balance postponed at MDC's ruling internal interest rate.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed, pursuant to this policy.

Postponed rates may be registered as a statutory land charge on the rating unit title. This means that MDC will have the first call on the proceeds of any revenue from the sale or lease of the rating unit.

## **Rates Postponement against Equity**

### Objective

The objective of this part of the policy is to give elderly ratepayers greater flexibility in managing their financial affairs by allowing a portion of their rates to be postponed, with the rates debt building up and being secured against the property.

### Conditions and Criteria

The criteria for eligibility will be for elderly (over 65) ratepayers who are living in their own homes. The postponed rates will be a portion of the total rates payable and will build up as a debt to MDC, secured against the property. The postponed rates will be payable when the ratepayer(s) for whom the postponement arrangement has been entered, no longer resides at the property.

A rate of interest will be charged on the debt due to MDC, to ensure ratepayers are not providing a subsidy and MDC is not undercutting financial institutions who provide similar services.

MDC will make genuine attempts to consult with a ratepayer's immediate family prior to the ratepayer signing up to incur the debt against their property.

## **REVIEW OF POLICY**

This policy will be reviewed every three years as part of the Long-Term Plan process.

## **RELATED DOCUMENTS**

Rates Remission Policy

## **REFERENCES**

Local Government Act 2002

## **VERSION CONTROL**

<b>Date</b>	<b>Summary of Amendments</b>	<b>Approved By</b>
2015	Reviewed as part of the 2015-25 Long-Term Plan process.	Masterton District Council
27/6/18	Reviewed as part of the 2018-28 Long-Term Plan process.	Masterton District Council
31/3/21	Reviewed as part of the 2021-31 Long Term Plan process.	Masterton District Council