OLDER AND WISER: To defer or not to defer: that is the question

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Tom Carney

Pay your property taxes or defer them. If you are 55 or older the choice is yours.

B.C. offers up two property tax deferment programs. There's one for persons 55 or older, a surviving spouse, or a person with a disability, and one for families with children.

If you enrol in the program you'll be charged simple interest on the taxes you have deferred. Interest rates are set every six months. The current rate for the regular program is one per cent and for the families with children program it's three per cent. So for a senior with a property tax bill of $5,000, the cost to defer the tax for one year is $50 plus a one-time administration fee of $60.

I'm not surprised that many of those who are eligible choose to take advantage of this program.

In 2014, in the District of North Vancouver 2,089 people deferred their property taxes. The corresponding figures for the City of North Vancouver and the District of West Vancouver are 489 and 1,587 respectively.

There has to be a catch, right? Not really, but the old adage the only sure things in life are death and taxes still holds true. This is a tax deferral program not a tax forgiveness program.

Apart from buying a little more time you are really just swapping one creditor for another. So instead of owing taxes to the municipality in which you live you owe that money plus interest to the provincial government. And while you carry a property tax balance, you'll still have to pay your utility charges and you'll have a restrictive lean placed against your property. That means you can't sell your property or change property owners other than adding your spouse, until you pay off all of the property tax money owing.

You'll need a minimum equity of 25 per cent in your home, to meet the citizenship and residency requirements and to carry fire insurance on the property to be eligible for the program.

It sounds ominous but you can make a payment or repay the loan at any time without penalty.

Several jurisdictions across North American offer a tax deferral option but you certainly can't get a deal as good as this one anywhere else.

Rich or poor, whether they need it or not, the government is willing to loan seniors and a select few others, money to pay their property taxes, at a discount, with no questions asked.

In fact under the current rules a senior who won the lottery would be eligible to defer their taxes. That doesn't make a lot of sense to me. The program has merit but the financial oversight from government, in my opinion, just isn't there.

But we are not done yet. Last month in a report on seniors housing the Office of the Seniors Advocate called for the provincial government to help lowincome seniors defer many home ownership expenses, such as utilities, maintenance and repairs until their home is sold or the owner leaves the property or dies. Similar to the tax deferral program the province would pay these bills directly and then recoup the amount plus interest when the senior vacates the home or passes on.

The advocate is proposing that this initiative target low-income seniors and be means-tested. That's really all it would take to fix the flaw in the property tax deferral program. I don't defer my taxes because I abhor debt. Many seniors share that view.

Others can decide whether the Property Tax Deferral Program is something that works for them or not. You can pick up and return your application form to defer your property taxes from your municipal or city hall. Property taxes are due July 2.

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