

# Remission of Rates for Extreme Financial Hardship

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<b>Policy Section:</b>	Finance
<b>Department responsible:</b>	Corporate Services
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## Purpose:

Where an application for rates relief due to financial hardship is received, Council may remit part of rates relating to a rating unit. Applications on the grounds of financial hardship are considered only when exceptional financial circumstances exist.

Approved remissions are therefore a result of an extraordinary situation and should be recognised as an exception from the ratepayer's legal obligation to pay rates.

## Remission of Rates for Extreme Financial Hardship

### A. Introduction

Where an application for rates relief due to financial hardship is received, Council may remit part of rates relating to a rating unit. Applications on the grounds of financial hardship are considered only when exceptional financial circumstances exist.

Approved remissions are therefore a result of an extraordinary situation and should be recognised as an exception from the ratepayer's legal obligation to pay rates.

### B. Objective of the Policy

The objective of this policy is to assist ratepayers experiencing extreme financial hardship which affects their ability to pay rates. This policy is only for residential ratepayers and excludes commercial properties.

### C. Conditions and Criteria

#### i. Residential Properties

- Preference will be given to rating units used solely for residential purposes (as defined by Council) when consideration is made for rates remission in cases of financial hardship. This policy and application form are for residential ratepayers only.
- This application is not for commercial ratepayers.
- A ratepayer making an application must be the registered owner and occupier of the property, and the property must relate to a residential property in the Central Otago District.
- This application is valid for 12 months, although a consecutive application may be considered but to a maximum of 2 years in totality.

- Water, wastewater and refuse charges will be excluded and not subject to remission under the Remission of Rates for Extreme Financial Hardship policy.
- The ratepayer must supply sufficient evidence, including financial statements and supporting documentation to satisfy the Council that extreme financial hardship exists.
- When considering an application, the ratepayer's personal circumstances will be relevant such as physical or mental ability, injury, illness and family circumstances.
- Before approving an application, Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after making the payment of rates, for normal health care as well as making provision for normal day to day living expenses.
- Council will consider, on a case by case basis, applications received that meet the criteria described in this policy.
- It is expected that the ratepayer will pay a minimum of the value of the Uniform Annual General Charge per annum towards his/her rates account. However, each case will be considered on its merits.
- If the applicant is eligible for a Rates Rebate then such application must be made prior to applying for rates relief due to financial hardship.
- If the sale or transfer of the property is within five years of receiving the remission the ratepayer receiving the remission agrees to re-pay the remission in full as part of the property settlement.

#### **D. Evidence**

- The onus for this remission is on the ratepayer to show evidence that their main source of all sources of income has been adversely affected.
- Council staff may need to check eligibility by seeking additional evidence.
- Applicants need to declare if they have received financial or other assistance from the following organisation:
  - Department of Internal Affairs rating subsidy
  - Ministry of Social Development, food grants, or other financial grants or subsidies
  - Funding from any other organisation including Central Government in relation to this application.

#### **E. Applications**

- Applications must be in writing, on the prescribed form (available on our website). This is to enable Council to verify that extreme financial circumstances exist.
- The application form contains a statutory declaration which must be completed in front of a Justice of the Peace, solicitor or another person authorised to take a statutory declaration.
- An application for remission on the grounds of financial hardship must be lodged annually. The remission is only available for a maximum of two years.
- Remission is not available for service charges relating to water, sewerage and waste collection.

The Chief Executive Officer is delegated authority to approve or decline an application and remit rates. The Chief Executive Officer will provide Council with a regular monitoring report on all applications received for a hardship rates remission, and the decisions made.

## **F. Where you do not meet the criteria for Extreme Hardship Remission**

Council has three remedies;

- 1 Extending the payment period before penalties are applied, providing an agreed payment plan is put in place that demonstrates the rates will be paid within an acceptable time frame. While this payment plan is in place penalties will not be applied to the outstanding portion of the rates relevant to this application; or
- 2 Remitting all or part of the penalties as per the Remission of Penalties Policy.
- 3 Applying to postpone rates, under Council's Postponement of Rates Policy.

## **Relevant Legislation or Regulations:**

Local Government (Rating) Act 2002

## **Reporting and Monitoring**

The Policy shall be reviewed every two years or as necessary.

## **Related Procedures or Documents:**

This policy replaces and supersedes any prior policy on this subject matter.

## **Document Management Control:**

Prepared by: Executive Manager – Corporate Services

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