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Property Tax and Assessment News from Around the World

NEW ZEALAND – April 2019

Region's property values growing, while Auckland and Wellington dip

Rotorua and Hawke's Bay are seeing significant property value growth, while Auckland and Wellington are slowing, the latest QV house price index shows.

General manager David Nagel says value growth in Rotorua is up seven percent in the last three months.

"The average value there [is], $472,000 so perhaps benefiting from that ripple effect of the very high values that we're seeing in Tauranga and Hamilton cities."

There's been a lot of growth in Dunedin too, but prices there still pale in comparison to the cost of property in Auckland.

"The average value in the city is $451,000, that's still pretty affordable when you're comparing say Auckland which has got an average value in excess of a million dollars."

Wellington saw values rise by 1.9 percent, while Bay saw growth of 5.7 percent.

Nagel said low interest rates and steady migration are still a factor in the market. He expects the growth to slow.

"As we see the regions travel down their growth cycle I think we'll see that monthly growth, quarterly growth we've been seeing over the last six months actually peter out to very little growth at all."

Nationwide property values increased by 0.5 percent in the three months to March, while Auckland's growth decreased by 0.8 percent.

Capital Gains Tax: New push to target property owners

The Government is still assessing the proposal, put forward by Sir Michael Cullen's Tax Working Group, and will respond by the end of the month.

A nationwide campaign pushing for a capital gains tax is being launched today by Tax Justice Aotearoa NZ.

The campaign, which is officially launched at Parliament at 10am, is backed by advertising in major newspapers across the country, and on billboards and in bus shelters in Wellington.

"The campaign will add balance to the current tax debate and give voice to the many people and organisations who believe it's time for a capital gains tax to help reduce inequality in Aotearoa," the group said in a statement.

As well as a capital gains tax, the campaign calls for tax cuts for low to middle income-earners and hikes for the highest paid.

It also suggests reducing GST, pressuring multinationals to pay more tax in New Zealand and taking stronger tax action against polluters.

Campaign supporters include the Public Health Association, New Zealand Council of Christian Social Services, Council of Trade Unions, Public Service Association, Hui E! Community Aotearoa, Equality Network, Closing the Gap, Poverty Action Waikato, and UCAN (United Community Action Network).

An advertisement in today's New Zealand Herald from the group said tax reform was good for the public good.

"Tax Justice Aotearoa welcomes tax reform. It's well known we have a stubborn gap between rich and poor and we don't have enough money to sustain and grow decent public services."

Tax Justice Aotearoa, which is part of a global network that launched here last August, has also begun a petition - Tell Jacinda we want a capital gains tax. It's time to join the modern world.
By yesterday afternoon, 157 people had signed it.

The Government is still assessing the proposal, put forward by Sir Michael Cullen's Tax Working Group, and will respond by the end of the month.

It has said it is not bound by any of the recommendations of the group and any tax regime changes, including a capital gains tax, would be put to voters as policy in the 2020 election campaign before being introduced.

MYOB's annual business monitor released last week showed small and medium-sized businesses strongly opposed a Capital Gains Tax.

The research said 67 per cent of the 1000 small businesses surveyed were against the proposal.

Around 48 per cent of those surveyed said they were strongly against the proposed introduction of a tax on profits made from the sale of assets including land, shares, investment property, business and intellectual property.

An additional 19 per cent said they were against the proposal.

National leader Simon Bridges said the Government had ignored small businesses.

"Small businesses make up 97 per cent of all businesses but the Government is ignoring them and the damage it would inflict. No wonder the economy is weakening, business confidence is near record lows and the Reserve Bank is considering rate cuts," he said in a statement.

"It may surprise the Government that small businesses are unhappy because it isn't listening. The Tax Working Group didn't even count small businesses when it tried to estimate how much extra revenue the Government would take from a Capital Gains Tax.

"The Tax Working Group report says elements of the tax base including shares in private companies and intangible property such as goodwill 'are not known and so are not costed'. That means it didn't count small businesses or the value of their owners' hard slog.

"A Capital Gains Tax would hit kitchen-table start-ups, those wanting to raise capital and it would clobber business owners who want to sell up and retire. Before then they'd be hit with increased costs such as having to get their business valued," Bridges said.

Wellington Regional Council proposes three rates options - one of them is a hike of 15.2 per cent

Wellington City home owners face a regional rates hike of up to 15.2 per cent, largely driven by rising property values.

Greater Wellington Regional Council has proposed three options for the coming financial year's rates rise split, with residential home owners in Wellington City set to be hit hardest.

It comes after the council recently scrapped a proposal to hike rates in the city by 16.1 per cent, with councillors asking officers to go back to the drawing board.

The worst case scenario would now see the city's residential ratepayers pay 15.2 per cent ($79) more in 2019-20.

A second option would see a 12.7 per cent ($66) increase, while a third would result in a 7.9 per cent ($41) rise.

The document, which will be discussed by councillors on Tuesday as part of its Annual Plan deliberations, says the proposed rates rises have been largely driven by a 44 per cent increase in property capital values in the past three years.

That was significantly higher than in other parts of the region.

There was also now a higher share of residential properties in the city compared with CBD and business properties, partly because of the demolition of, or damage to, commercial buildings following the 2016 Kaikōura earthquake.

However, the capital's bus problems had also contributed to the proposed increase.

A further $3.7 million would be needed to add extra services required to improve the network, with $1.8m to come from ratepayers.

A $760,000 increase in insurance premiums, and another $419,000 to cover an insurance cost increase at KiwiRail, were also included in the calculations.

To lower the city's rates rise to 12.7 per cent, the council would need to reduce the targeted rate people paid for public transport in 2019-20. That would result in higher than average rates increases across most of the region.

To reduce the number to 7.9 per cent, the council would need to amend its Revenue and Financing Policy.That would require public consultation, and would see higher than average rates increases in Upper Hutt, Kāpiti (excluding Ōtaki), Masterton, and Carterton.

In any case, the proposed average rates rise across the region would be 5.9 per cent.

The owners of 10 rural properties in the Tararua District faced a massive rates increase of 59.8 per cent, driven by a 68 per cent increase in property capital values.