

The New Jersey Homeowner's Guide to Property Taxes is provided by the New Jersey Society of Certified Public Accountants in partnership with New Jersey Realtors® and the Association of Municipal Assessors of New Jersey and with support of a grant from Investors Foundation.

**Access this guide online at [njpropertytaxguide.com](http://njpropertytaxguide.com)**



Founded in 1898, the New Jersey Society of Certified Public Accountants provides relevant education, timely knowledge and opportunities to make powerful connections to more than 15,000 CPAs, financial professionals and students. NJCPA members are trusted financial advisors and consultants who help individuals, businesses and organizations plan and reach their financial goals. Learn more at [njcpa.org](http://njcpa.org).



New Jersey Realtors®, the voice of real estate for New Jersey for more than 100 years, serves the professional needs of more than 53,000 Realtor® and Realtor®-Associate members engaged in all facets of the real estate business. The organization is dedicated to enhancing the ability of its members to conduct their business successfully while preserving private property rights. Learn more at [njrealtor.com](http://njrealtor.com).



The Association of Municipal Assessors of New Jersey was established to educate those in the field of assessment and inform the public about the assessment profession. The association engages in research and training, promotes fellowship among peers, and cooperates with other public and private agencies. Learn more at [amanj.org](http://amanj.org).



Investors Foundation supports initiatives in the arts, youth development, health and human services, education and affordable housing. Investors Foundation works to improve the lives of its customers and neighbors. Learn more at [myinvestorsbank.com/Community/Investors-Foundation](http://myinvestorsbank.com/Community/Investors-Foundation).



The content in this guide was authored by Marc Pfeiffer, assistant director of the Bloustein Local Government Research Center at Rutgers University. Learn more at [blousteinlocal.rutgers.edu](http://blousteinlocal.rutgers.edu).

# FREQUENTLY ASKED PROPERTY TAX QUESTIONS



## WHAT IF I DO NOT AGREE WITH THE ASSESSED VALUE OF MY HOME?

State laws regulate the process for appealing the assessment of your home. In most counties, the appeal date is April 1. Each February, every property owner receives a Notice of Assessment that shows the land, improvement and total assessment for the current and previous years and the taxes billed (not paid) the previous year. The back side of the notice explains how to file an appeal of your assessment with your County Board of Taxation. You can find contact information about your county tax board at [bit.ly/CountyTaxBoards](http://bit.ly/CountyTaxBoards).



## IS INTEREST CHARGED IF THE TAX PAYMENT IS LATE?

Yes. Taxes paid after the due date or after a grace period ends are charged interest back to the first of the month they were due. Most towns charge the maximum interest on property tax delinquencies that state law allows: 8 percent for the first \$1,500 of delinquency, then 18 percent for the balance. There are further penalties that can make the interest rate go past 24 percent if the total delinquency exceeds \$10,000 in a year.



## WHAT HAPPENS IF PROPERTY TAXES ARE NOT PAID?

If taxes and accumulated interest are not paid in full by the November due date, the municipality will place a lien on the property. A lien is a legal action that means the property cannot be sold until the lien is redeemed by paying the amount due to the town. Interest on the principal continues to accumulate until the lien is redeemed.

Once a year, a municipality must sell all of its liens at a public auction where investors can purchase the lien for the outstanding amount. Interest on the lien continues to accrue to the benefit of the lien buyer. After the sale, interest may accrue at a lower rate, depending on the outcome at the auction. If the owner does not redeem the lien by paying the principal and accruing interest to the municipal tax collector (who then pays the lien holder) within two years, the lien holder can commence foreclosure proceedings in state court.

If the owner fails to redeem the lien prior to the foreclosure sale, the owner can lose the property along with any equity that may have been built up. The process has complexity not described here, and owners who find themselves with a lien on their property should consult an attorney knowledgeable about the process. Additional information can be found at [bit.ly/NJTaxSales](http://bit.ly/NJTaxSales).



## WHY ARE INTEREST RATES SO HIGH?

High interest rates serve as an incentive for all property owners to pay their bills on time. When taxpayers do not pay their bills on time, it can increase the amount the municipality must raise in additional taxes to cover the unpaid amounts. These delinquencies also create cash flow and solvency problems for the municipality.



## I DO NOT OWN A PROPERTY BUT PAY RENT. DO I PAY ANY PROPERTY TAXES?

You indirectly pay property taxes through your rent. When calculating rents, landlords will normally factor in the taxes on the property as one of the costs they recover from their tenants.



## WHAT IS A HOMESTEAD BENEFIT?

The Homestead Benefit is a form of state property tax relief that may appear on your property tax bill as a credit that reduces the amount you owe. The credit must be authorized each year through the state's annual budget process and is subject to income eligibility criteria that can change from year to year. The program requires the owner to apply to determine if they are eligible for the benefit. Residential property owners will receive an application from the New Jersey Division of Taxation in years the benefit is authorized. In some cases, a property owner may receive a check in lieu of a credit on their bill. Current information about the program can be found by calling 877-658-2972 or visiting [bit.ly/HomesteadBenefit](http://bit.ly/HomesteadBenefit).



## WHAT IS AN ESTIMATED TAX BILL?

State law generally requires property tax bills to be mailed out in June of each year. The bill covers four quarters: August, November, February and May. There may be times, however, when changes to state or local budgets prevent taxing districts from setting their tax levies in time for that mailing. In those cases, the municipality can authorize an estimated third quarter tax bill for the August installment.

This bill will usually be the same as the two preceding quarters and is due and payable in August as described on the bill (sometimes the bills go out late and the due date may be changed). Once budget issues are resolved and tax rates are set, the municipality will send out a final bill for the November installment. That bill reconciles the full year's taxes and amounts billed so far to show the final bill. It also includes the normal estimated bills for the following February and May.








## ARE PROPERTY TAX PAYMENTS DEDUCTIBLE ON MY INCOME TAX RETURNS?

Generally, yes. However, there are limits on the amount that may be deducted under state and federal law. Consult a CPA or tax professional regarding your specific tax situation.



## HOMEOWNER'S CHECKLIST

-  If taxes are paid via mortgage, confirm any escrow account balances with your lender.
  -  Paying off your mortgage? Make sure the tax collector is notified of the change and then follow the instructions below.
- 
- OR**
-  Make sure your mailing address is correct with the municipal tax collector.
  -  Make a note of the due dates and grace periods for all tax bill installments. Keep the coupons to make sure you pay the correct amount, and include one if you mail your payment or if you are making a payment in person.
  -  If you pay electronically through an online service, be sure your payment information includes your property identification information (block, lot, qualification).

# CALENDAR

Here's a look at when each step in the property tax process occurs:

## OCTOBER\*

On Oct. 1, assessors start setting the assessed value of property in each municipality for the next year.

## NOVEMBER

**Fourth quarter taxes are due on Nov. 1.**

**If the full year's taxes are not paid by now, the property could have a tax lien attached to it (see page 15).**

## DECEMBER

Taxing districts generally begin budgeting processes.

## JANUARY

**Tax assessors must submit all property assessments to the CBT.**

## FEBRUARY

Notice of property assessment is mailed to property owners.

First quarter taxes are due on Feb 1.

## APRIL

**Deadline for owners to appeal the assessed value of their home with the CBT is April 1.**

**Budgets are adopted.**

## MAY - JULY

Second quarter taxes are due May 1.

Adoption of budgets and setting of tax levies are completed.

The CBT sets property tax rates.

## JUNE - JULY

**Property tax bills are sent out.**

**CBT appeals are concluded.**

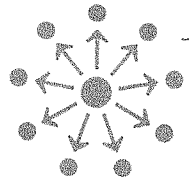
## AUGUST

Third quarter taxes are due Aug. 1.

## OCTOBER

**The process starts again for the next year.**

\*If you live in Monmouth County, the assessing cycle starts and ends sooner. Contact your municipal assessor with any questions.



## 6. DISBURSEMENT

Once your property taxes are paid, the money is then divided up among the school, municipal and county governments and the dedicated purposes. While the percentage that each receives will vary depending on where you live, this chart shows the average total property tax levy (or what percentage of your property tax bill goes where) in New Jersey.

### Average Total Property Tax Levy in New Jersey

