

Real Estate Tax Update – July 2012

The City of Philadelphia will be moving to property assessments based on Actual Values for Tax Year 2014. This change will help to provide fair, accurate, and understandable tax assessments and bills.

Tax Year 2013

For the upcoming Tax Year 2013, based on recently passed local legislation, the City will be using values certified for tax year 2011 to calculate tax bills, with adjustments for subsequent improvements, demolition and destruction.

- Most properties in Philadelphia will have no change in assessed value from last year.
- Approximately 25,000 properties will have a change in value and will receive a notice in late September with the new value. Properties with no change in value will not receive a notice.
- Tax bills based on the 2011 Values will be mailed as usual in December and are due March 31, 2013 (with a 1% discount if you pay by February 28th).
- Tax bills will be calculated based on the following formula:
 - Certified Market Value x 32% (pre-determined ratio) x 9.771% (tax rate).
 - The tax rate has increased by 3.6% compared to last year to provide additional funding to the Philadelphia School District. This increase is not related to a change in assessed values.

Tax Year 2014

To prepare for using Actual Values for tax assessments for Tax Year 2014 and beyond, the City will mail property owners notices of assessment change in February 2013 to alert them to the new values.

- These values will be based on the market value of the property, which means the value that your property would sell for on the open market.
- If you think that the new value is incorrect, you can have an informal review by the Office of Property Assessment Evaluator who initially assigned the value. You will have an opportunity to provide additional information to the evaluator for consideration. The evaluator will adjust the value if appropriate. If you believe that the assessed value is too high after the informal review, you will still have the option to make a formal appeal to the Board of Revision of Taxes.
- With Actual Value, the formula for calculating your tax bill will be simplified to Certified Market Value multiplied by the Tax Rate, removing the fractional basis for calculations. The Real Estate Tax rate will be determined by May 31, 2013, and the Administration plans to propose a substantial tax rate reduction once the new values are determined. Do not multiply the 2013 tax rate by your 2014 value to estimate your tax bill – it will be incorrect.

Homestead Exemption

Along with the new values, the City will be introducing a new tax relief program for homeowners called the Homestead Exemption beginning in Tax Year 2014. If you have already submitted an application for the Homestead Exemption, it will be processed and held for Tax Year 2014 and future years. If you have not already applied, you will receive an application in the mail around Labor Day. Applications received by November 15, 2012 will be reflected on the Assessment Change Notices going out in February 2013. Applications received after that will continue to be processed, but may not be shown on the Assessment Change Notices. This program will not be in effect for Tax Year 2013 and applications do not have to be submitted by July 31st, as previously announced.

In addition to the Homestead Exemption, the City will continue to offer installment payment programs for low-income Philadelphians and the tax freeze program for low-income seniors. The Pennsylvania Property Tax and Rent rebate program for eligible senior and the disable will also remain available.