

Was Your New Jersey Property Unfairly Assessed? You Could File a Tax Appeal

by Mark K. Follender on March 13, 2012

New Jersey property owners should be aware that the deadline for filing a tax appeal for commercial or residential property is quickly approaching. If you believe that your commercial or residential property tax assessment is unreasonable, you must generally file an appeal by April 2. If a municipal-wide revaluation or reassessment has been implemented, the deadline is extended to May 1.

Under New Jersey law, assessments are presumed correct because in tax matters it is to be presumed that governmental authority has been exercised correctly and in accordance with law. Therefore, the taxpayer has the burden of proving that the assessment is erroneous, unreasonable, excessive, or discriminatory. Most importantly, the taxpayer must establish the market value as of October 1 of the pretax year (referred to as the “assessment date”). This may be accomplished through appraisals, comparable sales, expert testimony, and other evidence of the property’s special circumstances.

To determine if an assessment is fair, the Tax Board uses a formula known as Chapter 123 test. The test is intended to verify that the ratio between the total assessment and the true market value is in line with the common level (average ratio) for the municipality. The common level is set each year by comparing the previous year’s actual sale prices to the assessed value of properties. Common level ranges for all New Jersey municipalities can be found [here](#).

If the ratio of the assessment to the true market value exceeds the average ratio by 15%, then the assessment must be reduced to the common level. If the assessment falls within this common level range, no adjustment is warranted. However, if the assessment to true value ratio falls below the common level, the Tax Board is obligated to *increase* the assessment to the common level.

The tax appeal process can be extremely advantageous, but it is also complicated. Therefore, it’s important to consult with an experienced tax attorney. In fact, business entities other than sole proprietorships must be represented by an attorney.

For more information about the New Jersey property tax appeal process, please contact Mark Follender at 201-397-1776.