Halton Region

Current Value Assessment (CVA) and Tax Policy Reference Manual

Updated February 2013

Halton REGION

CITY OF Burlington

HALTON HILLS

TOWN OF MILTON

OAKVILLE

Contents

Introduction

Purpose of the Current Value Assessment and Tax Policy Reference Manual

The *CVA Assessment and Tax Policy Reference Manual* has been developed to assist Councillors, staff, and property owners in understanding assessment and tax reform in Ontario, and specifically in Halton Region.

In 1998, the Provincial Government instituted current value assessment across Ontario, with mandated updates on a regular basis. At the same time, rules and regulations were legislated by the Province to guide municipalities in setting tax policies. Changes were also made to education taxes through the shifting of service responsibilities between the provincial and municipal governments. In the 2007 Provincial Budget, a four-year reassessment cycle was introduced. As a result of valuation changes from reassessment, increases in current value will be phased in equally over the four year period and decreases in current value assessment will be applied in the first year. The most recent reassessment occurred in 2012 and updated all property values in Ontario to a valuation date of January 1, 2012. Assessments used for the 2013 taxation year will reflect the first year of the phase in for increases in assessment or the full decrease in assessment. The next reassessment will occur in 2016 and update all property values in Ontario to a valuation date of January 1, 2016. The reassessed values will be phased in beginning in 2017.

Tax policies for 2013 will be developed to work towards Regional Council's Multi-Year Tax Policy Strategy with the aim of mitigating the shifts in tax burden created by the reassessment and mandatory phase-in program and Halton's Economic Development Strategy, ensuring Halton Region's industrial tax rates are competitive within the Greater Toronto and Hamilton Area.

Roles & Responsibilities

The following chart illustrates the roles and responsibilities of each governing body that is involved in the assessment and tax setting process.

Legislation, Rules & Regulations

Assessment of Properties

Municipal Tax Policies

Tax Billing Collections, Rebate Program Administration & Appeals

Provincial Government

The provincial government sets the policies and legislations affecting property assessment and taxation in Ontario. There are three Ministries that are involved in assessment and tax policy.

Ministry of Finance

The principal ministry involved in setting assessment and tax policies is the Ministry of Finance. Under the *Fair Municipal Finance Act, 1997*, the Ministry created a new province-wide, current value assessment system, which also introduced new property classes. The Minister of Finance sets assessment policy and standards across the Province and determines Ontario's Tax and Property Assessment Legislation. The Minister of Finance is responsible for establishing the majority of the regulations governing assessment and tax policy. This Ministry sets the overall policies and has the final decision on any assessment-related issues. The Ministry of Finance is also responsible for setting education tax rates annually.

Ministry of Municipal Affairs and Housing

The Ministry of Municipal Affairs and Housing is responsible for establishing some of the regulations under the *Municipal Act, 2001* and the *Residential Tenancies Act, 2006* associated with property tax policy. As the primary liaison with municipalities, its role deals more specifically with implementation details.

Ministry of Education

The Ministry of Education is responsible for establishing the deadlines for municipalities to pay their education tax installments. Although not responsible for setting the education tax rates, this Ministry is responsible for allocating these funds to the school boards.

Municipal Property Assessment Corporation (MPAC)

On December 31, 1998, the Provincial Government transferred responsibility for property assessment from the Ministry of Finance to the Ontario Property Assessment Corporation, an independent body established by the *Ontario Property Assessment Corporation Act, 1997*. Amendments to the *Act* in 2001 created an organizational change and renamed the organization the Municipal Property Assessment Corporation (MPAC).

MPAC is governed by a Board of Directors appointed by the Minister of Finance. The board is comprised of 15 members: eight members who are municipal representatives, five members represent property taxpayers; and two members represent provincial interests.

Every municipality in Ontario is a member of MPAC, a non-share capital, not-for-profit corporation whose main responsibility is to administer a uniform, province-wide property assessment system based on current value assessment in accordance with the provisions of the *Assessment Act* to nearly 4.7 million properties in Ontario.

These values are provided to individual property owners through Assessment Notices and to municipalities through the annual assessment rolls.

The annual assessment rolls are used by municipalities to calculate property taxes.

Halton Region

Under the rules and regulations created by the Province, Halton Region, as the upper-tier municipality, is responsible for the development of property tax policies. The Region works in co-operation with the local municipalities to set these policies on an annual basis.

These policy decisions include:

- tax ratios or delegation of tax ratio setting to the local municipalities
- optional property classes
- graduated tax rates for commercial and industrial classes of properties
- phasing-in of property tax increases/decreases
- how to fund the mandated caps for multi-residential, commercial and industrial properties
- low-income senior and disabled homeowners' programs

The annual tax policy decision process begins with analysis of the final assessment roll for the taxation year as received from MPAC each December. Annual growth in assessment and valuation changes to the assessment base creates shifts in the tax burden between property classes which may provide focus to the tax policy decisions required.

Also, in conjunction with the local municipalities and based on the annual tax policies established, the annual tax rates are determined for each property class.

Local Municipalities

Under the rules and regulations created by the Province, the Local Municipalities, as the lower-tier bodies, are responsible for the administration of the tax billing, adjustments and the collection process, rebate programs, taxpayer inquiries and Municipal representation in the appeal process.

Assessment

This section of the manual provides an overview of assessment and reassessment. While MPAC is responsible for property assessment, Council members and municipal staff may find the following information helpful in answering basic questions from citizens. As well, given the relationship between assessment and taxes, the following section provides baseline information on the types of property classes, subclasses and optional classes. Detailed questions should be directed to the MPAC office, the governing body responsible for assessment.

Ontario Property Reassessment

Property assessment is the value assigned to a property for taxation purposes.

Property reassessment in Ontario refers to the updating of all property values across the province using the same base year of comparison to reflect their value. Properties are assessed on the basis of their current value at a specific point in time.

Since market values on properties change over time, it is challenging to keep the assessments on properties up to date so that they reflect current market conditions. If this is not done, then similar properties with the same value within the same municipality will pay different levels of taxation.

When tax reform was initiated in 1997, assessments on all properties in Ontario were updated to reflect their value as of June 30, 1996. These 1996 values were used as the basis for taxation in 1998, 1999, and 2000.

The following table shows the date on which land is valued for assessment purposes for taxation years, beginning in 1998.

Taxation Year	Valuation Date
1998, 1999, 2000	June 30, 1996
2001, 2002	June 30, 1999
2003	June 30, 2001
2004, 2005	June 30, 2003
2006, 2007, 2008	January 1, 2005
2009 - 2012	January 1, 2008
2013 - 2016	January 1, 2012

The 2004 Provincial Budget cancelled the reassessment planned for 2005 and adopted a new reassessment schedule starting with the 2006 taxation year based on assessment values as of January 1 of the year preceding the taxation year, (i.e. for the 2006 taxation year, the valuation date would be January 1, 2005).

A Provincial Ombudsman investigation was launched into whether MPAC's process of valuing properties was fair and transparent as a result of a large number of taxpayer complaints. On March 28, 2006 the Provincial Ombudsman submitted his report which contained 22 recommendations that addressed these concerns. On June 29, 2006 the Minister of Finance announced that the scheduled property reassessments for the next two years would be cancelled in order to allow for the implementation of the Ombudsman's recommendations.

The 2007 Provincial Budget introduced a mandatory phase-in of residential assessment increases over the four year period. The phase-in program would apply to residential, farmlands and managed forest properties and would not apply to assessment decreases. The 2008 Provincial Budget extended the phase-in of assessment increases to all property classes. The current reassessment is based on property values as of January 1, 2012, and applies to the 2013, 2014, 2015 and 2016 taxation years. The next reassessment will occur in 2016 to value all properties as of January 1, 2016 and will apply to the 2017-2020 taxation years.

Increases in assessed values are distributed equally among all years of the phase in cycle. Decreases in assessed values are fully realized in the first year of the phase-in cycle

When a change in assessment occurs, the *Assessment Act* requires MPAC to mail Property Assessment Notices to property owners at least fourteen days prior to supplying the Assessment Roll to a municipality in December.

Examples of Property Assessment Phase-In

Property Assessment Value Increase

January 1, 2008 Valuation
CVA = $200,000

January 1, 2012 Valuation
CVA = $240,000

Change in Assessment = $40,000

CVA for Taxation Purposes

Taxation Year	Assessment
2013	$210,000
2014	$220,000
2015	$230,000
2016	$240,000

Property Assessment Value Decrease

January 1, 2008 Valuation
CVA = $200,000

January 1, 2012 Valuation
CVA = $180,000

Change in Assessment = $-20,000

CVA for Taxation Purposes

Taxation Year	Assessment
2013	$180,000
2014	$180,000
2015	$180,000
2016	$180,000

Current Value Assessment

Current Value Assessment is defined as the amount of money a property would realize if sold at arm's length by a willing seller to a willing buyer. To calculate a property's assessed value, MPAC analyzes market information from similar types of property in the vicinity.

While all properties are evaluated using current value assessment, there are three methods used for this analysis:

- the selling price of a property (residential)
- the rental income a property generates (office building)
- the cost to replace a property (industrial)

Each method takes into consideration the location of a property, the size and quality of any buildings, and features which might enhance or reduce a property's value.

Property Assessment Codes and Classes

MPAC classifies every property into one or more property classes. Municipalities have the ability within pre-established provincial guidelines to charge each property class a different rate of tax. Therefore, classification of properties becomes important in that it will determine the rate of tax that the property owner will be required to pay.

Classes of Properties

Current legislation requires MPAC to allocated properties into seven mandatory property classes. Property classes are defined by a Realty Tax Class (RTC) designation.

Residential (RTC = R)

Multi-Residential (RTC = M)

Commercial (RTC = C)

Industrial (RTC = I)

Pipelines (RTC = P)

Farmlands (RTC = F)

Managed Forests (RTC = T)

Property Class Definitions

Residential

The residential property class consists of:

- land used for low density residential purposes, such as single-family houses
- condominium units
- land used for residential purposes on a seasonal basis including campgrounds
- land owned by a cooperative or a corporation without share capital, or a group home
- specific lands not used for residential purposes, such as farm land that does not fall in the farm land class

Multi-Residential

This class consists of land that is used for residential purposes that has seven or more self-contained units.

Commercial

The commercial class includes all land that is not included in any other property class. Examples of properties included in this class are:

- hotels
- motels
- stores
- office buildings
- shopping malls
- homes for the aged
- homes for special care
- retirement homes and nursing homes operated as commercial ventures

Industrial

The industrial property class consists of land used for, or in connection with, manufacturing, producing or processing, as well as lands used for research and development and storage activities in connection with manufacturing, producing and processing. This class also includes land used for generating or transforming hydroelectricity.

Pipeline

This class of property consists of pipelines as they are presently defined in the *Assessment Act*. The Minister of Finance prescribes assessment rates by regulation using the same base year value as all other properties.

Farmlands

As of 2006, Halton Region set the tax ratio for the farmlands class to 20% of the residential tax rate (subject to certain restrictions detailed in regulations). Land used for farming, including outbuildings, is included in this class. Qualification for the farmlands class is based on the criteria set for the former Farm Tax Rebate Program that applied in 1997.

Managed Forests

Eligible managed forests are taxed at 25% of the residential tax rate. This class consists of land that is subject to a managed forest agreement. If the land is used for other purposes, it will be reclassified and the favourable tax treatment will be eliminated. Furthermore, it is intended that the tax break that the property had enjoyed as an eligible managed forest will be recovered for the year or portion of the year in which it ceased to be eligible and such change can be made by the assessor up to four years later.

Optional Classes of Properties

In addition to the seven core property classes, the Minister of Finance established six additional optional classes.

New Multi-Residential (RTC = N)
Office Building (RTC = D)
Shopping Centre (RTC = S)
Parking Lot & Vacant Land (RTC = G)
Residual Commercial (RTC = K)
Large Industrial (RTC = L)

The advantage of creating an optional class is that it provides additional flexibility to tax properties within these classes at a different rate compared to the broader class. Having said this however, setting up additional new classes moves a municipality further away from full tax equity across all classes, creating a greater number of tax rates.

Beginning in 2008, a new optional class, Residual Commercial was created by the Province. This is comprised of the remainder of the properties within the commercial class that would not be classed in one of the other optional classes (of Shopping Centre, Office Building and Parking Lot). The purpose of this class is for a Council to be able to create a separate tax ratio for the balance of the commercial class when the optional commercial classes have been adopted. This optional class currently does not apply to Halton.

New Multi-Residential

This class consists of land that would otherwise be in the multi-residential property class but that satisfies the requirement that the units on the land have been built or converted from a non-residential use pursuant to a building permit issued after the by-law adopting the new multi-residential class was passed (in Halton's case, after October 30, 2002).

Land ceases to be in the new multi-residential class after it has been in that class for 35 taxation years.

Halton implemented the New Multi-Residential Class to set a lower tax rate for New Multi-Residential properties, to help provide an incentive for development of these properties. The tax ratio for this new class has been set at 88% of the tax rate for existing Multi-Residential properties. This is currently the only optional class in Halton Region.

New Construction Property Classes

In the 2007 Provincial Budget a reduction to the business education tax rate to a uniform target maximum of 1.6% over the following seven years was announced. The new rate of 1.6% took effect immediately from the date of the budget, March 22, 2007 for all new construction in the business classes of Commercial and Industrial. The target rate was updated to 1.26% in 2012 resulting from the reassesment and phase in process. This has resulted in new property classes for new construction. These property classes consist of land that would otherwise be in the core class and have made improvements to the land where the application for the building permit was made after March 22, 2007. The improvements result in an increase in the assessment equal to or greater than 50% of the assessment before the change. The regulation for the new codes was passed on September 11, 2008. In Halton, the reduction to a target rate impacts industrial properties only as the education rate for commercial properties is already below the target maximum. There are several new industrial properties within Halton that are taxed at this reduced rate.

Subclasses of Properties

Within some of the classes, the Province established additional breakdowns to further define the type of property. Discounted tax rates apply to these mandatory subclasses. This ensures that the special nature of these properties is recognized. Subclasses are identified by a Realty Tax Qualifier (RTQ) designation. The following is a list of the subclasses as defined by the Minister of Finance.

Taxable at the Full tax rate (RTQ = T)

Farmland Awaiting Development I (RTQ = 1)

Farmland Awaiting Development II (RTQ = 4)

Excess Land (Commercial/Industrial) (RTQ = U)

Vacant Land (Commercial/Industrial) (RTQ = X)

The Minister of Finance prescribed two subclasses with different discounts for Farmland Awaiting Development applicable to the Residential, Multi-Residential, Commercial and Industrial core classes. In Halton, the Phase I subclass tax rate is set at 75% of the residential tax rate. Farmland Awaiting Development Phase I applies to properties once a plan of subdivision has been registered. Phase I subclass tax rates are to be set between 25% to 75% of the residential property tax rate even though the properties may be in other property classes. Farmland Awaiting Development Phase II applies to properties once a building permit has been issued for that property. Phase II subclass tax rates are to be set between 25% to 100% of the class rate of the property. In Halton, the Phase II subclass tax rate is set at 100% of the applicable property and class tax rate.

The Excess Land and Vacant Land subclasses are applicable to the Commercial and Industrial classes only. Properties falling within these subclasses are discounted at 30% to 35% of the full Commercial and/or Industrial rate.

Mixed-Use Properties

It is possible for a property to fall into more than one property class. MPAC requires the assessor to divide the assessment of mixed-use multi-tenanted properties among different classes according to use. The municipality will then apply the appropriate tax rate to the assessed value of the property in each property class as specified on the assessment roll. This increases fairness by ensuring that properties used for similar purposes are taxed at the same rate, regardless of the nature of the building in which they are located.

For example, a building with a commercial business on the main floor and a residential unit above will have assessment in both of these classes.

The following provides an illustration of how mixed-use taxes would be calculated:

Property A – total assessed value of	$300,000
RT – residential assessment:	$100,000
CT – commercial assessment:	$200,000
Residential tax rate:	1.0%*
Commercial tax rate:	2.4%*

$100,000 x 1.0% = $1,000
(RT x Residential Tax Rate = Residential Taxes)

+

$200,000 x 2.4% = $4,800
(CT x Commercial Tax Rate = Commercial Taxes)

=

$5,800
(Total Taxes)

* *hypothetical tax rates*

Property Tax Relief for Residences built or modified to accommodate Seniors or Persons with Disabilities

The *Assessment Act* contains provisions to exempt from property taxes any alterations and additions that are made to existing residential properties to accommodate seniors or persons with disabilities. The exemption also applies to the prescribed portion of newly built homes that are designated to accommodate seniors or people with disabilities. It is the responsibility of the property owner of the eligible property to apply to MPAC for the exemption.

The following chart provides a summary of the taxable assessment codes based on the categorization by MPAC for properties in Halton Region.

GENERAL CLASS	CODE	MANDATORY/OPTIONAL	DESCRIPTOR/SUBCLASS
Residential	RT	Mandatory	Full Taxable
	RH	Mandatory	Taxable - Shared Payment-In-Lieu
	R1	Mandatory	Farmland awaiting development (1st subclass)
Multi-Residential	MT	Mandatory	Full Taxable
New Multi-Residential	NT	Optional	Full Taxable
Commercial	CT	Mandatory	Full Taxable
	CH	Mandatory	Taxable - Shared Payment-In-Lieu
	CU	Mandatory	Excess land subclass
	CK	Mandatory	Taxable - Shared Payment-In-Lieu - excess land subclass
	CX	Mandatory	Vacant land subclass
	XT	Mandatory	New construction - full taxable
	XU	Mandatory	New Construction - Excess land subclass
	XX	Mandatory	New Construction - Vacant land subclass
	DT	Optional	Office building - full taxable
	DH	Optional	Office building - taxable - Shared Payment-In-Lieu
	DU	Optional	Office building - excess land subclass
	YT	Optional	Office Building New Construction - full taxable
	YU	Optional	Office Building New Construction - excess land subclass
	ST	Optional	Shopping centre - full taxable
	SU	Optional	Shopping Centre - excess land subclass
	ZT	Optional	Shopping Centre New Construction - full taxable
	ZU	Optional	Shopping Centre New Construction - excess land subclass
	GT	Optional	Parking lot - full taxable
Industrial	IT	Mandatory	Full Taxable
	IH	Mandatory	Taxable - Shared Payment-In-Lieu
	IU	Mandatory	Excess land subclass
	IK	Mandatory	Taxable - Shared Payment-In-Lieu - excess land subclass
	IX	Mandatory	Vacant land subclass

The following chart provides a summary of the assessment codes based on the categorization by MPAC for properties in Halton Region.

GENERAL CLASS	CODE	MANDATORY/OPTIONAL	DESCRIPTOR/SUBCLASS
	IJ	Mandatory	Taxable - Shared Payment-In-Lieu - excess land subclass
	I1	Mandatory	Farmland awaiting development (1st subclass)
	JT	Mandatory	New construction - full taxable
	JU	Mandatory	New construction - excess land subclass
	KT	Optional	Large industrial new construction - full taxable
	KU	Optional	Large industrial new construction - excess land subclass
	LT	Optional	Large Industrial - full taxable
Industrial	LU	Optional	Large Industrial - excess land subclass
Pipeline	PT	Mandatory	Full Taxable
Managed Forests	TT	Mandatory	Full Taxable
Farmland	FT	Mandatory	Full Taxable

Rights of Property Owners to Challenge Their Property Assessment

If a property owner thinks that the assessed value of their property is incorrect, there are a number of tools provided by MPAC to assist them. Starting in the fall of 2012, owners of all property types – residential, farm and business properties – can use AboutMyProperty to access detailed information on their property. AboutMyProperty allows property owners to quickly and easily find out more about how their property was assessed and to confirm its accuracy. By using the roll number and access key found on their 2012 Property Assessment Notice, property owners can register and log on to **www.aboutmyproperty.ca** and compare their property to other properties in their neighbourhood. Using an interactive map of their community, they can create a Properties of Interest list with access to as many as 100 property snapshots and up to 24 detailed property reports all free of charge. Property owners also have the option of submitting updates to information MPAC has on file directly through the application. The information provided enables the comparison of assessment data for similar properties to assist the property owner in determining whether they believe the assessed value is correct.

Beginning in 2009, property owners in the residential, farm and managed forest property classes who continue to have concerns with the current value assessment or classification of their property must ask MPAC to conduct a review of their assessment though the Request for Reconsideration (RfR) process. Again, this service is free of charge. The deadline for filing an RfR is March 31 of the taxation year. For all other property classes, filing an RfR is not mandatory. MPAC is mandated to respond to all RfR applications by September 30 each year.

If the reconsideration process results in a change to the assessment, MPAC will communicate the change to both the property owner and the municipality.

In addition, a property owner may also file a Notice of Complaint with the Assessment Review Board (ARB). Property owners in the residential, farm and managed forest property classes can file an appeal with the ARB if they do not agree with MPAC's decision through the RfR process. This must be filed within 90 days of MPAC mailing the RfR decision. Property owners in all other classes can proceed directly with an ARB appeal and the deadline for these appeals is March 31 of the taxation year. There are specific forms and fees involved in this process. Forms are available on the MPAC web site, or by calling MPAC at 1-866-296-MPAC (6722). Information is also on the ARB website at www.arb.gov.on.ca.

The ARB is an independent tribunal which is responsible for hearing assessment appeals. It has the authority to change assessed values. All parties to an appeal (property owner, the municipality and MPAC) can present evidence at an appeal hearing. The decision of the Board is binding.

Contacting MPAC About Assessment

Assessment Office
6745 Century Avenue, Suite 1
Mississauga, Ontario L5N 8C9
Ph: 1-866-296-6722
Fax: 1-866-297-6703
e-mail: enquiry@mpac.ca
website: www.mpac.ca

Understanding the Relationship Between Assessment and Taxes

Property tax remains the most important and largest revenue source for municipalities. It is the only tax that municipalities have the authority to collect. The two components required for determining property taxes are the assessed value of the property and the tax rate applied to the property.

Tax Rate

The tax rate in Halton Region consists of three components: The local municipal portion (City of Burlington, Town of Halton Hills, Town of Milton or Town of Oakville), the Regional portion and the education portion. The local and regional portions are based on budgetary needs and the education portion is based on the provincial education funding requirements. The residential tax rate is determined by dividing the budgetary needs by the total assessment. Tax rates are set for each property class.

Calculating Property Taxes

Property taxes are calculated using the property's assessed value, the municipal tax rates (Region and Local) and the education tax rate. The formula is:

Assessed Value x Municipal Tax Rate =

Amount of Municipal Property Tax

+

Assessed Value x Education Tax Rate =

Amount of Education Property Tax

=

Total Property Taxes

Provincial Rules and Regulations Governing Municipal Tax Policy

The following table outlines the legislation enacted by the provincial government to implement property assessment and tax reform.

Bill #	Name	Date Approved
Bill 106	*Fair Municipal Finance Act, 1997*	May 27, 1997
Bill 149	*Fair Municipal Finance Act 2, 1997*	December 8, 1997
Bill 16	*Small Business and Charities Protection Act, 1998*	June 11, 1998
Bill 79	*Fairness for Property Taxpayers Act*	December 18,1998
Bill 140	*Continued Protection for Property Taxpayers Act, 2000*	December 4, 2000
Bill 83	*Budget Measures Act, 2004*	June 17, 2004
Bill 187	*Budget Measures and Interim Appropriation Act, 2007*	May 17, 2007
Bill 35	*Investing in Ontario Act, 2008*	May 14, 2008
Bill 212	*The Good Government Act, 2009*	December 15, 2009

The following information provides an overview of the Provincial rules and regulations governing municipal tax policy. This provides a starting point upon which to commence the analysis in Halton Region.

Bill 212, *The Good Government Act, 2009*

This is an omnibus bill that amends a number of statutes and was introduced for first reading on October 27, 2009, and received Royal Assent on December 15, 2009. The amendments that affect tax policy are the removal of several current deadlines that the *Municipal Act, 2001* imposes on a municipality's ability to make tax policy by-laws. In particular, the April 30 deadlines for tax ratios, upper-tier levy, graduated tax rates and capping are removed and replaced with a requirement to pass a by-law "in each year". Also, the October 31 deadline for the establishment of optional classes is removed.

Section 361 is also being amended to allow municipalities the flexibility to accept late applications for charity rebates where extenuating circumstances prevents the applicant from completing a timely submission.

Mandatory Phase-In of Assessment Increases

Beginning in 2009, the Province introduced a mandatory four year phase-in program for the reassessment related increases in all property classes. This phase-in is meant to mitigate the fluctuations that could occur under an annual reassessment program. The phase-in does not apply to reassessment related decreases. These will take effect in the first year.

Capping Program Options

Capping was introduced by the Province in 1998 as a mandatory program for the protection of properties in the commercial, residential and multi-residential classes against significant increases caused by reassessment. Legislation allows municipalities to finance the program by limiting tax decreases within each class, this is referred to as a clawback. In September of 2008, the Ministry of Finance announced new options for the mandatory capping program. The mandated capping program applies to the multi-residential, commercial and industrial classes. The options allow for properties that have reached their CVA taxes or cross from being a capped property to a clawback property and vice versa to be removed from the capping program. The option can be class specific or for the entire program and must be detailed in the Municipal capping by-law on an annual basis. The use of the option to remove properties that had reached their CVA taxes resulted in the elimination of multi-residential properties from the capped program in 2009.

Ranges of Fairness and Tax Ratios

Across Ontario, properties in different classes are taxed at varying municipal rates as a result of historical differences in tax burdens that were present prior to the Ontario-wide reassessment in 1998. For the most part, different relative tax burdens continue to exist after reassessment whereby typically, businesses across Ontario pay higher property taxes than residential properties.

The different relative tax burdens among property classes are based on the tax ratios set by municipalities. Changing the tax ratios will result in a shift of the tax burden among classes.

Based on the current environment, taxing all properties at the same rate would result in massive tax shifts from business to residential properties. The province recognizes that an immediate move to a position where all properties pay the same tax rate, regardless of class, would be too difficult for residential property owners to absorb. As a result, the Province permits municipalities to set different tax rates on each property class, subject to provincially established "ranges of fairness". These ranges ensure that taxes are not shifted onto properties that are already subject to unfairly high tax rates, or to properties that are subject to unfairly low tax rates. Municipalities can leave their tax ratios at their current level or elect to move towards the ranges of fairness.

Based on provincial rules, the tax ratio for the residential class is always set at 1.0. The following chart provides the Property Classes, the provincially legislated "Ranges of Fairness", the 2012 Halton Region Tax Ratios and the Threshold Ratios.

The "Ranges of Fairness" represent what the Province determines is a fair level of taxation for various types of properties relative to the tax burden on the residential class.

Property Class	Range of Fairness (Provincially Legislated)	2012 Halton Tax Ratios	Threshold Ratios
Residential	1.00	1.0000	
Multi-Residential	1.00 1.10	2.2619	2.740
New Multi-Residential	1.00 1.10	2.0000	2.740
Commercial	0.60 1.10	1.4565	1.980
Industrial	0.60 1.10	2.3599	2.630
Pipelines	0.60 0.70	1.0617	
Farmland	0-0.25	0.2000	
Managed Forests	0.25	0.2500	

The different relative burdens are reflected in the tax ratios. These relative burdens are used to calculate the municipal tax rate of each property class in relation to the residential class. For example, commercial properties in Halton Region were required to pay approximately 1.4565 times more municipal property taxes than their residential counterparts in 2012.

Moving tax ratios closer to the Residential rate of 1.000 would result in significant tax shifts among property classes. Assuming that the total municipal taxes remain the same, any reduction in the tax ratios for multi-residential, commercial or industrial classes would directly impact residential property taxes by increasing the tax burden on that class.

The Municipal Act provides upper tier municipalities with the authority to set the tax ratios which then apply to all lower tier municipalities within the upper tier, or they can delegate the authority for tax ratio setting to the lower tier municipalities. This allows the lower tier municipalities to establish tax ratios specific to their own assessment base. Upper tier municipalities that choose to delegate this authority must develop an apportionment methodology to determine the amount of upper-tier levy that each of the lower tier municipalities would be required to raise. Delegation requires unanimous lower-tier agreement as well as approval from the Minister of Finance. Peel Region has opted to delegate the authority for setting tax ratios beginning in the 1998 taxation year. It is currently the only upper tier municipality in Ontario that has delegated this authority to its lower tier municipalities.

In 2013, the decision of whether or not to change the tax ratios will be made by Halton's Regional Council during their tax policy deliberations.

Municipalities are not permitted to apply municipal levy increases on the commercial, industrial or multi-residential classes if the tax ratios for those classes exceed the prescribed threshold ratios, as shown in the previous chart.

These threshold ratios define the average relative municipal tax for each property class in relation to the Residential class across the Province. For example, across Ontario, on average, Multi-Residential tax rates are 2.74 times more than the municipal tax rates for their Residential counterparts in 2012.

In the case of Halton, given that the 2013 municipal budgets are greater than in 2012, according to provincial rules, Council must distribute the municipal levy increase onto all classes of property. This is because Halton's existing tax ratios are below the provincial threshold.

Where a tax ratio, or the previous year's tax ratio, falls within the ranges of fairness, the municipality may move the tax ratio anywhere within the range. Where the tax ratio, or the previous year's tax ratio, falls outside the range, the municipality may keep the existing tax ratio or move it closer to the range. Municipalities may not move tax ratios further away from the range than the tax ratio of the previous year, except if as set out in the provincial regulations.

Summary of the Rules and Regulations Governing Municipal Tax Policy

The following table provides a brief summary of the provincial tools that are available to municipalities in establishing their tax policies.

TOOL	Mandatory vs. Discretionary	Property Class	Comments
Changing Tax Ratios	Discretionary	Multi-Residential Commercial Industrial Pipelines Farmlands	• The upper-tier municipality has the option of changing the relative burden between classes of properties from those prescribed by the Province. • This provides Halton Region with a tool to lower the relative tax burden on commercial, industrial, pipeline, farmland and/or multi-residential classes. • Should Halton Region elect to lower the tax ratios for any of these classes, there will be an offsetting increase in municipal taxes for the other classes most significantly to the residential class as this is the single largest component. • Municipalities are required to pass by-laws setting their tax ratios each year unless prescribed otherwise by the Minister of Finance (Section 308 (5), *The Municipal Act, 2001*). Note: This is one of the deadlines that is amended under the *Good Government Act* to within the calendar year. • Halton's tax ratios have remained consistent since 2001, when the multi-residential tax rate was reduced from 2.4439 to 2.2619.

Tool	Mandatory vs. Discretionary	Property Class	Comments
Mandatory Relief for Low-Income Seniors & Disabled Homeowners	Mandatory Program with Discretionary Program Rules	Residential	• The upper-tier municipality is required to provide a relief program for all tax increases including municipal levy increases. • Halton Region must establish a policy outlining their definition of low-income seniors and low-income disabled persons. • The Region must also decide whether the relief program will be in the form of a cancellation of the tax increase, rebate or deferral program. • The program is administered by the lower-tier municipalities. • **Note: Halton Region has had a tax deferral program in place since 1998 for low- income seniors and disabled homeowners.**
Rebates for Vacant Units	Mandatory Program	Commercial Industrial	• Every local municipality is to have a program for providing tax rebates to vacant portions of properties in the commercial and industrial classes. • Rebate for commercial properties is 30%. • Rebate for industrial properties is 35%. • Application deadline is the last day of February of the year following the taxation year. • Cost of the program shared by municipalities and school boards in the same ratio as tax revenue received.

Tool	Mandatory vs. Discretionary	Property Class	Comments
Rebates to Charities	Mandatory Program with Discretionary Program Rules	Commercial Industrial	• The upper-tier municipality must provide rebates of at least 40% of property tax starting in 2001 for eligible properties. • Charities will be eligible for this mandatory rebate program if they have a valid registration number issued by the Canada Revenue Agency. • Charities who are tenants of a business property are also eligible for the rebate – similar to charities that own their property. • Halton Region has the option of providing rebates from 40% to 100% of the property tax paid by eligible charities. • Halton Region must also decide whether to extend the rebate program to organizations that are similar to eligible charities (non-profit organizations). • The program is administered by the lower-tier municipalities. • **Note: In 1998, Halton Region established a program to provide a 40% rebate for eligible charities.**

Tool	Mandatory vs. Discretionary	Property Class	Comments

Capping	Mandatory Program with Discretionary Program Rules	Multi-Residential
		Commercial
		Industrial
			The Province has required capping programs on taxes in the business classes since 1998. The first program was introduced in *Bill 79, The Fairness for Taxpayers Act, 1998*, which required capping tax increases from reassessment to 10% in 1998, and a further 5% in 1999 and 2000. The Region is required to make adjustments between the lower-tier municipalities to ensure no city/town is left with a shortfall or surplus. In 2001, the Province continued with the 5% limit on reform related tax increases.
			New in 2005 and future years:
			• The province provides municipalities with a range of options to modify the tax-capping program:
			  ◦ *Municipalities can increase the amount of the annual cap from 5% up to 10% of previous years' annualized taxes, or*
			  ◦ *Municipalities can implement a minimum annual increase for capped properties up to 5% of CVA-level taxes, and*
			  ◦ *Municipalities can move capped or clawed-back properties directly to their CVA taxes if they are within 0 to $250 of their CVA taxes*
			• Limit remains in place until properties reach their CVA.
			• Does ***not*** apply to municipal levy increases – therefore the annual tax increase that business properties would experience may exceed the capped percent limit.
			• There are some property types that are exempt within these classes including farmland awaiting development and Payments-in-Lieu.
			New in 2009 and future years:
			• The province provides municipalities the option to exclude properties that have reached CVA tax level in the prior year, or to exclude properties that crossover from a capped position to a clawed back position or vice versa from the current year program.
			• In 2012, Halton's capping program criteria consisted of an annual cap of 10% of the previous years' annualized taxes, threshold of within ± 250 of CVA taxes the property is moved to CVA taxes and properties that are at CVA taxes or where the taxes have crossed over CVA taxes be exempted from capping.

Tool	Mandatory vs. Discretionary	Property Class	Comments
Optional New Class	Discretionary Program	New Multi-Residential **Commercial** • Shopping Centre • Office Building • Parking Lot & Vacant Land • Residual Commercial **Industrial** • Large Industrial	• The upper-tier municipality has the option of establishing any of the optional classes that the province defined in the legislation. • This provides municipalities with additional flexibility to target specific optional classes of properties and permits different tax ratios for each of these classes within the provincial guidelines. • Halton's only optional class is new multi-residential as established in 2002.
Graduated Tax Rates	Discretionary Program	Commercial Industrial **(Note: not permitted in the optional classes)**	• Allows the upper-tier municipality to establish up to three different tax rates within these classes to tier the taxes paid based on municipally defined assessment bands (i.e. 0-$200,000; $200,000-$1,000,000; $1,000,000+). • This tool provides the ability to protect lower valued commercial and industrial properties by allowing municipalities to apply lower tax rates for the first band of current value assessment on every property within the class. • This program is self funded within the class, and as such, by providing a lower tax rate for a lower band, increases the tax rate for the higher bands. • Halton has not used graduated tax rates.

Tool	Mandatory vs. Discretionary	Property Class	Comments

Phase-Ins	Discretionary Program	All Classes	• The upper-tier municipality is permitted to phase in tax changes.
			• This tool can be used in any/all classes of properties.
			• Municipalities have the option of phasing in tax changes over a period of up to eight years.
			• This provides property owners with time to adjust to their new burden.
			• This program can be funded from within the class, or through budgetary provisions.
			• Halton Region has the option of establishing a program for any one or all of the classes.
			  • can set percentage of tax increase that is permitted in any given year.
			  • can establish other criteria on the phase-in policy such as a minimum amount to be phased in ($ threshold).

Municipal Tax Reductions	Discretionary Program	Multi-Residential Commercial Industrial	• Replaces the municipal tax rebate tool under Section 442.2 of *The Municipal Act* • Municipalities can reduce taxes for these properties down to the cap limit by processing a reduction on the tax bill rather than issuing an after-the-fact rebate • Municipalities fully fund the cost of tax reductions under this mechanism – no sharing with school boards

Tool	Mandatory vs. Discretionary	Property Class	Comments
Optional Relief from Hardship	Discretionary Program	Residential Farmland Managed Forests	• Should the local municipality decide to create a program, they must create their own definition of "unduly burdensome". • Should the local municipality establish a program, it must also determine the amount of relief and the eligibility criteria. • The cost of the relief program is automatically shared by school boards in respect of the education portion of the tax. • Upper-tier municipalities have the option of sharing the cost with respect to the upper-tier portion of the property tax. • The Upper-tier municipality would need to pass a similar by-law to agree to share the program. Example is the senior's tax grant instituted in 2009 and currently offered by the City of Burlington and the Towns of Halton Hills and Oakville.
Tax Reductions for Heritage Properties	Discretionary Program	All Property Classes	• A local municipality may provide tax reductions or refunds to heritage properties. • Must be designated under the *Ontario Heritage Act.* • Reduction or refund must be between 10% and 40%. • Cost of the program is automatically shared with the school board in respect of the education portion of the tax. • Upper-tier municipalities have the option of sharing the cost with respect to the upper-tier portion. • The upper-tier municipality would need to pass a similar by-law to agree to share the program.

Education Taxes

As discussed earlier, a property tax bill is made up of municipal and education taxes. This part of the manual discusses the treatment by the Province of education taxes for residential and business properties.

Residential Education Tax Rates

In 1998, the Province established a province-wide residential/multi-residential education tax rate. This rate is updated on an annual basis. This means that regardless of where you live in Ontario, a residential property will pay the same rate of education taxes. For 2013, the residential education rate is 0.212%. To illustrate how this worked, in 2013, a property with an assessed value of $350,000 will pay $742.00 toward education in their property taxes. Therefore, any two similarly assessed residential properties in Ontario will pay the same education taxes.

Business Education Tax Rates

BET Rates for Commercial, Industrial and Pipeline tax classes are not standardized across the Province. The Province determines the rate for each municipality to ensure that the same amount of taxes is collected across the Province. The 2007 Ontario Budget announced that over the next seven years beginning in 2008 the BET rate will be lowered to a target maximum tax rate by January 1, 2014. The only rate in Halton above this targetted level is the Industrial rate. The rates that are currently below the maximum will not be increased. New construction will immediately be subject to the maximum BET rate.

As stated in the Provincial Budget, the business education tax rates will be reduced to a uniform maximum rate. The reduction will be two percent of the amount by which the current rate exceeds the maximum target rate. In the 2012 Budget, the government announced a temporary freeze to the BET reduction plan, beginning in 2013. As a result of the reassessment and phase in process, the proposed target maximum BET rate remains at 1.26% for 2013.

Ontario Regulation 445/12 has been passed, setting the education rates for 2013. The following table summarizes the Residential and Business & Education Rates for 2013.

PROPERTY CLASS	2013 EDUCATION RATES
Residential	0.212%
Multi-Residential	0.212%
Commercial	0.970%
Industrial	1.571%
Industrial - New Construction	1.260%
Pipelines	1.204%
Farmlands	0.053%
Managed Forests	0.053%

Frequently Asked Questions

Q. ***What is a reassessment?***

A. Reassessment is the process of updating the assessed values of all properties in a municipality to a common valuation date. The provincial legislation requires the Municipal Property Assessment Corporation (MPAC) to update all assessed values on a regular basis.

Q. ***Who carries out a reassessment?***

A. Property assessors who work for the Municipal Property Assessment Corporation determine a property's assessed value. Halton Region is not responsible for the calculation of a property's assessed value and has no authority to change these values. Any inquiries about a property's assessment should be directed to the MPAC office shown on the notice of assessment.

Q. ***Whom do I contact if I have questions about my Assessment Notice?***

A. If you have questions about your Property Assessment Notice, assessed value, or about assessment in general, please contact MPAC. A list of ways to do so is on your Notice.

Q. ***What is a tax rate and how is it linked to the assessed value?***

A. The tax rate is related to the budgetary needs of a municipality and the provincial decision on education requirements. The tax rate is expressed as a percentage of a property's assessed value. Each property class has its own tax rate. The tax rate, multiplied by the assessed value, results in the amount of property taxes payable.

For example, if the residential tax rate is 1.0% and the assessed value is $300,000, the property taxes would be $3,000 ($300,000 x 1.0%).

Q. ***What is phased in reassessment?***

A. Starting in 2013, assessment increases will be phased-in over a four year cycle. This mandatory phase-in will apply to all property classes. The phase in does not apply to assessment decreases, as any decreases will be fully realized in the first year of the phase-in cycle.

Example: A $40,000 assessment increase will be phased-in equally in increments of $10,000 each year over 4 years as follows:

From: $200,000 ***To: $240,000***

Year	**Assessment**
2009	$210,000
2010	$220,000
2011	$230,000
2012	$240,000

Q. ***Who made the decision to implement a reassessment?***

A. The Provincial government determines reassessment programs and reassessment programs are mandatory and Province-wide.

Q. ***What is the valuation date of my new assessment?***

A. Your valuation date of your new assessment is January 1, 2012. The valuation date of your old assessment was January 1, 2008.

Q. ***If my property is built in 2011, what is my valuation date?***

A. If your property is built anytime before January 1, 2012, your valuation date will be January 1, 2012. MPAC will determine a value for your property as of this date.

Q. ***How does MPAC assess my property?***

A. Your assessment is determined using a variety of factors which include:

- recent sales of similar properties in surrounding neighbourhoods and sub-neighbourhoods
- three years of sales in most market areas are used in this analysis
- property features such as: location, size of lot and dimensions, living area, age of property, renovations, and quality of construction are all factors taken into consideration when determining the market value of property in Ontario.

Q. Why has there been a change to the reassessment system with the introduction of a four year phase-in of assessment increases?

A. In recent years there have been significant changes in property values, caused by market forces, which can impact property tax liability levels. This new system of phasing-in assessment increases will provide a greater level of stability and predictability.

Q. Will this new reassessment benefit me?

A. The phase-in will help to smooth out increases and provide a more gradual move to the new assessment level.

Q. How do I appeal my assessment?

A. The first mandatory step is to file a Request for Reconsideration (RfR) with MPAC by March 31 of the taxation year for Residential, Farm, and Managed Forest property classes. For supplementary and omitted assessments, the deadline to file an RfR or appeal is 90 days after the mailing date of the assessment notice. For all other classes, filing an RfR is not a mandatory first step.

Q. What assessment value is appealed, the full value or the phased-in value?

A. The assessment value that must be appealed is the full value, which is the 2016 tax year value.

Q. When will MPAC issue a decision based on the RfR?

A. MPAC is required to issue the RfR decision by September 30 of the tax year, unless all parties have agreed to a further extension to November 30. For supps/omits, MPAC will provide the RfR decision within 180 days after the owner submits the RfR.

Q. What if I don't agree with MPAC's decision of my RfR?

A. You may file an appeal to the ARB within 90 days of MPAC mailing the RfR decision.

Q. Who should I contact regarding assessment concerns?

A. You should contact the Municipal Property Assessment Corporation (MPAC) for questions relating to assessment and filing for a Request for Reconsideration (RfR). They can be reached by telephone at 1-866-296-6722 or visit their website at www.mpac.ca to find out more information or to download the Request for Reconsideration (RfR) form.

Q. What if my property value has decreased since January 1, 2012.

A. The legislated valuation date for this current reassessment is January 1, 2012. The purpose of the Provincial government establishing a phase in of assessment valuation increases is to provide a greater level of stability and predictability, and avoid significant fluctuations in assessment values resulting from annual valuation changes.

Q. Why aren't Property Assessment Notices and tax bills sent at the same time?

A. The main reason is that municipalities cannot calculate property taxes without having the assessed values. *The Assessment Act* requires MPAC to mail Property Assessment Notices at least 14 days prior to the delivery of the Assessment Roll to the municipality on the second Tuesday in December. The municipality uses the values on the final Assessment Roll, approved regional and local municipal budgets and education taxes to calculate final tax bills.

Q. How are residential property taxes calculated?

A. Residential property taxes are calculated using the property's assessed value, the municipal tax rates (Region & Local) and an education tax rate, which is set by the Province.

Assessed Value x Municipal Tax Rate
= Amount of Municipal Property Tax

+

Assessed Value x Education Tax Rate
= Amount of Education Property Tax

=

YOUR PROPERTY TAXES

Glossary of Terms

Assessed Value (Assessment)
The value of a property (lands and buildings) for taxation purposes.

Assessment Act
The law that governs the way property is assessed in Ontario.

Assessment Cycle
The yearly cycle of assessment-related activity which leads to the delivery of assessment rolls to municipalities in late December.

Assessment Review Board (ARB)
An independent, adjudicative tribunal of the Ontario Ministry of the Attorney General. The ARB hears appeals from individuals who believe a property has been incorrectly assessed or classified. A decision made by the Board is final unless a point of law is being disputed.

Assessment Roll
An annual list of the assessed values of all properties in a municipality, which includes the name of the property owner or tenant, their address, the realty tax class, services to and size of the property, and information on structures on the property, if any.

Capping and Claw back
Capping refers to a municipality's option to limit, or cap, the tax increases on commercial, industrial and multi-residential properties. The limit on tax decreases, in order to fund capping, is known as a claw back.

Core Classes
Set of seven classes which all municipalities will be required to use. These are residential, multi-residential, commercial, industrial, pipelines, farmlands, and managed forests. The assessors working for MPAC categorize the assessment associated with each property into one or more of these classes.

Current Value
Refers to the amount of money a property would realize if sold at arm's length by a willing seller to a willing buyer.

Exempt Property
Property which is assessed, but not taxed. Generally, properties which are exempt from property taxes provide services for the public good, such as schools, churches and hospitals. Other charities and philanthropic organizations mentioned in the *Assessment Act* may be given exempt status if certain criteria are met.

Final Tax Rates
The rates determined to raise the annual budget property tax amount including all tax policy changes for the current year.

Graduated Taxes
A municipality (single-tier or upper-tier) has the option to establish up to three graduated tax bands within the commercial and industrial classes. This tool provides the ability to protect lower valued properties by allowing municipalities to apply different tax rates for each band of current value assessment. However, as the program is self-funded from within the class, decreasing the tax rate in lower band has the effect of increasing the tax rate in the upper band.

Lower-tier municipality
A municipality that is part of a county, region or district municipality.

Municipal Act
The statute governing how municipalities administer municipal services and collect taxes (e.g. property taxes are calculated and collected by the municipality using the assessments determined by MPAC).

Municipal Property Assessment Corporation (MPAC)
Established by the *Municipal Property Assessment Corporation Act*, MPAC administers and determines a uniform, province-wide system of current value assessment for all properties.

Omitted Assessment

An assessment which has not been recorded on the assessment roll. When an omitted assessment is added to the assessment roll, property taxes can be collected for the current year and, if applicable, for any part or all of the previous two years.

Payment-in-lieu of Taxes

Payments made to municipalities by the provincial or federal government, where properties are exempt from property taxation. Also known as grant-in-lieu of taxes.

Phase-In

Upper-tier or single-tier municipalities have the option of establishing a program to phase-in all property tax changes that occur in the year of a general reassessment, including municipal budgetary increases. Phase-in programs can apply to any or all of the property classes and may be spread over a period of up to eight years.

Property Assessment Notice

An annual notice sent to all property owners to advise them of their property's current value assessment. The Notice also contains the property's classification and school support designation.

Property Classification (Tax Class)

A categorization of a property or a portion of a property according to its use, each category representing a different tax class. There are seven major classes of property which are mandatory (residential, multi-residential, commercial, industrial, pipe line, farm, managed forests) and seven specialty classes which are optional (new multi-residential, office building, shopping centre, residual commercial, parking lots and vacant land property, large industrial and professional sports facilities).

Property Tax

The combined tax on a property comprising the municipal (local) tax and, if applicable, a region or county tax. An education tax will also apply to most property classes.

Ranges of Fairness

Provincially prescribed range for the setting of tax ratios for the commercial, industrial, multi-residential and pipeline classes. Municipalities are permitted to change their tax ratios only if the ratio is moved closer or within the ranges of fairness.

Realty Tax Class (RTC)

The designation used to identify the property class to which the property belongs.

Realty Tax Qualifier (RTQ)

The designation used to identify the sub-class to which the property belongs. These were established in order to allow for the application of discounted tax rates due to the special nature of some properties.

Reassessment

The process of creating a new base for property taxation by updating assessments to reflect more recent values.

Regulated Assessments

Assessments that are determined by the activity or production capability or by a legislated rate, rather than by the value of the property itself. Regulated properties include pipe lines, rights-of-way, power utility corridors and power generating stations.

Request for Reconsideration

Property owners who disagree with the current value assessment or classification on their Property Assessment Notice may ask MPAC to conduct a review of their assessment through the Request for Reconsideration process. There is no fee for this service and a request can be made up to March 31 for the current taxation year. This process is now mandatory for residential property owners who disagree with their assessed values.

Residential Tax Rate

Determined by dividing the total Municipal Levy by the total weighted assessment, used as the basis for determining all other property tax class rates.

Roll Number

A unique 19-digit number used as an identifier for each property.

School Board

A district school board (English-language public or separate, French-language public or separate) or a school authority.

Sub-Class Rate Reduction

The percentage rate as prescribed by the *Municipal Act* to be applied to reduce the tax rate that would otherwise be levied for municipal purposes for the sub-class (i.e. sub-class CU would be reduced by 30% of the CT tax rate).

Subclass of Property

A subsection of a class of property prescribed by the Minister of Finance for the purposes of applying a lower tax rate. These include farmland awaiting development, excess land, and vacant land.

Supplementary Assessment

An assessment made during a taxation year for an addition, renovation or construction. When a supplementary assessment is added to the assessment roll, additional property taxes can be collected for that portion of the current tax year that the supplementary addresses. A supplementary assessment can also be issued when there has been a change in the tax class of a property. The classification may occur during the taxation year, or the preceding November or December. Where the class change results in a higher tax rate, municipalities cannot collect additional taxes for those two months but only for the current tax year.

Taxable Property

All property in a municipality which is not exempt from taxation.

Taxation

The process of applying a tax rate to a current value assessment to calculate the taxes owing.

Taxation Year

The calendar year (January 1st to December 31st).

Tax Rate

A percentage applied to the assessed value of a property to generate tax payable. Municipalities will set the tax rate for each property class based on the revenue they will need to provide local services. The tax rate also includes an education component defined by the Province.

Tax Ratio

Defines the tax rate of each property class in relation to the rate of the residential property class.

Tax Ratio Ranges of Fairness

Provincially prescribed range for the setting of tax ratios for the commercial, industrial, multi-residential and pipeline property classes. Municipalities are permitted to change their tax ratios only if the ratio is moved closer or within the ranges of fairness.

Threshold Ratio

Provincially regulated ratios for the Multi-Residential, Commercial, and Industrial classes, defining the average tax ratio across the Province.

Upper-tier municipality

A municipality which is a county, region or district municipality.

Valuation Date

A fixed date set by the Provincial Government on which current value assessments are based. The current valuation date in Ontario is January 1st, 2012.

Weighted Assessment

The assessment for a property multiplied by the tax ratio, established for the property class the property is in.

Contacts

The following offices can be contacted for more information about assessment and property taxation.

Ontario Ministry of Municipal Affairs and Housing
Phone: 416-585-7041
www.mah.gov.on.ca/Page11.aspx

Ontario Ministry of Finance
Phone: 1 866 668-8297
www.fin.gov.on.ca/en

Municipal Property Assessment Corporation (MPAC)
Phone: 1 866 296-MPAC (6722)
Website: http://www.mpac.ca/

Halton Region
Phone: 905-825-6000 ex. 7101
www.halton.ca/regional_council_administration/finances/property_taxes

City of Burlington
Phone: 905-335-7750
http://cms.burlington.ca/Page22.aspx

Town of Halton Hills
Phone: 905-873-2601 Ext. 2242 or 2244
www.haltonhills.ca/tax/index.php

Town of Milton
Phone: 905-878-7252 ext 2193
www.milton.ca/en/live/taxes.asp?_mid_=5829

Town of Oakville
Phone: 905-338-4222
www.oakville.ca/residents/taxes-assessments.html

2013 Tax Policy Deadlines

Due Date	Responsibility		Act / Regulation	Description	Action Required
Annual / Optional by December 31	Council	Region	Assessment Act, Section 2 (3.2)e	Deadline to pass by-law to establish optional classes	None required unless establishing an optional class, then by-law
Annual / Optional by December 31	Council	Region	Municipal Act, Section 316 (1)	Deadline to pass by-law setting Regional interim levy.	By-law
February 28	Council	Region	Municipal Act, Section 310 (1)	Deadline to pass by-law (including apportionment plan) to delegate tax ratio setting to the lower-tier municipalities.	By-law
February 28	Council	Local	Municipal Act, Section 310 (3)	Deadline to pass resolution accepting the Region's delegation by-law including apportionment plan.	Resolution
April 1	Minister	MMAH	Municipal Act, Section 310 (4)	Deadline to make a general regulation designating the upper-tier municipality to which delegation can apply.	General Regulation
Annual / Mandatory by December 31	Council	Region	Municipal Act, Section 308 (5)	Deadline to pass by-law establishing the tax ratios for a year if not delegated.	By-law
Annual / Mandatory by December 31	Council	Local	Municipal Act, Section 310 (7)	Deadline to pass by-law establishing the tax ratios for a year if delegated.	By-law
Annual / Mandatory by December 31	Council	Region	Municipal Act, Section 311 (2)	Deadline to pass by-law setting the Regional general levy	By-law
Annual / Mandatory by December 31	Council	Region	Municipal Act, Section 311 (4)	Deadline to pass by-law setting the Regional special levy (Waste Management)	By-law
Annual / Mandatory by December 31	Council	Region	Municipal Act, Section 329.1 (2)	Deadline to pass by-law to adopt the optional tax capping tools to be applied to properties in the commercial, industrial and multi-residential classes in the current taxation year.	By-law
Annual / Optional by December 31	Council	Region	Municipal Act, Section 314	Deadline to pass by-law to establish graduated tax bands and graduated rates for the industrial and / or commercial classes.	None required unless establishing graduated tax rates, then by-law
Annual / Optional by December 31	Council	Local	Municipal Act, Section 365 (1)	Deadline to pass by-law to provide for the cancellation, reduction or refund of taxes when the taxes are considered to be unduly burdensome. (Low income seniors rebate)	None required unless establishing a rebate program, then by-law
Annual / Optional by December 31	Council	Region	Municipal Act, Section 365 (2)	Deadline to pass by-law to cost share in local municipal programs provided through Section 365 (1).	None required unless cost-sharing in local programs, then by-law
December 31	Council	Region	Municipal Act, Section 318	Deadline to pass by-law to establish a phase in program of tax changes resulting from reassessments.	None required unless establishing a phase in program, then by-law

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