

<b>Policy:</b> Tax Rebates, Reductions and Refunds Policy			
<b>Issued:</b> June 22, 2020	<b>Revised:</b> N/A	<b>Page:</b> 1 of 10	<b>Number:</b> CNCL-20-118
<b>Related Policies</b>	<i>Tax Collection Policy</i>		

## PURPOSE / BACKGROUND

The purpose of this policy is to outline standardized practices that will ensure a transparent and efficient process for the reductions, rebates and refunds of property taxes.

## POLICY STATEMENT

The City of Oshawa (“the City”) collects property taxes from property owners on behalf of the City, the Region of Durham, the area school boards and the local Central Business Development Improvement Area (“C.B.D.I.A.”) The City is responsible to ensure effective reductions, rebates and refunds of property taxes in accordance with the *Municipal Act, 2001*.

This policy is implemented in accordance with governing legislation and any incongruence between the policy and the governing legislation, the provisions of the governing legislation will prevail.

## SCOPE / APPLICATION

This policy establishes all aspects of the reduction, rebates and refunds process and identifies the responsibilities for tax billing and collection in accordance with:

- City of Oshawa budgetary and policy requirements;
- City of Oshawa Customer Service Standards;
- City of Oshawa By-laws;
- *The Municipal Act, 2001*
- *The Municipal Affairs Act*
- *The Assessment Act*
- *The Education Act*
- *Farm Debt Mediation Act*
- Any new legislation pertaining to property tax collection.

This policy is written in compliance with the *Municipal Act, 2001* (“M.A.”), related to Ontario Regulations made under the M.A. and applicable City by-laws, as amended from time to time.

## DEFINITIONS

**Collection Costs** – is the total costs incurred by the City to obtain further information for collection purposes in compliance with the regulations during the tax sale registration process. This includes, and is not limited to, title search fees, corporate search fees,

registered mail, administrative charges, legal costs, registration fees, tax sale administration fees and the like.

**Due Date** – is the date that the property tax bill (interim, final and supplementary) installments are due to be paid to the City.

**Extension Agreement** – is an agreement between the City and the ratepayer (or party of interest) to extend the period of time in which the cancellation price is to expire. This agreement freezes the tax sale registration (“T.S.R.”) process. An extension agreement outlines the details of the payment plan set in place to remit payments on the T.S.R. file in order to clear the balance owing. This type of agreement becomes void if one payment is missed, and the T.S.R. file continues from the point where the agreement was frozen in the tax sale process.

**Interest** – is the amount added to the unpaid levies from prior years in accordance with M.A. (S. 345).

**Municipal Property Assessment Corporation (“M.P.A.C.”)** – is responsible for accurately assessing and classifying properties in Ontario in compliance with the *Assessment Act* and regulations set by the Government of Ontario.

**Low Income Homeowner with a Disability** – is a property owner that receives support under the Ontario Disability Support Program (O.D.S.P.).

**Low Income Senior** – is a property owner that is 65 years of age prior to December 31<sup>st</sup> of the applicable year and receives the Guaranteed Income Supplement (G.I.S.) from Canada Revenue Agency.

**Penalties** – are the amount added to the unpaid levies from current year in accordance with M.A. (S. 345).

**Property Taxes** – are the total amount of levies calculated for City, Region and School Board purposes and includes all amounts added to the tax roll as permitted by the *Municipal Act, 2001*. Property taxes are calculated based on the current value assessment (“C.V.A.”) determined by M.P.A.C. multiplied by the tax rate as determined by the City, Regional Council and the Minister of Finance in relation to education.

**Tax Arrears** – are the unpaid property taxes after the due date has passed.

## **RESPONSIBILITIES**

The Commissioner of Finance Services, Director of Finance Services, Manager of Taxation Services and Taxation Services staff are responsible to ensure that the property tax collection processes outlined in this policy are adhered to as well as all the applicable legislation. The Commissioner, Finance Services has been appointed as the Treasurer of the City of Oshawa and thereby authorized specific duties of the treasurer as outlined in the *Municipal Act, 2001*, as amended.

The Manager of Taxation Services is responsible for:

- Ensuring this policy remains in compliance with legislation;
- Ensuring City staff are in compliance with this policy;
- Assessing overdue property tax accounts regularly to ensure tax collection processes are performed in accordance with this policy;
- Ensuring, where appropriate, that the Current Value Assessment as determined by MPAC is correct.

The property owner is responsible for:

- Ensuring the current value assessment as determined by M.P.A.C. is correct
- Ensuring the mailing address is correct
- Ensuring the levies are paid by the due dates
- Ensuring the other assessment roll content is correct with M.P.A.C. (ie: tenants, acreage, realty tax class, etc...)

## **PRACTICE / PROCEDURES**

### Property Tax Rebates and Reductions

#### **Tax Relief for Low Income Seniors – M.A. (S. 319)**

This is a property tax relief program available to low income senior property owners that submit the application prior to the deadline each year. The deadline to submit an application for this rebate is April 30 of the year following the year of application. This program provides an annual rebate amount to be applied to the property tax account reducing the tax liability for the property owner. The rebate amount is currently \$535 as determined by Council through FIN-17-94. The eligibility criteria is:

- Applicant must own the property for a minimum of 1 year prior to December 31st;
- Applicant must be 65 years of age prior to December 31 of current year;
- Applicant must receive the Guaranteed Income Supplement (G.I.S.) – proof must be attached to application;
- Application must be received by Taxation Services prior to deadline;
- Only one applicant will be accepted per property;
- Only one application will be accepted per applicant per year.

#### **Tax Relief for Low Income Persons with Disabilities – M.A. (S.319)**

This is a property tax relief program available to low income disabled property owners that submit the application prior to the deadline each year. The deadline to submit an application for this rebate is April 30 of the year following the year of application. This program provides an annual rebate amount to the property tax account reducing the tax liability for the property owner. The rebate amount is currently \$535 as determined by Council through FIN-17-94. The eligibility criteria is:

- Applicant must own the property for a minimum of 1 year prior to December 31<sup>st</sup>;
- Applicant must receive Ontario Disability Support Program (O.D.S.P.) – proof must be attached to application;
- Application must be received by Taxation Services prior to deadline;
- Only one applicant will be accepted per property;

- Only one application will be accepted per applicant per year.

### **Registered Charity Rebate – M.A. (S. 361)**

This is a property tax rebate program available to registered charitable organizations occupying commercial or industrial classes within the City. The deadline to submit an application for this rebate is the last business day in February of the year following the year of application. This program provides an annual minimum tax rebate of 40% of the property taxes applicable to the tax liability for the space occupied by the charitable organization. The eligibility criteria is:

- Applicant must own the property or be a tenant of the property (where the applicant is the tenant - property taxes paid by tenant document must be provided);
- Applicant must provide the Charity Registration Number issued by the Canada Revenue Agency;
- Application must be received by Taxation Service prior to deadline.

### **Tax Reduction for Heritage Properties – M.A. (S. 365.2)**

This program provides a property tax rebate of 40% of the City and Education portion of the levies on all designated heritage properties that meet a specific criteria. The Region of Durham does not participate in this rebate program at this time. The intent of this program is to encourage the preservation of historical buildings. A Heritage Easement Agreement is required to be entered into with the property owner. The program is designed to operate as a tax rebate and only applies to structures that are eligible heritage property, and the surrounding lands used in connection with those structures. An eligible heritage property would be one that is:

- Designated under Part IV or Part V of the *Ontario Heritage Act*,
- Subject to a Heritage Easement Agreement under section 22 or 37 of the *Ontario Heritage Act* or an agreement with the City of Oshawa respecting preservation and maintenance of the “heritage attributes” of the property;
- Compliant with any additional eligibility criteria set out in the City of Oshawa Heritage Property Tax Reduction by-law.

Applications are received between January 1<sup>st</sup> and the last day of February in the year following the subject tax year. Applicants are requested to contact city staff four to six months in advance of application submission in order to request the creation of the Heritage Easement Agreement for their property. There is a fee for registering the associated Heritage Easement Agreement on title and there is a minimum tax reduction amount. For further details, please refer to the Heritage Property Tax Reduction Program Information Brochure available on the City of Oshawa website (<https://www.oshawa.ca/things-to-do/heritage-tax-reduction.asp?mid=235>).

### **Veterans Rebate – A.A. (S. 6.1)**

The *Assessment Act* section 6.1 provides that land that is used and occupied as a memorial home, clubhouse or athletic grounds by persons who served in the armed forces of His or Her Majesty or an ally of His or Her Majesty in any war is exempted from taxation in the circumstances and to the extent described in this section. The City of Oshawa has passed a by-law exempting such Veteran’s Associations from taxation for its purposes on such conditions as may be set out in the by-laws.

The eligible Veteran Associations are to meet the eligibility criteria and apply every ten years for the exemption period. This rebate does not apply to the education levies.

Royal Canadian Legion Branches have become fully exempt in 2019.

### **Unduly burdensome Tax Relief – M.A. (S.365) & Extreme Poverty – M.A. (S. 357 (1) (d.1)**

The City of Oshawa has the option of establishing a program to provide tax relief to property owners in the residential and farm classes with claims that their property taxes are “unduly burdensome”. The program intention is to provide temporary relief to eligible applicants of single family residential homes within the program criteria determined Current Value Assessment cap. Specific consideration and eligibility criteria will be reviewed by Taxation Services in accordance with the established Tax Relief Procedures as outlined in the Tax Relief Program. To be eligible for the one-time tax relief the property owner must satisfy the conditions described in the categories of the Tax Relief Program procedures.

### **Rental Reductions**

The Residential Tenancies Act provides that when a rental building of seven units or more has a reduction of 2.49%, the reduction is passed down to the tenants in the form of lowering their rent. The role of Taxation Services in this legislation is to provide the property owners that own such rental units the annual notice of the lower taxes. The property owners would then pass down the savings in the form of a rent reduction to their tenants. Further details on this tax reduction can be found at <https://www.ontario.ca/page/home-and-community#rental-housing>.

### **Property Tax Deferral for Low Income Seniors / Low Income Persons with Disabilities – M.A. (S. 319)**

This is a property tax deferral program for the purposes of relieving financial hardship by providing for deferrals or other relief in respect of all or part of a tax increase for 1998 and subsequent years on property in the residential/farm class. This is for persons assessed as owners who are, or whose spouses are low income seniors as defined in the by-law; or low income person with disabilities as defined in the by-law.

The Regional reassessment deferral program eligibility criteria states that the applicant must be 65 years or older and must get the Federal Guaranteed Income Supplement. It is also available to low-income persons with a disability who are eligible for the Ontario Disability Support Program (ODSP). Under this program, eligible residential homeowners may be able to defer annual reassessment related tax increases, in excess of five percent or \$100, on their personal residence.

Under this program, full payment of the deferral will be due to the City upon ownership transfer.

### **Tax Incentive Programs**

There are provincial programs that assist property owners by reducing property taxes. These are not administered by the City of Oshawa. In order to qualify for the reductions, property owners must satisfy the specific criteria as outlined by the Provincial Ministry, Agency or Association.

### **Conservation Land Tax Incentive Program (CLTIP)**

If a property owner owns land identified by the Ministry of Natural Resources as eligible for the Conservation Land Tax Incentive Program they are eligible for a property tax exemption for the area of land that has been declared as conservation land.

In order to qualify, the Ministry of Natural Resources must identify the land as being or having a component of a provincially significant natural feature. The exception is lands identified as “escarpment natural area” by the Niagara Escarpment Commission and found in the Niagara Escarpment Plan.

Provincially Significant Land is identified in this program as:

- Provincially significant wetland;
- Provincially significant area of natural and scientific interest;
- Land designated as escarpment natural area in the Niagara escarpment plan;
- Habitat of endangered species;
- Community conservation lands, being at least ½ acre in size.

An application is sent by the Ministry of Natural Resources to the property owner at the same time each year on lands that have been identified as conservation lands. The program is voluntary and the application must be submitted prior to the required deadline. Further details can be found on the Ministry of Natural Resources website [www.mnr.gov.on.ca/mnr/cltip/other.html](http://www.mnr.gov.on.ca/mnr/cltip/other.html)

### **The Farm Property Class Program**

Farm properties that satisfy the eligibility requirements are taxed at the Farm Property Class tax rate which is between 1% to a maximum of 25% of the residential property tax class rate. This is based on the annual approved tax rate for the residential tax class as decided by Council. The farm residence and one acre of land surrounding it will continue to be taxed as part of the residential class.

Eligible Farm Property Class tax rate criteria are that the property must be assessed as farmland. This is determined by the Municipal Property Assessment Corporation (M.P.A.C.). The property must also be used as part of a farming operation generating Gross Farm Income of at least \$7,000 per annum as reported to the Canada Revenue Agency (C.R.A.) for income tax purposes. There are other ownership criteria that should also be consulted when considering the Farm Property Class. The Farm business operating on the property must have a valid Farm Business Registration number and must register annually with AGRICORP. Continued eligibility for the farm property tax class tax rate requires the yearly renewal of the Farm Business Registration Number.

All property owners are responsible for informing the Ontario Ministry of Agriculture, Food and Rural Affairs (O.M.A.F.R.A.) immediately of any changes related to the eligibility status of the property.

For more information concerning the farm property class, property owners should contact O.M.A.F.R.A. For more information concerning the Farm Business Registration, property owners should contact AGRICORP ([www.omafra.gov.on.ca/english/policy/ftaxfacts.htm](http://www.omafra.gov.on.ca/english/policy/ftaxfacts.htm)).

### **Ontario Managed Forest Tax Incentive Program (MFTIP)**

This program is a voluntary program available to land owners who own four hectares or more of forest land, and who agree to prepare and follow a Managed Forest Plan for their property. Under the Managed Forest Tax Incentive Program the property is reassessed and classified as Managed Forest and taxed at 25% of the municipal tax rate set for properties in the residential class.

Properties owners who wish to participate must agree to certain conditions including preparing and following their Managed Forest Plan for their forest. The Ontario Woodlot Association and the Ontario Forestry Association are partners in the delivery of this program and handle most of the public inquiries and program administration. For more information concerning the Ontario Managed Forest Tax Incentive Program, property owners should contact the Ministry of Natural Resources and Forestry or visit the website (<https://www.ontario.ca/page/managed-forest-tax-incentive-program>).

**Municipal Application for Adjustment of Taxes - M.A. (S. 357)**

This is a municipal application for adjustment of property taxes and provides for the City of Oshawa to accept applications for cancellation or reduction of property taxes under certain eligibility criteria. The eligibility criteria is clearly outlined in the *Municipal Act*, 2001 as amended. Taxation Services will assist applicants with the form completion ensuring eligibility and supporting documentation requirements. Changes made to the property taxes through this process do not change the roll return for the following year, the assessment would return to the M.P.A.C. assessed current value. The reasons for application permitted are:

- (1) (a) as a result of a change event, as defined in the *Assessment Act*, during the taxation year, and no supplementary assessment is made in respect to the change event thereby ceasing to be liable to be taxed at a rate it was taxed;
- (b) the land has become vacant or excess land during the year;
- (c) the land has become exempt during the year;
- (d) (i) the building on the land was razed by fire, demolition or otherwise;
- (d) (ii) the building on the land was damaged by fire, demolition or otherwise so as to render it substantially unusable for the purpose which it was used immediately prior to the damage;
- (d.1) sickness or extreme poverty (as per the eligibility criteria outlined in the unduly burdensome section of this policy referred to as S. 365);
- (e) mobile unit on the land was removed during year after the return of the assessment roll;
- (f) a person was overcharged due to a gross or manifest error that is clerical or factual in nature, including the transposition of figures, a typographical error or similar error but not in judgement in assessing the property; or
- (g) repairs or renovation preventing normal use for period of at least three months during the year.

An application under this section must be filed with Taxation Services on or before the last day of February of the year following the year in respect of which the application is being made.

This municipal application also includes supplementary and omitted assessment overcharges as outlined in section 358 of the *Municipal Act*, 2001 as amended. The municipal application for adjustment can correct current year assessment plus one or both of the two years preceding the year in which the application is made caused by the gross or manifest error in the preparation of the assessment roll that is clerical or factual in nature.

**Exemption from Property taxes**

The *Assessment Act* outlines the legislation and provides M.P.A.C. with the regulations to manage the properties that are exempt from property taxes through the eligibility criteria. Certain properties are exempt, such as:

- Crown lands
- Cemeteries, burial sites
- Religious or municipal cemetery land
- Crematoriums
- Churches (places of worship)
- Public education institutions
- Public hospitals
- Highways
- Toll highways
- Municipal property
- Charitable institutions

For confirmation of classification of a certain property, the property owner should contact M.P.A.C. directly. As outlined on the Municipal Property Assessment Corporation website:

<https://www.mpac.ca/PropertyTypes/PropertyAssessmentProcedures/CommunityHubsAssessmentGuide>

*“In determining the tax liability of a property, consideration must be given to who owns the land, who occupies the land and for what purpose they occupy the land. To qualify for exemption, the land must typically be “owned, used and occupied” by the exempt body. Where land is occupied by a tenant, exemption may not be applicable. The onus is on the property owner to demonstrate that it falls under one of the exemptions contained in section 3(1) of the Assessment Act to be exempt from property tax.”*

Property Tax Refunds

Property owners seeking a refund on their tax account must submit the request in writing to Taxation Services. This can be done using the online form, writing an email to [tax@oshawa.ca](mailto:tax@oshawa.ca) or regular mail. Proof of payment must be attached to the refund request.

**Eligibility**

Refund requests will be considered on account with credit balances. The General Fees and Charges By-law outlines the user fee for refund processing and this fee will be applied to all refund requests. Erroneous tax payments will be reviewed for consideration and where applicable treated in this same manner.



Property tax adjustments will be issued a statement of account showing the adjustment made on the tax account. The statement of account will provide the options available to the property owner as a result of the tax adjustment and provide a 30 day period to respond. The tax account status will determine the eligibility for a refund. Property owners will be expected to respond to Taxation Services by email or in writing to one of the option outlined on their statement of account. If no response is received, the credit will remain on the tax account for application to the next levying transaction.

Tax accounts on pre-authorized payment plans will be subject to the CANPAY requirements of 90 day or 10 day hold depending on whether they are residential or commercial, respectively. Further information is available on the website <https://www.payments.ca/paying-pre-authorized-debit>.

Where a property has been transferred, a letter of indemnity and the statement of adjustments from the law office that completed the title transfer will be required in order to review the refund request.

This policy is intended to inform and assist property owners with the review of their property, ensuring the assessment, the classification and the use is correctly determined by M.P.A.C. This policy is not meant to be exhaustive and is based on the most frequent programs utilized to manage assessments. The onus is on the property owner to ensure their assessment details are correct. Property owners seeking guidance with any of the information outlined in this policy can contact Taxation Services for assistance.

In order to ensure that all taxpayers are treated fairly and equitably, the Commissioner, Finance Services or his/her designate, has the authority to exercise discretion in the application of this policy, provided this discretion is in accordance with all applicable legislation.

## REFERENCES

Region of Durham website

<https://www.durham.ca/en/regional-government/property-taxes.aspx?mid=24616#Oshawa>

City of Oshawa – Property Tax website

<https://www.oshawa.ca/residents/reductions-and-rebates.asp>

Municipal Property Assessment Corporation website

<https://www.mpac.ca/PropertyTypes/PropertyAssessmentProcedures/CommunityHubsAssessmentGuide>

*Municipal Act*

<https://www.ontario.ca/laws/statute/01m25>

*Assessment Act*

<https://www.ontario.ca/laws/statute/90a31>

*Residential Tenancies Act*

<https://www.ontario.ca/laws/statute/06r17#BK197>

Payments Canada

<https://www.payments.ca/paying-pre-authorized-debit>

Province of Ontario

<https://www.ontario.ca/page/managed-forest-tax-incentive-program>

<https://www.ontario.ca/page/conservation-land-tax-incentive-program-policy>

<http://www.omafr.gov.on.ca/english/policy/ftaxfacts.htm>

## APPROVED

<b>Authority</b> City of Oshawa Council	<b>Date</b> June 22, 2020	<b>Signature</b> Council Approved
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