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FILE NUMBER: ACS2021-FSD-REV-0008

SUBJECT: 2020 Charitable Rebates Annual Report

OBJET : Rapport annuel de 2020 des allégements pour organismes de bienfaisance

PURPOSE

This document reports on the annual activity of the Charitable Rebate program, which is legislated under the *Municipal Act, 2001*. Municipalities receive applications and process rebates for qualifying charitable organizations.

EXECUTIVE SUMMARY

Revenue Services adheres to Section 361 of the *Municipal Act, 2001*, requiring municipalities to have a tax rebate program for eligible charities. This rebate is to provide tax relief on properties that they occupy. An eligible charity is defined as a registered charity under the *Income Tax Act (Canada)* provisions and has a registration number issued by the Canada Revenue Agency. An eligible property must be in either the commercial or the industrial property tax class. Owner-occupied or tenanted charities may apply for a charitable rebate based on the taxes or amount of taxes payable by the eligible charity for the space it occupies. The rebate amount is set at 40% of the taxes, or amounts the charity paid on account of taxes, for the space they occupy/lease. Revenue Service administers the program by reviewing, analyzing, and processing the received tax relief applications within the legislative due dates and adhering to the guidelines.

BACKGROUND

The charitable rebate tax relief program was introduced to create more equity and fairness in tax burden among taxpayers.

Charitable Rebates

Before 1998, charitable organizations paid property taxes at the residential tax rate for the space they occupied. The changes introduced that year by the provincial government to the assessment and tax system resulted in most charities being taxed at the higher commercial tax rate. This added financial pressure for organizations whose main purpose is to benefit the community.

DISCUSSION

For the Charitable Rebate Program, applications for a taxation year must be submitted no later than the last day of February of the following year. For instance, an application for the 2020 taxation year must have been submitted by the last day of February 2021. The majority of the applications are submitted in January and February after the taxation year and are therefore processed in that following year.

For the 2020 taxation year, 218 charitable rebate applications were received, amounting to \$3.1 million in rebates, of which \$1.9 million was the municipal share.

Table 1 shows the number of applications with municipal and total taxes rebated between 2016 and 2020.

Table 1 – Charitable Rebate Applications 2016 to 2020

TAX YEAR	APPLICATIONS	MUNICIPAL	TOTAL
2016	237	\$1,794,335	\$3,052,530
2017	212	\$1,595,900	\$2,658,637
2018	218	\$1,894,854	\$3,122,494
2019	224	\$1,954,021	\$3,158,478
2020	218	\$1,944,640	\$3,076,144

CONCLUSION

In granting the Charitable Rebates described in this report, the City is meeting its obligations under the *Municipal Act, 2001*. For future years, the Charitable Rebate program will continue to be offered.

Joseph Muhuni

Deputy City Treasurer, Revenue / Trésorier municipal adjoint

CC: Wendy Stephanson, Chief Financial Officer, Finance Services Department