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TO: Chair and Members of the Finance and Economic Development Committee

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FILE NUMBER: ACS2020-FSD-REV-0006

SUBJECT: **2019 Charitable Rebates Annual Report**

OBJET : **Rapport annuel de 2019 des allègements pour organismes de bienfaisance**

PURPOSE

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

BACKGROUND

The charitable rebate tax relief program was introduced to create more equity and fairness in terms of tax burden among taxpayers by offering tax relief to charitable organizations.

Charitable Rebates

Prior to 1998, charitable organizations paid property taxes at the residential tax rate for 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 a financial pressure for organizations whose main purpose is to benefit the community.

Section 361 of the *Municipal Act, 2001*, requires municipalities to have a tax rebate program for eligible charities to provide tax relief on eligible property they occupy. An eligible charity is defined as a registered charity under the provisions of the *Income Tax Act (Canada)* with a registration number issued by the Canada Revenue Agency. An eligible property must be in one of the commercial or industrial tax classes. Owner-occupant or tenant charities may submit an application if taxes, or amounts on account of taxes, are paid for the property they occupy. The amount of rebate is set at 40% of the taxes, or amounts the charity paid on account of taxes, for the occupied property.

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 2019 taxation year must have been submitted by the last day of February 2020. The majority of the applications are submitted in January and February of the year after the taxation year and are therefore processed in that following year.

For the 2019 taxation year, 224 Charitable Rebate applications were received amounting to \$3.2 million in rebates, of which \$1.9 million was the municipal share.

Table 1 shows the number of applications with the amount of municipal and total taxes rebated for the years 2016 to 2019.

Table 1 - Charitable Rebate Applications 2016 to 2019

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

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,
A/Deputy City Treasurer, Revenue

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