

April 1, 2010

## **Cancellation, Reduction or Refund of Property Taxes Due to In-Year Changes to a Property** [Section 323 of the *City of Toronto Act, 2006*]

Council may cancel, reduce or refund taxes in cases where, during the taxation year, a property undergoes changes such as when it is damaged or razed by fire or demolition, becomes exempt from taxation, or is reclassified due to a change in use.

### **Key facts:**

- In order to receive tax relief, the property owner (or a spouse, tenant or other person with a registered interest in the land) must file an application with the Treasurer of the City of Toronto on or before February 28 of the year following the year in respect of which the application is made.
- An application for a cancellation, reduction or refund of property taxes may be submitted if during the taxation year:
  - the tax class for the property has changed (e.g. an industrial property is converted to a retail store);
  - the land has become vacant or excess land;
  - land has become exempt from taxation;
  - the building on the land was:
    - razed by fire, demolition or otherwise, or;
    - damaged by fire and rendered unusable for use prior to the damage, by fire, demolition or otherwise;
  - mobile unit removed from land;
  - repairs or renovations to the land prevented the normal use of the land for at least three months during the year;
  - the taxpayer is unable to pay taxes because of sickness or extreme poverty;
  - the taxpayer was overcharged due to a gross or manifest error that is clerical or factual in nature, but not an error in judgment in assessing the property.
- The amount of tax relief is based on an assessment reduction determined by the Municipal Property Assessment Corporation (MPAC) and the applicable tax rates for the year.
- Council must approve the actual amount of any tax relief (with the exception of applications related to sickness or extreme poverty. Hearings at the City's Government Management Committee are routinely held for applicants to make representations. The decision of the Government Management Committee is then forwarded to Council for its approval.
- Applications for sickness or extreme poverty are addressed by the Assessment Review Board (ARB).

## Application Process:

The process for applications, other than those based on sickness or extreme poverty, is outlined below:

- Applications for cancellation, reduction or refund of property taxes are sent to City of Toronto's Revenue Services Division to review the applications and determine eligibility.
- The applications are then sent to MPAC to obtain the related assessment information.
- Once the assessment information is received from MPAC, staff will calculate the recommended tax cancellation/reduction amount as follows:

### Recommended tax reduction calculation

Assessment reduction (Note 1)	X	Tax rate (Note 2)	X	$\frac{\text{\# of days the property is eligible to receive a reduction (Note 3)}}{\text{Total number of days in year (Note 4)}}$	=	Staff's recommendation of tax reduction (excluding any adjustment for phase-in and capping)
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#### Notes to Formula:

- 1) The assessment reduction as determined by MPAC.
  - 2) Total tax rate includes City & Education portion for applicable taxation year.
  - 3) Number of days in the year during which the reduction/cancellation applies. Normally, the number of days is calculated to the end of the year. Once the repairs to the property are completed, MPAC reassesses the property and issues a supplementary/omitted assessment for the increase in assessment associated with the improvements/ repairs.
  - 4) Total number of days in year will be 365 except in leap years when it will be 366.
- Notices of Hearing are prepared to advise the applicant of staff's recommendation of the amount that may be cancelled/reduced, and the time and date of the upcoming hearing before the Government Management Committee. Notices of the Hearing are mailed at least 14 days prior to the hearing date.
  - Once City Council has made its decision, staff mail Notices of Decision and reduce/cancel the tax accordingly.
  - If the applicant disagrees with the amount of the tax reduction, the applicant has 35 days from the date the Notice of Decision is mailed to appeal Council's decision to the Assessment Review Board.

### How to Apply:

- The deadline to file an application is February 28 of the year following the year in respect of which the application is made.
- Applications are available at [http://www.toronto.ca/taxes/property\\_tax/forms.htm](http://www.toronto.ca/taxes/property_tax/forms.htm) or at Cashier/Enquiry Counters in City Hall and all Civic Centres.
- Completed applications should be sent to:

Treasurer, City of Toronto, Revenue Services Division  
Appeals Unit  
5100 Yonge Street  
Toronto, ON M2N 5V7

For more information, visit: [http://www.toronto.ca/taxes/property\\_tax/tax\\_appeals.htm](http://www.toronto.ca/taxes/property_tax/tax_appeals.htm)