

**Cancellation, Reduction or Refund of Property Taxes –  
February 24, 2014 Hearing**

|                          |   |
|--------------------------|---|
| <b>Date:</b>             | February 4, 2014                                    |
| <b>To:</b>               | Government Management Committee                     |
| <b>From:</b>             | Treasurer   |
| <b>Wards:</b>            | All   |
| <b>Reference Number:</b> | P:\2014\Internal Services\rev\gm14002rev (AFS18857) |

**SUMMARY**

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This report deals with tax appeal applications made to the Treasurer pursuant to sections 323 and 325 of the *City of Toronto Act, 2006 (COTA)*. Section 323 permits Council to cancel, reduce or refund taxes in cases when, during the year, a property undergoes changes such as when it is destroyed by fire or demolished, becomes exempt from taxation, or is reclassified due to a change in use. Under section 325 of the *COTA*, taxpayers can request a cancellation, reduction or refund of taxes when an error in the assessment roll is identified which results in an overcharge.

The legislation requires Council to hold a public meeting where applicants may make a submission in defence of their position. Council has delegated authority to hold such public meetings to the Government Management Committee.

Staff have mailed Notices of Hearing to affected taxpayers advising of the upcoming hearing before the Government Management Committee.

**RECOMMENDATIONS**

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**The Treasurer recommends that:**

1. City Council approve the individual tax appeal applications made pursuant to section 323 of the *City of Toronto Act, 2006* resulting in tax reductions (excluding phase-in/capping amounts) identified in the Detailed Hearing Report marked as Appendix A.

2. City Council approve the individual tax appeal applications made pursuant to section 325 of the *City of Toronto Act, 2006* resulting in tax reductions (excluding phase-in/capping amounts) identified in the Detailed Hearing Report marked as Appendix B.

## Financial Impact

The financial impact of approving the individual tax appeal applications (excluding phase-in/capping adjustments), as identified in the attached Appendices A and B is summarized in Table 1 below:

**Table 1: Tax Appeals Summary**

| Appendix     | No. of Applications | Recommended Tax Reduction Total | City Share          | Education Share     | BIA                |
|--------------|---------------------|---------------------------------|---------------------|---------------------|--------------------|
| A            | 159                 | \$825,920.88                    | \$475,629.91        | \$340,158.41        | \$10,132.56        |
| B            | 29                  | \$141,272.07                    | \$76,731.79         | \$63,974.59         | \$565.69           |
| <b>Total</b> | <b>188</b>          | <b>\$967,192.95</b>             | <b>\$552,361.70</b> | <b>\$404,133.00</b> | <b>\$10,698.25</b> |

The City's share of \$552,361.70 will be funded from the 2014 Tax Deficiency Account (Non-Program Budget). The education share of \$404,133.00 will be recovered from the province/school boards, and the Business Improvement Area (BIA) reduction of \$10,698.25 will be funded from the respective BIA provision.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## DECISION HISTORY

At its meeting of December 16, and 17, 1998, Council adopted a report authorizing the Administration Committee (now the Government Management Committee) to hear and make recommendations on tax appeals, other than appeals related to inability to pay taxes because of sickness or extreme poverty, pursuant to sections 323 and 325 of the *City of Toronto Act, 2006* (formerly sections 442 and 443 of the old *Municipal Act*). Appeals related to sickness or extreme poverty are heard by the Assessment Review Board as delegated by Council. To view this report on-line, please follow the link below:

<http://www.toronto.ca/legdocs/1998/agendas/council/cc/cc981216/sp26rpt/cl035.htm>

## BACKGROUND

Section 323 of the *City of Toronto Act, 2006 (COTA)* allows Council to cancel, reduce or refund taxes levied in a year for the following reasons:

- a) property is eligible to be reclassified to a different class;
- b) property has become vacant land or excess land;
- c) property has become exempt from taxation;
- d) property has been razed/damaged by fire, demolition or otherwise;

- e) mobile unit has been removed;
- f) taxpayer has been unable to pay taxes due to sickness or extreme poverty;
- g) taxpayer has been overcharged due to gross or manifest clerical error; or,
- h) property could not be used for at least three (3) months due to repairs or renovations.

Section 325 of the *COTA* allows Council to cancel, reduce or refund taxes relating to errors made in the preparation of the assessment roll for one or both of the two years preceding the year in which the application is made. The Municipal Property Assessment Corporation (MPAC) must confirm an error in the assessment being appealed for Council to proceed with hearing a section 325 appeal application.

As Revenue Services staff receive tax appeal applications, they are reviewed to determine eligibility. Staff then send the eligible applications to MPAC to obtain the related assessment information. Once the information is received from MPAC, the tax cancellation/reduction amount is calculated. Notices are prepared to advise the applicant of the amount that may be cancelled/reduced, and the time and date of the upcoming hearing before the Government Management Committee.

To facilitate the hearing process and address taxpayers' questions and concerns, Revenue Services staff respond to many telephone calls and meet with taxpayers, as necessary, in advance of the public hearing.

## **COMMENTS**

Staff recommend that Council cancel/reduce taxes totalling \$825,920.88 (including Business Improvement Area charges and excluding phase-in/capping) under section 323 of *COTA* and \$141,272.07 (including Business Improvement Area charges and excluding phase-in/capping) under section 325 of *COTA*.

The attached Appendices A and B list the 188 applications for tax cancellation or reduction, and provide the property address, roll number, ward number, appeal number, tax year, the reason/type of appeal, the number of days for which relief is being recommended, the total amount of the recommended reduction/cancellation of taxes, the City and Education share of the tax cancellation/reduction and the amount of the BIA reduction.

Once Council has made its decision, staff will mail Notices of Decision and reduce/cancel the taxes in accordance with Council's decision. The applicant has 35 days from the date the Notice of Decision is mailed to appeal Council's decision to the Assessment Review Board (ARB).

Table 2, below, summarizes the 188 applications filed, the section of the *COTA* they were filed under, the reason for the application, the number of applications for each reason, the tax reduction breakdown as shared between the City and the province/school boards, the amount of the BIA reduction and the total reduction in taxes recommended.

**Table 2: Detail Summary of Tax Appeals**

| COTA Section | Reason for Application                   | # of Applications | Recommended Tax Reductions |                      |             |                                  |
|--------------|--|-------------------|----------------------------|----------------------|-------------|----------------------------------|
|              |  |                   | City Share (\$)            | Education Share (\$) | BIA (\$)    | Total Recommended Reduction (\$) |
| 323          | Razed by fire, demolition or otherwise   | 33                | \$51,841.66                | \$53,638.49          | \$6,551.74  | \$112,031.89                     |
| 323          | Damaged by fire, demolition or otherwise | 22                | \$29,681.38                | \$15,462.06          | \$247.33    | \$45,390.77                      |
| 323          | Exempt                                   | 13                | \$106,392.54               | \$88,781.96          | \$1,933.47  | \$197,107.97                     |
| 323          | Unusable due to repairs or renovations   | 26                | \$48,516.39                | \$23,988.69          | \$166.49    | \$72,671.57                      |
| 323          | Tax class change                         | 23                | \$113,628.74               | \$47,250.48          | \$916.48    | \$161,795.70                     |
| 323          | Gross or manifest clerical errors        | 42                | \$125,569.20               | \$111,036.73         | \$317.05    | \$236,922.98                     |
| 325          | Gross or manifest clerical errors        | 29                | \$76,731.79                | \$63,974.59          | \$565.69    | \$141,272.07                     |
|              | Total                                    | 188               | \$552,361.70               | \$404,133.00         | \$10,698.25 | \$967,192.95                     |

**CONTACT**

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**SIGNATURE**

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Giuliana Carbone  
 Treasurer

**ATTACHMENTS**

Appendix A: Council Detail Hearing Report – Section 323 of COTA, Hearing 2014H1  
 Appendix B: Council Detail Hearing Report – Section 325 of COTA, Hearing 2014H1