

Attachment 1

Small Business Property Tax Subclass

1.0 Definitions

- 1.1 “**Appellate Authority**” is the Controller for the City of Toronto.
- 1.2 “**Eligible Property**” consists of properties that would otherwise be classified within the commercial property tax class, other than properties that would be included in the Office Building, Shopping Centre, Parking Lots and Vacant Land optional property tax classes if the City opted-into such property taxes classes, and the Creative Co-location Facility Subclass or Vacant Land subclass.
- 1.3 “**Program Administrator**” is the Director, Revenue Services for the City of Toronto.

2.0 Process to Determine Eligibility for Inclusion in the Subclass

- 2.1 The Program Administrator shall approve Eligible Property for inclusion in the Subclass for a taxation year in accordance with Section 3.0.
- 2.2 The Program Administrator shall;
- (a) provide the Municipal Property Assessment Corporation (MPAC) with a list of the Included Properties (as defined in section 3.1 below) that are approved for inclusion in the subclass for a taxation year; and
 - (b) make the list available for public inspection by electronic means.

3.0 Subclass Inclusion

- 3.1 Eligible property or a portion thereof will be included in the Subclass (the “Included Property”) if the Eligible Property, as determined by the Program Administrator for the taxation year in question, meets the requirements in (a) and (b) below:
- (a) (A) The Current Value Assessment (CVA) of the Eligible Property or a portion thereof, as identified on the most recently returned or amended assessment roll for the taxation year in question is \$1,000,000 or less.
- OR
- (B) The Eligible Property or a portion thereof meets all of the following requirements:

- i) The Eligible Property is located within the geographic areas identified in the City of Toronto Official Plan as Downtown and Central Waterfront, Avenues and/or Centres; and
 - ii) The Eligible Property has a lot size (lot area in square feet) of 7,500 sq. ft. or less, or in the case of a commercial condominium unit (as classified by MPAC) the commercial condominium unit has a gross floor area (GFA) of 2,500 square feet or less; and
 - iii) The Current Value Assessment (CVA) of the Eligible Property or a portion thereof, as identified on the most recently returned or amended assessment roll for the taxation year in question, is \$7,000,000 or less; and
- b) The Eligible Property is not property for which a demolition permit has been issued.

4.0 Audit Requirements

- 4.1 In respect of any Included Property, the Program Administrator may conduct an audit to verify that the Included Property continues to meet the eligibility requirements set out in Section 3.0 and the property owner must:
 - (a) allow a person selected by the Program Administrator to inspect the property and to inspect any documents relating to the eligibility of the property in order to verify whether the land continues to meet the Included Property requirements set out in Section 3.0; and
 - (b) submit further information or documents as may be required by the Program Administrator in order to assist in the verification.
- 4.2 If the Program Administrator determines that an owner of Included Property has not complied with an audit conducted under Section 4.1,
 - (a) the Program Administrator shall provide the property owner and MPAC with notice of the determination; and
 - (b) the property shall cease to be Included Property and shall cease to be included in the Subclass retroactive to the beginning of the taxation year in which the determination was made.
- 4.3 If the Program Administrator determines that property no longer meets the requirements set out in Section 3.0,
 - (a) the Program Administrator shall provide the property owner and MPAC with notice of the determination; and

- (b) the land shall cease to be Included Property and shall cease to be included in the Subclass retroactive to the beginning of the taxation year or the date the land stopped meeting the conditions for inclusion in the subclass, whichever is later.

5.0 Requests for Reconsideration

- 5.1 A request for reconsideration as described herein with respect to whether property is Included Property shall be made according to the procedure set out in this section, instead of the procedure set out in section 39.1 of the Assessment Act.
- 5.2 A property owner may request that the Program Administrator reconsider:
 - (a) a determination made under Section 3.0 as to whether the property should be approved for inclusion in the Subclass and be Included Property;
 - (b) a determination made under Section 4.2 as to whether the property owner has complied with an audit; or
 - (c) a determination made under Section 4.3 as to whether the Included Property continues to meet the requirements set out in Section 3 above.
- 5.3 The following deadlines apply with respect to a request for reconsideration:
 - (a) Subject to paragraph (b), in respect of a determination made under Section 3, the request must be made within 90 days after the Program Administrator makes the list of Included Properties for the taxation year available for public inspection.
 - (b) In respect of a determination under Section 4.2, the request must be made within 90 days after the Program Administrator gives notice of the determination.
 - (c) In respect of a determination made under Section 4.3, the request must be made within 90 days after the Program Administrator gives notice of the determination.
- 5.4 The request for reconsideration must set out the basis for the property owner's request and all relevant facts.
- 5.5 The Program Administrator shall consider the request and, for this purpose, may request further information from the property owner.
- 5.6 The Program Administrator shall provide the property owner with the results of the reconsideration within 90 days after the day the request is made.

5.7 If the Program Administrator determines that Eligible Property should have been approved for inclusion in the Subclass, or that it should not have ceased to be included in the Subclass, the Program Administrator shall:

- (a) give notice of the determination to the City Clerk ;
- (b) update the list described in Section 2.2;
- (c) provide the updated list to MPAC; and
- (d) make the updated list available for public inspection by electronic means.

5.8 After receiving notice of the Program Administrator's determination, the City Clerk shall alter the tax roll accordingly and taxes shall be levied in accordance with the amended roll.

6.0 Appeals

6.1 An appeal with respect to whether property is included in the Subclass shall be made according to the procedure set out in this section instead of the procedure set out in section 40 of the Assessment Act.

6.2 A person who would be entitled to appeal the classification of a property under section 40 of the Assessment Act but for the application of Section 6.1 may instead appeal the following decisions to the Appellate Authority:

- (a) A determination of the Program Administrator under Section 3.0 as to whether property is included in the Subclass.
- (b) A determination of the Program Administrator under Section 4.2 as to whether a property owner has complied with an audit.
- (c) A determination of the Program Administrator under Section 4.3 as to whether Included Property continues to meet the requirements set out in Section 3 above.

6.3 Subject to Section 6.4, no appeal to the Appellate Authority may be made by a person who is entitled to make a request for reconsideration under Section 5.0 in respect of the property if the person has not made the request within the time limits set out in Section 5.3.

6.4 If, in the opinion of the Appellate Authority, there are extenuating circumstances explaining why a request for reconsideration in respect of the property was not made within the time limits set out in Section 5.3, the Appellate Authority may, on an application submitted by the person within 180 days after the applicable

deadline in that section, extend the deadline for making a request under that section.

- 6.5 The deadline for appealing a determination of the Program Administrator to the Appellate Authority is 90 days after the Program Administrator has given notice of the decision to the property owner or provided the property owner the results of a reconsideration, whichever is applicable.
- 6.6 The Appellate Authority shall hold a hearing to determine whether the property should have been approved for inclusion in the Subclass or should not have ceased to be included in the Subclass.
- 6.7 The hearing may be held orally or in writing at the discretion of the Appellate Authority.
- 6.8 The following persons are parties to the appeal:
 - (a) All persons appealing and all persons whose assessment is the subject of the appeal.
 - (b) The Program Administrator.
- 6.9 Subsections 40 (2), (3.1), (9), (14), (15), (22) and (28) of the Assessment Act apply, with necessary modifications, to an appeal to the Appellate Authority under this section.
- 6.10 Upon determining the issue, the Appellate Authority shall give the parties, MPAC, the Assessment Review Board and the City Clerk a copy of the decision.
- 6.11 If the Appellate Authority determines that the property should have been approved for inclusion in the Subclass, or that it should not have ceased to be included in the Subclass, the Appellate Authority shall direct the Program Administrator to approve the property for inclusion in the Subclass.
- 6.12 After receiving notice of the Appellate Authority's determination:
 - (a) the City Clerk shall alter the tax roll accordingly and taxes shall be levied in accordance with the amended roll;
 - (b) the Program Administrator shall:
 - (i) update the list described in Section 2.2,
 - (ii) provide the updated list to MPAC, and

- (iii) make the updated list available for public inspection by electronic means.

6.13 The Appellate Authority may state a case under section 43 of the Assessment Act with respect to the matters set out in Section 6.2.

7.0 Date and Transition

7.1 The Subclass is to be effective for the 2022 taxation year, commencing January 1, 2022, subject to Included Properties being identified on the assessment roll as being classified within the Small Business Property Tax Subclass by MPAC.
