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2022 OPERATING BUDGET BRIEFING NOTE

Item DM39.3: Extending Repayment Due Date for Eligible Properties from the Property Tax Deferral Program

(referred by Council on February 3, 2022 for Budget Committee consideration)

Issue/Background:

- On February 3, 2022, Council referred [Item DM39.3: Extending Repayment Due Date for Eligible Properties from the Property Tax Deferral Program](#) to Budget Committee to be considered as part of the City's 2022 Budget Process. Council also requested the Chief Financial Officer and Treasurer to:
 - a. conduct an analysis of the Item; and
 - b. advise on any recommendations to:
 - i. retroactively change the eligibility and/or repayment requirements of the 2020 property tax deferral program; and/or
 - ii. waive the approved property tax deferral program provisions for individual businesses.
- This motion was previously introduced at the Dec. 15-17, 2021 Council meeting as [MM38.50](#), but was not considered. MM38.50 sought to re-open an earlier staff report [Item EX27.11: Summary of COVID-19 Property Tax Deferral Program](#) that had previously been received by Council for information (with no action taken) on November 9, 10 and 12, 2021.
- [Item DM39.3](#) seeks Council's approval to enact a by-law to amend the City of Toronto Municipal Code Chapter 767, Taxation, Property Tax, to change the repayment due date for eligible properties approved for the 2020 COVID-19 Property Tax Payment Deferral Program from November 30, 2020 to June 30, 2021.
- The COVID-19 Property Tax Deferral Program was adopted by Council in April of 2020 to provide financial support to residents and businesses that faced loss of income and revenues due to the provincial shutdown during the first wave of the pandemic. Property owners that applied and were approved for the program were eligible to defer property tax payments for 6 months (June 1 to Nov. 30) for the 2020 taxation year and the City would waive all interest and fees provided that the City received payment in full for all taxes owing by November 30, 2020.

- If the 2020 property taxes were not paid in full by November 30, 2020, late payment fees and interest were not waived and remained payable. Late payment charges continued to be added as long as 2020 taxes remained outstanding.
- Table 1 below provides a summary of results for the deferral program:

Table 1: COVID-19 Property Tax Deferral Program – Summary of results

Property Type	Total Approved Applications	Total # properties repaid in full by Nov. 30, 2020	Total Interest, penalty and fees waived	Total # properties <i>not</i> repaid in full by Nov. 30, 2020	Total interest, penalty and fees <i>not</i> waived
Residential	162	124	\$12,465	38	\$4,043
Non-Residential	98	86	\$106,890	12	\$17,049
Total	260	210	\$119,355	50	\$21,092

- In total, 260 applicants benefited from the 2020 property tax deferral program.
 - Of the 260 approved applicants, 210 properties or 80.8% repaid their 2020 property taxes in full by the required deadline, in adherence with the COVID-19 Property Tax Deferral Program requirements.
 - The total interest, penalty and fees arising from the 50 properties is \$21,092
 - As of February 3, 2022, all but 2 of the remaining properties that did not adhere with the required deadlines have now repaid their 2020 property taxes and penalties in full, representing 99.2% of the 260 approved applicants.

Key Points:

- Budget Committee may recommend that Council enact a by-law to amend the City of Toronto Municipal Code, as outlined in [Item DM39.3](#), to extend the repayment due date for eligible applicants from November 30, 2020 to June 30, 2021.
- This amendment would provide a retroactive waiver of interest, fees and penalty incurred during the original deferral period (June 1 to November 30, 2020) to applicants that failed to repay their 2020 taxes in full by the Nov. 30, 2020 deadline.
- Should Council choose to extend the repayment due date, the amount of \$21,092 will require funding from the 2022 Non-Program Tax Deficiency account to refund penalties paid by applicants who paid in full by the extended due date of June 30, 2021.
- Beyond the financial impact associated with extending the repayment due date, an amendment made to the 2020 COVID-19 Property Tax Deferral Program at this time would create an inequity amongst the program approved applicants, where 80.8% of

properties adhered to the programs required deadlines to avoid interest and penalties and a total of 99.2% of the 260 approved applicants have now repaid their 2020 property taxes in full.

- City Council did not approve any additional COVID-19 related tax relief measures in 2021. Staff do not recommend further amendments at this time.
- The *City of Toronto Act* expressly prohibits the granting of financial assistance, including a total or partial exemption from any levy, charge or fee to a commercial enterprise, and therefore staff are not proposing the waiving of the approved program provisions for individual businesses.

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