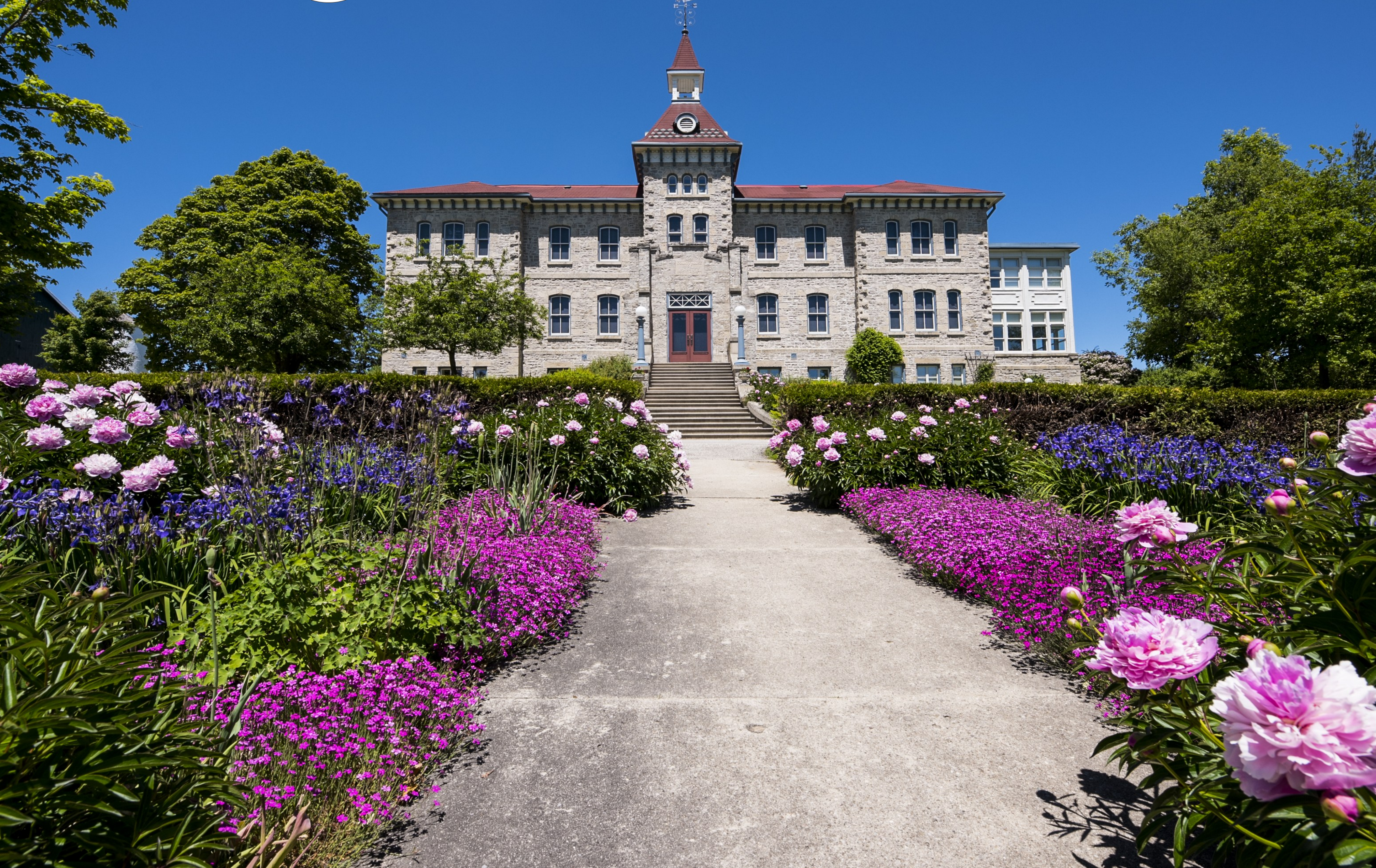
WELLINGTON COUNTY

2025 TAX POLICY REFERENCE MANUAL



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Introduction

Purpose of the Tax Policy Reference Manual

The Tax Policy Reference Manual has been developed to assist elected municipal officials, municipal staff and property owners in understanding all the aspects of tax policy and current value assessment in Wellington County and its member municipalities.
In 1998, the Provincial government instituted current value assessment (CVA) across Ontario with mandated updates on a regular basis.

During this time, rules and regulations were also being legislated by the Province to guide municipalities in setting tax policies. Changes were also made to education taxes through the shifting of social service responsibilities between the provincial and municipal governments.

In the 2007 Provincial Budget, a four-year reassessment cycle was introduced. As a result of valuation changes from reassessment, increases in CVA are phased-in equally over a four year period while decreases in CVA are applied in the first year. The most recent reassessment occurred in 2016 and updated all property values in Ontario to a valuation date of January 1, 2016. Assessments used for 2025 tax year will reflect the 9th year of the 2016 assessment cycle. The next reassessment has not been determined.

At the end of 2023, the Province announced its intention to conduct a review of the property taxation and assessment system focusing on fairness, equity and economic competitiveness. Further deferring property reassessment during the review means municipalities could be waiting a while before a reassessment is conducted, all while compounding uncertainty for residents and businesses. Outdated assessments are inaccurate, increase volatility, and are not transparent.

Roles and Responsibilities

The following chart illustrates the roles and responsibilities of each governing body that is involved in the assessment and tax setting process.

Legislation, Rules and Regulations — Ontario

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Fair and Accurate Assessment of Properties — mpac, Municipal Property Assessment Corporation

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Municipal Tax Policies and Assessment Base Management — The Corporation of the County of Wellington

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Tax Billing, Adjustments, Collections, Issuance of Rebates and Taxpayer Inquiries

Centre Wellington | Erin | Guelph/Eramosa Township | Mapleton | Town of Minto | Puslinch | The Township of Wellington North

Provincial Government

Provincial Government

The Provincial government sets the policies and legislation affecting property assessment and taxation in Ontario. There are three ministries involved in assessment and tax policy.

Ministry of Finance

The principle ministry involved in setting assessment and tax policies is the Ministry of Finance. The Ministry of Finance sets the overall policies and has the final decision on any assessment related issues. The Ministry is also responsible for setting education rates every year. The Minister of Finance sets assessment policy and standards across Ontario and develops Ontario's Tax and Property Assessment Legislation. The Minister is also responsible for establishing the majority of the regulations governing assessment and tax policy.

Ministry of Municipal Affairs and Housing

The Ministry of Municipal Affairs and Housing is responsible for establishing some of the regulations under the *Municipal Act, 2001*, and the *Residential Tenancies Act, 2006* associated with property tax policy. As the primary liaison with municipalities, it deals more specifically with implementation details.

Ministry of Education

The Ministry of Education is responsible for establishing the deadlines for municipalities to pay their education tax installments. Although not responsible for setting the tax rate, the Ministry is responsible for allocating these funds to the school boards.

Municipal Property Assessment Corporation (MPAC)

Municipal Property Assessment Corporation (MPAC)

On December 31, 1998, the Provincial government transferred responsibility for property assessment from the Ministry of Finance to the Ontario Property Assessment Corporation, an independent body established by the *Ontario Property Assessment Corporation Act, 1997.*

Amendments to the *Act* in 2001 resulted in an organizational change and renamed the organization to the Municipal Property Assessment Corporation (MPAC).

MPAC is accountable to the Province, municipalities and property taxpayers of Ontario through a 13-member Board of Directors. The Board of Directors is comprised of provincial, municipal and taxpayer representatives appointed by the Minister of Finance.

Every municipality in Ontario is a member of MPAC, a non-share capital, not-for-profit corporation whose main responsibility is to administer a uniform, province-wide property assessment system based on current value as assessment in accordance with the provisions of the *Assessment Act.* These assessments apply to nearly 5.7 million properties in Ontario, with an estimated total value of over $3.2 trillion.

Property values are communicated to individual property owners through Assessment Notices and to municipalities through the annual assessment rolls. Assessment rolls are used by municipalities to calculate property taxes.

Wellington County and Member Municipalities

Wellington County

Under the rules and regulations created by the Province, Wellington County, as the upper-tier municipality, is responsible for the development of property tax policies. The County works in cooperation with its Member Municipalities to set these policies annually.

Policy decisions include:

- Whether to adopt revenue neutral transition ratios
- Establishing annual tax ratios, discounts and tax rates
- Implementing optional tax classes
- Continuing the low income senior and disabled homeowners tax relief programme
- Continuing the charitable tax rebate programme
- Municipal representation in the appeal process and Assessment Base Management

Member Municipalities

Under the rules and regulations created by the Province, the County's Member Municipalities are responsible for the administration of the tax billing, tax adjustments, collection process, issuance of rebates, and taxpayer inquiries.

Property Assessment Codes and Classes

Classes of Properties

Current legislation requires MPAC to allocate properties into ten mandatory property classes. These classes are defined by a Realty Tax Class (RTC) designation.

Property Classes
Residential (RTC = R)
Multi-Residential (RTC = M)
New Multi-Residential (RTC = N)
Commercial (RTC = C)
Industrial (RTC = I)
Pipe Line (RTC = P)
Farm (RTC = F)
Managed Forests (RTC = T)
Landfill (RTC = H)
Aggregate Extraction (RTC = V)

Property Class Definitions

Residential

The residential property class consists of:

- Land used for low density residential purposes, such as single family houses
- Condominium units
- Land used for residential purpose on a seasonal basis including campgrounds
- Land owned by a cooperative or a corporation without share capital, or a group home
- Specific lands not used for residential purposes, such as farm land that does not fall in the farm class

Multi-Residential

This class consists of land that is used for residential purposes that has seven or more self-contained units

New Multi-Residential

This class consists of land that would otherwise be in the multi-residential property class, but satisfies the requirement that the units on the land have been built or converted from a non-residential use (O.Reg. 282/98). The classification also requires that a building permit was issued after the by-law adopting the new multi-residential class was passed. A property ceases to be in the new multi-residential class after it has been in the class for 35 taxation years.

Commercial

The commercial class includes all land that is not included in any other property class.

Examples of properties included in this class are:

- Hotels and motels
- Stores
- Office buildings
- Shopping malls
- Warehouses
- Homes for special care
- Retirement homes and nursing homes operated as commercial ventures
- Waste transfer stations

Property Class Definitions

Industrial

The industrial property class consists of land used for, or in connection with, manufacturing, producing or processing, as well as lands used for research and development and storage activities in connection with manufacturing, producing and processing. This class also includes land used for generating or transforming hydroelectricity.

Pipeline

This class of property consists of pipe lines as they are presently defined in the *Assessment Act*. The Minister of Finance prescribes assessment rates by regulation using the same base year value as all other properties.

Farm

The farm class consists of land used for farming and outbuildings. Eligible farms are taxed at 25% of the residential tax rate in Wellington County. Inclusion in the farm class is based on the criteria set for the former Farm Tax Rebate Programme that applied in 1997.

Managed Forests

Eligible managed forests are taxed at 25% of the residential tax rate. This class consists of land that is subject to a managed forest agreement. If the land is used for other purposes, it will be reclassified and the favourable tax treatment will be eliminated. Furthermore, it is intended that the tax break that the property had enjoyed as an eligible managed forest will be recovered for the year or a portion of the year in which is ceased to be eligible, and such change can be made by the assessor up to four years later.

Landfill

In 2017, the Province introduced a new property class which consists of land on which landfilling is permitted to occur with environmental compliance approval and land that contains a closed landfill cell (no longer used to receive waste and has been permanently closed) as outlined in the *Assessment Act*.

Aggregate Extraction

In 2024, the Province introduced a new industrial sub-class for aggregate producing properties that will become effective for the 2025 tax year. The class will not include all assessment included in the licenced area, but only the assessment that relates directly to aggregate activity.

Other Classes of Property

Aggregate Extraction Property Class

The Province announced on October 3, 2024 the introduction of a new industrial sub-class for aggregate producing properties through O.Reg 370/24. This new tax class has an RTC/RTQ code of VT for the County and member municipalities, and will come into effect for the 2025 tax year.

The following constitute aggregate extraction activities:

1. Extracting anything from the earth.
2. Excavating.
3. Processing extracted or excavated material.
4. Stockpiling extracted or excavated material.
5. Stockpiling overburden.

The aggregate extraction property class consists of the following land:

> 1. The portion of land that is licensed or required to be licensed under Part II of the *Aggregate Resources Act* and that is used to carry out aggregate extraction activities.
>
> 2. The portion of land that would be required to be licensed under Part II of the *Aggregate Resources Act* if the land were in a part of Ontario designated under section 5 of that Act and that is used to carry out aggregate extraction activities.
>
> 3. Roadways and structures on a portion of land that is licensed or required to be licensed under Part II of the *Aggregate Resources Act* if the roadway or structure is used in connection with aggregate extraction activities on a portion of land that is licensed or required to be licensed under Part II of that Act.

On December 10, the Province filed O. Reg 510/24, which set the new tax ratios for the aggregate extraction class across Ontario. The County of Wellington's 2025 ratio will be set at 1.952895.

Other Classes of Property

Optional Classes

In addition to the ten core property classes, the Minister of Finance established seven additional optional classes in the *Assessment Act.* The advantage of creating an optional class is that it provides additional flexibility to tax properties within these classes at a different rate compared to the broader class. However, setting up additional new classes moves a municipality further away from full tax equity across all classes. Currently, Wellington County has assessment allocated in four of the seven optional classes that are available to municipalities (shown below), however have chosen not to adopt alternative ratios for these classes. They remain taxed as commercial, commercial, industrial and commercial respectively.

Optional Classes in Wellington County
Shopping Centre (RTC = S)
Parking Lot and Vacant Land (RTC = G)
Large Industrial (RTC = L)
Office Building (RTC = D)

Other Classes of Property

Subclasses of Properties

Within some of the classes, the Province established additional breakdowns to further define the type of property. Discounted tax rates apply to these mandatory subclasses, which ensure that the special nature of these properties is recognized. Subclasses are identified by a Realty Tax Qualifier (RTQ) designation. The table below is a list of the subclasses defined by the Minister of Finance. The Minister of Finance prescribed two subclasses with different discounts for Farm Land Awaiting Development applicable to the Residential, Multi-Residential, Commercial and Industrial core classes.

Farm Land Awaiting Development Phase I applies to properties once a plan of subdivision has been registered. Phase I subclass tax rates are to be set between 25% to 75% of the residential property tax rate, even though the properties may be in other property classes. In Wellington County, the Phase I subclass tax rate is set at 75% of the residential tax rate.

Farm Land Awaiting Development Phase II applies to properties once a building permit has been issued for that property. Phase II subclass tax rates are to be set between 25% to 100% of the class rate of the property. In Wellington County, the Phase II subclass tax rate is set at 100% of the applicable property and class tax rate.

The Excess Land and Vacant Land subclasses are applicable to the Commercial and Industrial classes only. Properties falling within these subclasses are discounted at 30% to 35% of the full Commercial and/or Industrial rate. Wellington County eliminated the subclass discount on Commercial and Industrial excess / vacant land. These subclasses are currently taxed at 100%.

Taxable at the Full tax rate (RTQ = T)
Farm Land Awaiting Development I (RTQ = 1)
Farm Land Awaiting Development II (RTQ = 4)
Excess Land (Commercial/Industrial) (RTQ = U)
Vacant Land (Commercial/Industrial) (RTQ = X)

Current Value Assessment

Current Value Assessment

Current Value Assessment is defined as the amount of money a property would realize if sold at arm's length (by a willing seller to a willing buyer). To calculate a property's assessed value, MPAC analyzes market information from similar types of property in the vicinity. While all properties are evaluated using current value assessment, there are three methods used for this analysis:

- The sales comparison approach (residential)
- The income approach (commercial)
- The cost approach (industrial)

Each method takes into consideration the location of a property, the size and quality of any buildings and features which may enhance or reduce a property's value. While there are a number of factors that account for the assessment of a property, location is the most important one. As a result, comparing a property's assessment to similar properties in one's area or neighbourhood will help one to review their assessment.

For ***residential properties***, there are five major factors that generally account for 85% of the property value.

- Location
- Living Area
- Age of Property
- Lot Dimensions
- Quality of Construction

Omitted and Supplementary Assessment

Omitted Assessment

Section 33 of the *Assessment Act* provides MPAC with the authority to assess all or part of a property that was omitted from the tax roll for the current year or for any part of all of either or both of the two preceding years. This includes when:

- land, including buildings or structures, has been omitted from the tax roll
- property or a portion of it has been incorrectly shown on the assessment roll as exempt from taxation
- property was not eligible to be included in either the managed forest or conservation land property classes under the Managed Forest Tax Incentive Programme or the Conservation Land Tax Incentive Programme
- there is a classification change, if the change is associated with the addition of a building or structure

Supplementary Assessment

Section 34 of the *Assessment Act* provides MPAC with the authority to add assessment in the current year for one of the following reasons:

- An increase in value occurs which results from the erection, alteration, enlargement or improvement of a building, structure, machinery, equipment or fixtures, or any portion thereof that commences to be used for any purpose;
- Land or a portion of land ceases to be;
  - Exempt from taxation;
  - Farm land;
  - Conservation land;
  - Land in the managed forest property class;
  - Classified in a subclass of real property;
- A pipeline increases in value because it ceases to be entitled to a reduction

Omitted and Supplementary Assessment

Supplementary Assessment Continued

MPAC may also issue a supplementary assessment if, during the taxation year or in the preceding year after June 30, a change event occurs that would change the class of a property. A change event is defined in section 34 (2.2) as;

- A change in the use of all or part of the parcel of land
- An act or omission that results in all or part of the parcel of land ceasing to be in a class of real property; and
- The opting by a council of a municipality to have a class of real property apply or cease to apply within the municipality

Property owners are responsible to ensure the information relating to the property on the assessment notice is accurate, the assessed value accurately reflects the market value of the supplementary or omitted assessment being used, and that the effective date is correct.

If a property owner disagrees with the information on the supplementary assessment notice, options for appealing and applicable deadlines are provided with the notice.

Understanding Property Assessment

A Property Assessment Notice (PAN) shows the assessed value and classification of your property as of a legislated valuation date. The fixed valuation date for 2025 remains January 1, 2016. When there is a change in a property (such as new construction or major renovation), MPAC updates the assessment and mails a Notice. The 2025 assessment is what the property would have sold for on January 1, 2016, in its current state and condition, including any major changes since then.

Examples of Property Assessment Phase-In

Property Assessment Value Increase

January 1, 2012 Valuation

CVA = $700,000

January 1, 2016 Valuation

CVA = $780,000

Change in Assessment = $80,000

CVA for Taxation Purposes

Taxation Year	Assessment
2017	$720,000
2018	$740,000
2019	$760,000
2020	$780,000

Property Assessment Value Decrease

January 1, 2012 Valuation

CVA = $700,000

January 1, 2016 Valuation

CVA = $660,000

Change in Assessment = -$40,000

CVA for Taxation Purposes

Taxation Year	Assessment
2017	$660,000
2018	$660,000
2019	$660,000
2020	$660,000

Options to Challenge Assessment

All property owners receive assessment notices in a reassessment year or following a change in their assessment. It is the responsibility of the property owner to ensure all the information relating to the property is correct and the assessed value is an accurate reflection of the market value at the stated valuation date. If an owner disagrees with the information on the assessment notice (not just the value) there are a variety of avenues to question and correct the information.

Contact MPAC

A phone call to MPAC may resolve an issue such as:

- An incorrect lot size
- A spelling error
- An error in the street address
- Incorrect tenancies indicated

In these situations MPAC may simply update its records and produce an Amended Assessment Notice.

Other Tools

If a property owner believes that the assessed value of his/her property is incorrect, there are a number of tools provided by MPAC to help them. Owners of all property types; residential, farm and business properties can use MPAC's *About My Property* website to access detailed information on their property. By using the roll number and access key found on their Property Assessment Notice, property owners can register and log into About My Property and compare their property to other properties in their neighbourhood. The information provided enables the comparison of assessment data for similar properties to assist the property owner in determining whether they believe the assessed value is correct.

Options to Challenge Assessment

Request for Reconsideration (RfR)

The RfR gives the property owner an opportunity to have MPAC review the assessment in detail, free of charge, to determine if it is accurate. During the review, the property owner may be able to provide new information or correct inaccurate information that has played a part in the assessment. In this way, concerns may be resolved without the need for an appeal.

The property owner may file an RfR every year if he/she chooses to do so, and the deadline to do so can be found on the Property Assessment Notice (PAN). MPAC will send a confirmation saying they have received the RfR. Once their review is complete, they will notify the property owner of the result in writing, usually within 180 days – up to 60 additional days if they need more time.

If MPAC finds that an adjustment is warranted, they will apply any changes to the property valuation and send the owner a new Property Assessment Notice or Property Assessment Change Notice. The owner will be asked to sign Minutes of Settlement that MPAC will use to notify the municipality about the change, so that a property tax adjustment can be made, if necessary.

Assessment Review Board (ARB)

In addition, a property owner may also file a Notice of Complaint with the ARB. Property owners in the residential, farm and managed forest property classes can file an appeal with the ARB if they do not agree with MPAC's decision through the RfR process. This must be filed within 90 days of MPAC mailing an RfR decision. Property owners in all other classes can proceed directly with an ARB appeal (without having to file an RfR first), and the deadline to do so is March 31 of the taxation year. There are specific forms and fees involved in this process. Forms are available on the MPAC website **www.mpac.ca** or by calling **1.866.296.MPAC (6722)**. Information can also be obtained from the ARB's website at Assessment Review Board - Tribunals Ontario

Understanding The Relationship Between Assessment and Taxes

Property tax remains the largest and most important revenue source for municipalities. It is the only tax that municipalities have the authority to collect. The two components required for determining property taxes are the assessed value of the property and the tax rate applied to the property.

Tax Rate

The tax rate in Wellington County consists of three components:

1. The local municipal portion
    - Centre Wellington
    - Erin
    - Guelph/Eramosa
    - Mapleton
    - Minto
    - Puslinch
    - Wellington North
2. The County portion
3. The Education portion

The local and County portion are based on budgetary needs and the education portion is based on the provincial education funding requirements.

The *residential tax rate* is determined by dividing the total tax requirement by the total weighted assessment. Tax rates are set for each property class.

Understanding The Relationship Between Assessment and Taxes

Calculating Property Taxes

Property taxes are calculated using the property's assessed value, the local tax rate, the County tax rate (Upper Tier) and the education tax rate. The formula is:

Assessed Value x Local Tax Rate =

Amount of Local Municipal Levy

+

Assessed Value x Upper Tier Tax Rate =

Amount of Upper Tier Municipal Levy

+

Assessed Value x Education Tax Rate =

Amount of Provincial Education Levy

=

Total Property Taxes

Provincial Regulations Governing Tax Policy

Setting Tax Ratios

The upper tier municipality has the option of changing the relative burden between classes of properties from those prescribed by the Province. Tax ratios show how a property class tax rate compares with the residential tax rate.

For example, if a property class has a ratio of 2, then it is taxed at twice the rate of the residential class.

- Transition ratios were initially calculated in 1998 by the Province and reflected the level of taxation by class at that time.
- Tax ratios must be approved annually by County Council, unless delegated to the member municipalities.
- The Province established "ranges of fairness" which help protect property classes that are taxed at higher rates—if the ratio for a property class is outside the "range of fairness," a municipality can either maintain the ratio or move towards the range of fairness, but may not move further from the fairness range.
- Municipalities may pass along up to 50% of a levy increase to classes which have ratios in excess of the provincial threshold.
- To avoid tax shifts that may occur as a result of reassessment, municipalities have the option of setting new transition ratios based on a prescribed formula. Once reset, the new ratios may then be established for all of the tax classes or may be selectively adopted. The benefit of adopting new transition ratios is that it allows for flexibility of imposing a higher ratio on any of the capped classes for the current and subsequent taxation years. However, if any of the transition ratios are lower than the existing ratio, the lower one becomes the ceiling and cannot be increased in the current or possibly future taxation years.
- Ontario Regulation 65/17 prescribes a maximum ratio threshold of 2.0 for the Multi-Residential property class. Municipalities with a ratio currently set higher than 2.0 are subject to a full levy restriction and cannot increase their current multi-residential class ratio. However, those municipalities with a ratio below 2.0 may increase the current ratio but no higher than 2.0.
- The New Multi-Residential class is limited to a tax ratio between 1.0 and 1.1.

Provincial Regulations Governing Tax Policy

Ranges of Fairness

Although ratios can be altered to shift tax burden, the ability to do so is quite restricted.

- Besides setting initial ratios, the Province also sets “Ranges of Fairness” which are quite low and narrow for moving ratios. They represent what the Province determines is a fair level of taxation for the various types of properties relative to the tax burden on the residential class.
- These ranges ensure that taxes are not shifted onto properties that are already subject to unfairly high tax rates, or to properties that are subject to unfairly low tax rates.
- Municipalities can leave their tax ratios at their current level or elect to move towards the ranges of fairness.

The chart on the following page provides the Property Classes, the provincially legislated “Ranges of Fairness”, the 2025 Wellington County Tax Ratios and the Threshold Ratios.

Provincial Regulations Governing Tax Policy

Ranges of Fairness, 2025 County Tax Ratios, and Threshold Ratios

Property Class / Subclass	Provincial Range of Fairness	2025 County Tax Ratio	Provincial Threshold Ratio
Residential (RT)	1.0 to 1.0	1.0000	
Multi-Residential (MT)	1.0 to 1.1	1.9000	2.000000
New Multi-Residential (NT)	1.0 to 1.1	1.1000	1.100000
Farmland (FT)	0.01 to 0.25	0.2500	
Commercial (CT)	0.6 to 1.1	1.4910	1.9800
Office Building (DT)	0.6 to 1.1	1.4910	1.9800
Industrial (IT)	0.6 to 1.1	2.4000	2.6300
Large Industrial (LT)	0.6 to 1.1	2.4000	2.6300
Landfill (HF) PILT	0.6 to 1.1	1.9400	
Pipeline (PT)	0.6 to 0.7	2.2500	
Shopping Centre (ST)	0.6 to 1.1	1.4910	1.9800
Managed Forest (TT)	0.25 to 0.25	0.2500	
Parking Lot (GT)	0.6 to 1.1	1.4910	1.9800
Aggregate Extraction (VT)	0.6 to 1.1	1.9528	2.6300

Provincial Regulations Governing Tax Policy

Vacant Unit Rebate Programme

Introduced in 1998 as part of the province-wide Property Tax Reform, municipalities have been required to participate in a Vacant Unit Tax Rebate Programme that provides relief through a rebate of property taxes to owners of vacant commercial or vacant industrial properties. The Vacant Unit Tax Rebate Programme is governed by Section 364 of the Municipal Act and Ontario Regulation 325/01.

Owners of commercial properties may apply for a 30% rebate, while industrial properties may apply for a 35% rebate of the property taxes attributable to the vacant portions of their buildings. Rebates are shared between the County of Wellington, the local municipality and School Boards.

This mandatory programme was developed when provincial tax reform shifted business taxation from tenants to property owners. The programme was intended to assist property owners in times of economic downturn who now assumed full tax liability whether or not their property was tenanted. In some instances, this mandatory rebate programme has led to speculative holding of property and absentee landlords with no interest to improve the standards of their buildings. Incentives to revitalize core business sectors and promote employment growth at the local level was needed. In consultation with municipal and business stakeholders during 2015, the Province undertook a review of both the Vacant Unit Rebate and the Vacant and Excess Land Sub-class Reduction programmes. Subsequently, Ontario Regulation 581/17 was introduced to provide municipalities with broad flexibility to tailor these programmes to meet community needs.

Administration of the Vacant Unit Rebate programme lies with each member municipality with the support of County Council. Programme changes are largely driven by Community Improvement Plans. Currently, 4 of the 7 local municipalities in Wellington County have eliminated the rebate programme. Specific criteria requirements and further details may be found on local municipal websites for the Town of Erin, the Town of Minto, and the Township of Wellington North.

Provincial Regulations Governing Tax Policy

Capping Programme Options

As part of Property Tax Reform in 1998, the Province introduced a mandatory tax capping programme to protect properties in the commercial, industrial and multi-residential classes from significant tax increases caused by reassessment. Legislation allows municipalities to finance the programme by limited tax decreases within each class. Tax shortfalls from properties protected by tax increase limits are recouped by those properties who would otherwise experience a tax decrease due to reassessment. For these property owners tax decreases are clawed back to fund the capping programme within each class. Tax Policy decisions for capping is an upper-tier responsibility with the County acting as "Banker."

The capping programme is extremely difficult to administer, confusing to property owners and creates inequitable tax treatment. In response to continued advocacy from municipal and business stakeholders, the Province introduced several enhanced capping flexibility options for municipalities commencing in 2005 with a view to reduce or eliminate the capping programme.

In 2004, there were 278 business owners paying full taxes on current value assessment (CVA) in the County while 1,651 properties were in either a capped or clawed back position. By selecting enhanced flexibility options in 2005, significant headway was made to eliminate the number of properties in the tax capping programme across the County of Wellington. The number of properties at full CVA taxation increased to 1,261 while the capped or clawed back number of properties decreased to 675.

As of 2018, all 2,296 business class properties in the County of Wellington are at full CVA tax and the current capping programme is no longer applicable.

Provincial Regulations Governing Tax Policy

Relief for Low-Income Seniors and Homeowners with Disabilities

- Upper tier and single tier municipalities must provide a programme of tax relief for the purpose of relieving financial hardship. Relief can be in the form of a deferral or cancellation of tax increases.
- Wellington County and the local municipalities currently provide relief in the form of a cancellation, of any increase in taxes payable year over year up to a maximum rebate limit of $500 per annum.
- Tax cancellation, means the difference between the current years taxes, minus the previous years taxes as adjusted in accordance with the legislation.
- The legislation also applies to tax increases for local municipal and education purposes.
- The amount cancelled is withheld by the local municipality from amounts levied for upper tier and school board purposes.
- Taxes must be paid in full for the eligible tax year, and the account must be in good standing to the satisfaction of the local Treasurer.
- The intent of this policy is to provide a mechanism to assist those least able to pay a significant increase in taxes due to reassessment.
- Commencing in 2020, a minimum rebate amount of $400 will be granted to eligible applicants, no matter how small the tax increase.
- Qualified applicants experiencing a decrease in taxes from the previous year will receive the minimum rebate of $400, less the amount of the tax decrease.

Provincial Regulations Governing Tax Policy

Relief for Low-Income Seniors and Homeowners with Disabilities

Example #1: Tax Increase	Example #2: Tax Decrease
2024 total property taxes paid = $1,500	2024 total property taxes paid = $1,500
2025 total property taxes paid = $1,750	2025 total property taxes paid = $1,420
Total rebate issued = $400	*Total rebate issued = $320

*Because the taxes decreased by $80, the taxpayer would receive the minimum $400 minus the decrease of $80, resulting in a rebate of $320

Eligibility Criteria

Low-Income Seniors

- Must have attained the age of 65 years
- Must be in receipt of benefits under the Guaranteed Income Supplement (GIS) programme

Low-Income Persons with Disabilities

- Must be in receipt of benefits under the Ontario Disability Support Programme (ODSP)

Provincial Regulations Governing Tax Policy

Relief for Low-Income Seniors and Homeowners with Disabilities

Other Provisions

- To qualify for tax assistance, applicants must have been owners of real property within the County for a period of one (or more) year(s) preceding the application
- Tax assistance is only allowed on one principal residence of the qualified individual or the qualifying spouse. Appropriate proof of residency establishing continuous (i.e. not part-time) residency must be provided. Verification of documentation provided in conjunction with an application may be carried out independently at the discretion of the County.
- Tax relief applies to current taxes only (not tax arrears)
- Tax relief amounts are only cancelled after payment in full is received for any current and/or past year amounts payable
- Applicants are responsible to refund any overpayment of tax rebate granted if the property assessment is reduced by the Assessment Review Board (ARB) or Municipal Property Assessment Corporation (MPAC)
- Application for tax relief must be made annually to the County Treasurer by November 1 to establish eligibility or continued eligibility, on a form similarly prescribed by the by-law
- For properties that jointly held or co-owned by persons other than spouses, both or all co-owners must qualify under applicable eligibility criteria in order to receive tax relief
- Tax relief begins in the month in which the low income senior attains the age of 65 or in which the low income person with disabilities becomes disabled

Provincial Regulations Governing Tax Policy

Tax Rebates for Charities and Other Similar Organizations

- Upper tier and single tier municipalities must have a rebate programme in place
- An eligible charity is a registered charity in accordance with the *Income Tax Act* and that has a registration number issued by the Canada Revenue Agency
- A property is eligible if it is one of the commercial or industrial property classes

Programme Requirements Include:

- In Wellington County, the amount of the rebate is equal to 40% of the taxes paid
- One half of the rebate must be paid within 60 days of receipt of the application and the balance paid within 120 days of receipt of the application
- Applications for a rebate must be made annually between January 1 of the taxation year and the last day of February of the following taxation year

Provincial Regulations Governing Tax Policy

Tax Rebates for Charities and Other Similar Organizations

Wellington County's Optional Provisions Include:

- At the discretion of the County Treasurer, expanded eligibility policy may include non-profit organizations, agricultural organizations, as well as boards of trade, chambers of commerce and registered amateur athletic organizations (as defined in the *Income Tax Act*)
- The cost of the rebate is shared between the upper tier, local municipality and school boards
- If the property is under appeal or a Request for Reconsideration, the property will be ineligible for a rebate until such time as the matter is settled
- Taxes must be in good standing to the satisfaction of the local Treasurer
- In order to increase public awareness of the Charitable Rebate Programme, the County places notices in the Wellington Advertiser with posted details on municipal and County websites
- Local tax bill inserts also inform property owners of the programme

Glossary of Terms

Assessed Value (Assessment)

The value of a property (lands and buildings) for taxation purposes.

Assessment Act

The law that governs the way property is assessed in Ontario.

Assessment Cycle

The yearly cycle of assessment-related activity which leads to the delivery of assessment rolls to municipalities in December.

Assessment Review Board (ARB)

An independent, adjudicative tribunal of the Ontario Ministry of the Attorney General. The ARB hears appeals from individuals who believe a property has been incorrectly assessed or classified. A decision made by the ARB is final unless a point of law is being disputed.

Assessment Roll

An annual list of the assessed values of all properties in a municipality, which includes the name of the property owner or tenant, their address, the realty tax class, services to and size of the property, and information on structures on the property, if any.

Capping and Claw Back

Capping refers to a municipality's option to limit, or cap, the tax increases on commercial, industrial and multi-residential properties. The limit on tax decreases, in order to fund capping, is known as claw back.

Core Classes

Set of ten classes which all municipalities are required to use. These are residential, multi-residential, new multi-residential, commercial, industrial, pipe line, farm, managed forest, landfill, and aggregate extraction

Current Value

Refers to the amount of money a property would realize if sold at arm's length by a willing seller to a willing buyer

Exempt Property

Property which is assessed, but not taxed. Generally, properties which are exempt from property taxes provide services for the public good, such as schools, churches and hospitals. Other charities and philanthropic organizations mentioned in the *Assessment Act* may be given exempt status if certain criteria are met.

Glossary of Terms

Member Municipality

A municipality that is part of a county, region or district municipality.

Municipal Act

The statute governing how municipalities administer municipal services and collect taxes.

Municipal Property Assessment Corporation (MPAC)

Established by the *Municipal Property Assessment Act*, MPAC administers and determines a uniform, province-wide system of current value assessment for all properties.

Omitted Assessment

An assessment which has not been recorded on the assessment roll. When an omitted assessment is added to the roll, property taxes can be collected for the current year and, if applicable, for any part or all of the previous two years.

Payment-in-lieu of Taxes (PILT)

Payments made to municipalities by the federal or provincial government, where properties are exempt from property taxation.

Phase-In

Upper-tier or single-tier municipalities have the option of establishing a programme to phase-in all property tax changes that occur in the year of a general reassessment, including municipal budgetary increases. Phase-in programmes can apply to any or all of the property classes and may be spread over a period of up to eight years.

Property Assessment Notice (PAN)

A notice sent to all property owners to advise them of their property's current value assessment. The notice also contains the property's classification and school support designation.

Property Classification (Tax Class)

A categorization of a property or a portion of a property according to its use, with each category representing a different tax class. There are ten major classes of property, which are mandatory and seven specialty classes which are optional (office building, shopping centre, parking lot and vacant land, residual commercial, large industrial, professional sports facility and resort condominium).

Property Tax

The combined tax on a property comprising the municipal (local) tax, and if applicable, a region or county tax. The education tax will also apply to most property classes.

Glossary of Terms

Ranges of Fairness

Provincially prescribed ranges for the setting of tax ratios for the multi-residential, new multi-residential, commercial, industrial, pipe line, farm and landfill classes. Municipalities are permitted to change their tax ratio only if the ratio is moved closer or within the ranges of fairness.

Realty Tax Class (RTC)

The designation used to identify the property class to which the property belongs.

Realty Tax Qualifier (RTQ)

The designation used to identify the sub-class to which the property belongs. These were established in order to allow for the application of discounted tax rates due to the special nature of some properties.

Reassessment

The process of creating a new base for property taxation by updating assessments to reflect more recent values.

Regulated Assessments

Assessments that are determined by the activity or production capability or by a legislated rate, rather than by the value of the property itself. Regulated properties include pipe lines, rights-of-way, power utility corridors and power generating stations.

Request for Reconsideration (RfR)

Property owners who disagree with the current value assessment or classification on the Property Assessment Notice may ask MPAC to conduct a review of their assessment through the Request for Reconsideration process. There is no fee for this service.

Residential Tax Rate

Determined by dividing the total Municipal Levy by the total weighted assessment, used as the basis for determining all other property tax class rates.

Roll Number

A unique 19-digit number used as an identifier for each property.

Subclass Rate Reduction

The percentage rate as prescribed by the *Municipal Act* to be applied to reduce the tax rate that would otherwise be levied for municipal purposes for the sub-class.

Glossary of Terms

Subclass of Property

A subsection of a class of property prescribed by the Minister of Finance for the purposes of applying a lower tax rate. These include farm land awaiting development, excess land and vacant land.

Supplementary Assessment

An assessment made during a taxation year for an addition, renovation or construction. When a supplementary assessment is added to the assessment roll, additional property taxes can be collected for that portion of the current tax year that the supplementary addresses. A supplementary assessment can also be issued when there has been a change in the tax class of a property. The classification may occur during the taxation year, or the preceding November or December. Where the class change results in a higher tax rate, municipalities cannot collect additional taxes for those two months but only for the current tax year.

Tax Rate

A percentage applied to the assessed value of a property to generate tax payable. Municipalities will set the tax rate for each property class based on the revenue they will need to provide local services. The tax rate also includes an education portion defined by the Province.

Tax Ratio

Defines the tax rate of each property class in relation to the rate of the residential property class.

Threshold Ratio

Provincially regulated ratios for the multi-residential, commercial and industrial classes, defining the average tax ratio across the Province.

Unweighted Assessment

The assessment for a property as returned on the roll before applying the appropriate tax ratio.

Upper Tier Municipality

A municipality which is a county, region or district municipality.

Valuation Date

A fixed date set by the Provincial Government on which current value assessments are based. The current valuation date in Ontario is January 1, 2016.

Weighted Assessment

The assessment for a property multiplied by the tax ratio, established for the property class the property is in.

Contacts

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