

**POLICY FS-18****Tax Rebates for Charitable Organizations****Financial Services**

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Purpose:**Legal Authority**

The Municipal Act, 2001, section 361 requires that every municipality, other than a lower-tier municipality, shall have a tax rebate program for eligible charities. Eligible charities is defined as a registered charity as defined in subsection 248 (1) of the Income Tax Act (Canada) that has a registration number issued by the Canada Revenue Agency. A property is eligible if it is in one of the commercial classes or industrial classes.

The Municipal Act further stipulates that the program:

(Mandatory)

1. must provide for a rebate for an eligible charity that pays taxes or amounts on account of taxes on the eligible property it occupies.
2. the rebate must be equal to a minimum of 40%, or such other percentage as the Minister of Finance may prescribe, of the taxes or amounts on account of taxes paid by the eligible charity.
3. $\frac{1}{2}$ of the rebate must be paid within 60 days of receipt, by the municipality, of the application.
4. must permit the eligible charity to make an application for a rebate for a taxation year based on an estimate of the taxes or amounts on account of taxes.
5. must provide for a final adjustment, to be made after the taxes or amounts on account of taxes paid by the charity can be determined.
6. must provide for an adjustment to a charity rebate repayment to any other municipality that the charity may have received a charity rebate.
7. must provide for an application deadline of the last day of February of the following year. For example the deadline for 2007 was February 29, 2008.

Rebates are shared with the municipality and school boards that share in the revenue from the taxes on the property in the same proportion as the municipalities and school boards share in those revenues.

The Act also permits municipalities to provide rebates to classes of organizations defined by the municipality that are similar to eligible charities.

Policy Statement

The purpose of this policy is to provide tax rebates:

- to eligible charities occupying properties in the Commercial or Industrial tax class that were previously exempt from paying the Business Occupancy Tax (BOT).
- to organizations as defined under section 6.1 of the Assessment Act.
- that the Fair Municipal Finance Act, 1997 may have impacts on the amount of property taxes such organizations are required to pay, either directly or indirectly, and provides relief in the form of tax rebates subject to certain conditions as set out in this policy, Municipal Act, and Assessment Act.

Definitions:

In this policy:

“eligible charity” means a charitable organization as defined in subsection 248 (1) of the Income Tax Act, that has a registration number issued by the Canada Customs and Revenue Agency and is entitled to issue tax receipts for charitable donations.

“similar to eligible charities” means any property falling with the definition as set out in section 6 of the Assessment Act.

Implementation Procedure:

1. GENERAL PRINCIPLES

a. Other Organizations Eligible for Tax Rebates:

To be eligible for tax rebates, organizations must meet the following criteria:

- I. be a charitable organization as defined in subsection 248 (1) of the Income Tax Act and have a registration number issued by the Canada Revenue Agency;
- II. be occupying property in the commercial or industrial tax class;
- III. if leasing, be able to identify the amount of taxes included in their lease payments.

2. APPLICATION PROCEDURE

Eligible organizations must apply for the tax rebate on an annual basis as follows:

- a. applications for tax rebates will be accepted and processed by the Treasurer; or designate.

- b. applications will be accepted between Jan 1st of the tax year and February 28th of the following year;
- c. applications from eligible charities re-locating within the year will be accepted up until February 28th of the following year for rebates for the current taxation year;
- d. applications must;
 - be made on the standard application form which are available at the Norfolk County web site at www.norfolkcounty.ca,
 - be accompanied with current verification of charity status from the Charities Directorate, which may be obtained at the Canada Revenue Agency web site at www.cra-arc.gc.ca,
 - where the charitable organization is a tenant provide a copy of the lease, or written confirmation from the landlord, indicating the amount of the applicable property taxes paid.

3. AMOUNT AND PROCEDURE OF THE TAX REBATE

- a. Tax rebates for eligible charities will be 40% of the taxes paid by the eligible charitable organization, providing that all the conditions listed above are met.
- b. If the eligible Charity is required to pay an amount under section 367 or 368 of the Municipal Act, 2001, which deals with gross leases and flowing through of taxes, the amount of the rebate shall be calculated using the total of the amounts the charity is required to pay under this section.
- c. Tax rebates shall not include Goods and Service Taxes (GST) or HST.

4. PAYMENT OF TAX REBATES

Payments of tax rebates will be made, payable to the applicant, by Norfolk County as follows:

- I. A rebate relating to the previous year's taxes, filed by February 28th of the following year:
 - 100% of the rebate within 120 days of an application being received.