

Reference Sheet

Answering questions about assessment administration

Business Assessment & Business Taxes

The following provides clarification about options available to municipalities regarding business assessments, taxes and fees.

Business Assessment: Section 28 of *The Municipal Assessment Act* provides municipalities with the authority to pass a bylaw providing for business assessments of businesses described in Section 29 of the Act. Exemptions are described in Section 30. The amount of the assessment is the annual rental value of the premises. The assessment is in the name of the business, not the name of the owner of the real property occupied by the business. Business assessments may be appealed to the Board of Revision.

Business Tax: Section 306 of *The Municipal Act* provides authority for a council, upon adopting the business assessment bylaw, to set the tax rate for the year. The rate cannot exceed 15%. Municipalities must initiate alternative collection methods such as small claims court to recover business taxes in arrears; tax sale is not an option as it is with failure to pay real property taxes.

Fee in Lieu of Business Taxes: If a council has not authorized business assessments to be made, it may set a fee in lieu of business tax. Regulation No. 50/97 of *The Municipal Act* provides for a maximum fee of \$50 for a calendar year. The fee applies only to those businesses situated within the municipality (s. 308 of *The Municipal Act*)

Business Licences: Sections 232(1) and 232(2) of *The Municipal Act* provide for a council to pass bylaws respecting businesses, business activities, and persons engaged in business. Regulation 50/97(2) establishes a maximum fee of \$200.00 that can be levied against the above for rural municipalities and communities with fewer than 5,000 residents. Urban communities with 5,000 residents and more can charge a maximum fee of \$500.00. Municipalities can charge a business licence fee on any business located within the municipality whether or not they also charge a business tax or a fee in lieu of business tax.

Business licence fees and fee in lieu of tax are included in the Assessment Rolls for information purposes. An assessment notice is not generated for either of these. Tax statements produced by Local Government for municipalities include business taxes and business fees in lieu of tax. They do not include business license fees. Assessment Services ensures that business assessments are kept current on the rolls but municipalities must inform the branch of any changes that need to be made to the rolls with respect to license fees and fees in lieu of business tax.

Should additional information regarding this subject be required, please contact your Assessment Services District Office or a Municipal Services Officer.