

tax bulletins



Information Bulletin:

**Property Tax Rebates for
Vacant Commercial and Industrial Buildings**

Starting in 2001, property tax relief for vacant commercial and industrial buildings will be provided to property owners through rebates that are issued by municipalities. This new rebate program is governed by section 442.5 of the *Municipal Act* and Ontario Regulation 325/01.

This bulletin describes the types of properties that are eligible for rebates, the application procedures, the method for calculating rebates, appeal mechanisms, and key deadlines.

PROPERTY THAT IS ELIGIBLE FOR A REBATE

To be eligible for a rebate, a building or portion of a building must satisfy the conditions described below.

Buildings that are Entirely Vacant

A whole **commercial or industrial** building will be eligible for a rebate if the entire building was unused for at least 90 consecutive days.

Buildings that are Partially Vacant

A suite or unit within a **commercial** building will be eligible for a rebate if, for at least 90 consecutive days, it was:

- unused; and
- clearly delineated or physically separated from the used portions of the building; and
 - either capable of being leased for immediate occupation, or
 - not capable of being leased for immediate occupation because it was undergoing or in need of repairs or renovations or was unfit for occupation.

A portion of an **industrial** building will be eligible for a rebate if, for at least 90 consecutive days, it was:

- unused; and
- clearly delineated or physically separated from the used portions of the building.

Exclusions

Seasonal Property:

Businesses that operate on a seasonal basis are not eligible for a rebate for the seasons they are closed.

Leased Property:

Buildings or portions of buildings that are vacant but are leased to a tenant are not eligible for a rebate.

Vacant Land Sub-Class:

Buildings that are included in a vacant land sub-class (e.g. new buildings that have never been occupied) are not eligible for a rebate.

APPLICATIONS -- CONTENTS AND PROCEDURES

Property owners (or their authorized representatives) must submit an application to their local municipality in order to receive a rebate. Application forms may be obtained from local municipal offices.

Deadline for Submitting Applications

The deadline to submit applications for a tax year is **February 28** of the following year. (For example, for the 2001 tax year, the deadline to submit applications is February 28, 2002.)

However, if a property owner receives a notice of omitted assessment from the Municipal Property Assessment Corporation (MPAC) after a tax year, the deadline to submit an application for a rebate is 90 days after the date of issuance of the notice of omitted assessment.

Number of Applications

Property owners may submit a maximum of **two** applications per property per year. Specifically, they may submit either:

- one application in respect of all vacancies that occurred on a property during the entire tax year; -- or --
- one application in respect of the vacancies that occurred during the first six months of the year and a second application for vacancies that occurred during the last six months of the year.

Contents of Applications

At a minimum, rebate applications must contain the following information:

- name of property owner (and name of owner's representative if the application is made by an authorized agent on behalf of the owner);
- municipal address of property;
- roll number of property;
- dates of vacancy;
- description of vacant portion of property (suite number and floor number or description of location within building); and
- size of vacant area in square feet.

The municipality or MPAC may contact an applicant to request further information to assist in verifying eligibility or identifying the vacant area.

Processing Applications

Applications will be processed through the following steps:

1. Property owner or authorized representative submits an application to the local municipality.
2. Municipality forwards a copy of the application to MPAC.
3. MPAC determines the assessed value that is attributable to the vacant area.
4. MPAC notifies the municipality of the value of the eligible vacant property.
5. Municipality calculates rebate and notifies property owner. Rebates may be issued as a credit against an outstanding tax liability or through direct payment to the property owner.

AMOUNT OF REBATES

Calculation

Rebates will be calculated using the following formula:

$$[\text{value of vacant area}(1)/\text{assessed value of whole property}(2)] * [\text{taxes levied on whole property for the year}(3)] * [\text{number of days of vacancy}(4)/\text{total number of days in year}(5)] * 30\% \text{ or } 35\% (6) = \text{Rebate}$$

Notes to Calculation Formula:

1. The assessed value of the vacant area will be determined by MPAC.
2. The assessed value of the whole property does not include portions of the property that are exempt from taxation or portions that are in a sub-class for excess land. In a mixed-use property, the assessed value of the property refers to the value attributable to the portion of the property that is in the same property class as the vacant portion.
3. The taxes on the whole property do not include taxes attributable to portions of a property that are in a sub-class for excess land. In a mixed-use property, the taxes of the whole property refer to the taxes attributable to the portion of the property that is in the same property class as the vacant portion.
4. Number of days of vacancy refers to the number of days that the property met the eligibility criteria within a tax year.
5. Total number of days in year will be 365 except in leap years when it will be 366.
6. The percentage will be 30% for commercial property and 35% for industrial property unless a municipality has passed a by-law to apply a common percentage to commercial and industrial vacancies between 30-35%.

Sample Calculation:

Key Facts - Hypothetical Commercial Property:

1. Value of vacant unit = 80,000
2. Assessment of whole property = 800,000
3. Taxes on whole property for the year = \$40,000
4. Duration of vacancy = 120 days (in a single tax year that is not a leap year).

$$(80,000 / 800,000) * \$40,000 * (120 / 365) * 30\% = \text{Rebate of } \$394.52$$

Recalculation following Change to Assessment or Taxes

After a rebate has been issued, if a property's assessment is subsequently altered through a reconsideration, an appeal, or an application (under sections 39.1, 40 or 46 of the *Assessment Act*), or if the taxes of the property are subsequently reduced (under sections 442 or 443 of the *Municipal Act*), the rebate will be recalculated and the municipality will notify the property owner of any consequential tax adjustments.

APPEALS

Property owners who disagree with the amount of the rebate that is calculated by the municipality can appeal to the Assessment Review Board (ARB) within 120 days after receiving notification of the rebate amount from the municipality.

As well, if a municipality fails to process a rebate application within 120 days after the deadline for submitting applications (or within 120 days after the owner has provided all of the information required in support of the application, whichever date is later), the owner may appeal to the ARB to ask the Board to determine the amount of their rebate entitlement.

Appeals to the ARB must be submitted in writing and must be accompanied by the appropriate fee. Details about appeal forms and filing fees can be obtained from the ARB at:

Assessment Review Board
250 Yonge Street, 29th Floor
Toronto, ON M5B 2L7

Phone: 1-800-263-3237 or (416) 314-6900
Fax: (416) 314-3717
Web Site: <http://www.arb.gov.on.ca>

PENALTIES

A person who knowingly makes a false or deceptive statement in an application for a rebate is liable, upon conviction, to a fine of double the amount of the rebate that the person sought to obtain through their false or deceptive statement.

For the purpose of verifying a vacancy rebate application, municipalities have been given similar rights as assessors to request information and obtain access to premises. A fine of \$100 per day may be imposed upon a property owner for failure to comply with a municipality's request for information.

FURTHER INFORMATION

For additional information about the process for submitting rebate applications, timing of payment of rebates, or calculation of rebates, please contact your **local municipal office**.

For general information about this rebate program, you may contact the **Ministry of Finance**.

English: 1-800-263-7965

Phone: Français: 1-800-668-5821

Teletypewriter (TTY): 1-800-263-7776

English: <http://www.fin.gov.on.ca/english/enghome.htm>

Web Site: Français: <http://www.fin.gov.on.ca/french/frehome.htm>

Note: The information in this document is provided for general reference purposes only. For complete information or for precise interpretation, please refer to section 442.5 of the Municipal Act and Ontario Regulation 325/01.

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General inquiries to:
Ministry of Finance Information Centre
1-800-263-7965 Toll-Free (Canada/U.S.)
1-800-668-5821 Toll-Free (Canada/U.S.) Telephone service in French
1-800-263-7776 Toll-Free (Ontario) TTY (Teletypewriter)
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