

Ministry of Finance

Provincial-Local
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Ministère des Finances

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January 18, 2022

Dear Municipal Treasurer / Clerk-Treasurer:

I am writing to advise you of a number of important property tax decisions for the 2022 taxation year. Regulations implementing the property tax policy decisions have been enacted and will be available on the e-laws website at www.ontario.ca/laws.

Reassessment

As announced in the *2021 Ontario Economic Outlook and Fiscal Review*, property assessments for the 2022 and 2023 tax years will continue to be based on the same valuation date that was used for 2021. This will maintain stability for municipalities and taxpayers.

The input that has been received during the Property Assessment and Taxation Review will help to inform decisions regarding future reassessments. The government remains open to receiving further advice related to property assessment accuracy and stability.

Education Property Tax Rates

Education property tax rates for 2022 will remain unchanged from the previous year as assessments continue to be based on the same valuation date used for 2021. This means that the residential education tax rate will remain at 0.153 per cent and the business education tax (BET) rate reductions implemented in 2021 will be maintained. BET rates have been reduced to 0.88 for 95 per cent of Ontario municipalities. The 2022 BET rates for your municipality are attached.

BET rates for certain properties where municipalities are permitted to retain the education portion of payment in lieu of taxes (PILs) will also remain at the rates set for 2021. The government is aware of municipal concerns that the federal government may no longer make PIL payments at the BET rates prescribed in provincial regulation. The Province continues to encourage the federal government to make its payments at the prescribed rates, and has issued a [technical bulletin](#) and corresponding amendment to the *Education Act* that provide the legislative clarity for the federal government to pay at the regulated rates. The Province also continues to support municipalities as they work together to ensure the federal government is fully aware that failure to make payments at the regulated PIL rate would have a very negative financial impact on local Ontario communities.

Small Business Property Subclass

Municipalities currently have the flexibility to target tax relief for small businesses through the adoption of the small business property subclass. As announced in the *2020 Budget*, the government will also consider matching municipal property tax reductions with education property tax reductions to provide further support for small businesses.

Municipalities may submit a request to the Minister for matching municipal reductions for 2022, with a copy to info.propertytax@ontario.ca, by **March 31, 2022**. The submission may include the by-law outlining the program requirements; the estimated municipal tax relief to small businesses; a summary of the consultations held with business stakeholders; and the registry of eligible properties, if available.

Measures announced in the 2021 Ontario Economic Outlook and Fiscal Review

Small-Scale On-Farm Business Subclass

To enhance property tax programs that support farm businesses and to encourage their growth, the Province is increasing the assessment threshold for the small-scale on-farm business subclass. Currently, municipalities have the option of adopting this subclass which provides a reduced tax rate on the first \$50,000 of eligible assessment.

Starting in 2022, municipalities that adopt the small-scale on-farm business subclass will have the option to maintain the current assessment threshold of \$50,000 for municipal tax purposes, and they may also adopt a second subclass that would increase the amount of eligible assessment to \$100,000. The Province will apply a reduced business education tax rate to this increased \$100,000 threshold for all eligible properties, regardless of whether municipalities adopt the subclass.

It is anticipated that the Municipal Property Assessment Corporation will be identifying eligible properties and notifying affected property owners and municipalities by March 2022.

Brownfields Financial Tax Incentive Program

The Brownfields Financial Tax Incentive Program (BFTIP) incents the redevelopment of unproductive contaminated lands by providing for the reduction of municipal and education property taxes on brownfield sites that undergo rehabilitation.

To increase the incentive provided under this program, the Province will extend the period for offering matching education property tax assistance from the current three-year period to up to six years for business developments and up to ten years for residential developments.

These enhancements also support the objectives of *More Homes, More Choice: Ontario's Housing Supply Action Plan*.

OPTA's Education Property Tax Reports and Financial Information Returns

In 2020, the Ministry of Municipal Affairs and Housing (MMAH) updated the municipal Financial Information Return (FIR). The *Education Property Tax Reports (EPT Reports)*

in the Online Property Tax Analysis (OPTA) system was updated accordingly with a new report reflecting the changes in the FIR.

Information from OPTA's new report is uploaded each spring to MMAH, when it is complete, to automatically update the FIR template for those municipalities that enter their EPT information, including payments and rebates and write-offs, in OPTA. This simplifies and streamlines the task of reporting in-year changes in the FIR.

For the 2021 FIR, eligible municipalities that enter the required information by April 4, 2022, will have their 2021 FIR template updated and available for download from MMAH, by May 2022. Municipalities can benefit from this option as this simplifies the completion of the FIR for municipalities and helps reduce the reporting burden.

Other Property Tax Decisions

Municipal Property Tax Flexibility – Levy Restriction

Municipalities with property classes subject to the levy restriction will continue to have the flexibility to apply a municipal tax increase to those classes of up to 50 per cent of any increase applied to the residential class. For instance, a municipality levying a 2 per cent increase in residential taxes could raise taxes on any restricted class by up to 1 per cent. A full levy restriction applies to multi-residential properties with a tax ratio greater than 2.0 in 2021.

New Construction Classes for Education Property Tax Purposes

As a result of the 2021 BET rate reduction, which lowered rates below the previous new construction BET rates, the new construction property classes implemented for education tax purposes (properties with RTC codes of X, Y, Z and K) are no longer differentiated from the main business properties classes. To simplify and streamline the property tax system, properties in these classes will be returned to their respective main property classes. To ensure a smooth transition, this roll over will be reflected in the December 2022 Property Assessment Roll for the 2023 taxation year. This change would have no impact on property taxes paid by businesses.

If you have any questions related to these decisions, please contact Chris Broughton, Director of the Property Tax Policy Branch at Chris.Broughton@ontario.ca or 416-455-6307.

Sincerely,

Original signed by

Allan Doheny
Assistant Deputy Minister
Provincial-Local Finance Division

Town of Fort Frances
2022 Business Education Tax (BET) Rates

BET Rate - Broad Classes

Business Property Class	2022 BET Rate	2022 New Construction BET Rate	2022 Payment-in-Lieu of Taxation (PILT) BET Rate	2022 New Construction PILT BET Rate
Commercial	0.880000%	0.880000%	0.980000%	0.980000%
Industrial	0.880000%	0.880000%	0.980000%	0.980000%
Pipeline	0.880000%	n/a	0.980000%	n/a
Landfill	n/a	n/a	n/a	n/a
Small-Scale On-Farm (Commercial & Industrial)	0.220000%	n/a	n/a	n/a

BET Rate - Optional Classes

Business Property Class	2022 BET Rate	2022 New Construction BET Rate	2022 Payment-in-Lieu of Taxation (PILT) BET Rate	2022 New Construction PILT BET Rate
Commercial Residual	n/a	n/a	n/a	n/a
Office Building	n/a	n/a	n/a	n/a
Shopping Centre	n/a	n/a	n/a	n/a
Parking Lot	n/a	n/a	n/a	n/a
Industrial Residual	0.880000%	0.880000%	0.980000%	0.980000%
Large Industrial	0.880000%	0.880000%	0.980000%	0.980000%