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## VACANT UNIT REBATE AND VACANT/EXCESS LAND SUBCLASSES

January 2017

Since 1998, the Vacant Unit Rebate and Vacant/Excess Land Subclasses have provided tax rebates and reductions to property owners who have vacancies in commercial and industrial buildings or land.

- **Vacant Unit Rebates:** The Vacant Unit Rebate provides a tax rebate to property owners who have vacancies in commercial and industrial buildings. This application-based program is administered by municipalities. The current rebate is 30% of the property tax for vacant commercial space and 35% for vacant industrial space.
- **Vacant and Excess Land Property Tax Subclass:** Commercial and industrial properties or portions of these properties in the Vacant and Excess Land Property Tax Subclasses are taxed at a fixed percentage rate below the tax rate of the broad class. These properties are discounted at 30% to 35% of the full Commercial and/or Industrial rate.

Currently, upper- and single-tier municipalities may choose to apply the same percentage of relief (between 30% - 35%) to both the commercial and industrial property classes.

### NEW MUNICIPAL FLEXIBILITY FOR 2017 AND FUTURE YEARS

The Province has reviewed the Vacant Unit Rebate and the Vacant/Excess Land Subclasses in consultation with municipal and business stakeholders.

In response to municipal and other stakeholders' requests, the Province is now moving forward with providing municipalities broad flexibility for 2017 and future years. This change, announced in November 2016, is intended to allow municipalities to tailor the vacant rebate and reduction programs to reflect community needs and circumstances, while considering the interests of local businesses.

In order to provide the most flexibility for municipalities, changes to the rebate and reduction programs will be implemented through regulation. Upper- and single-tier municipalities that have decided to change the programs can notify the Minister of their intent to utilize this flexibility and provide details of the proposed changes along with a council resolution.

To support implementation of changes to the vacant rebate and reduction programs, municipalities should review the attached checklist prior to submitting a request for changes to the Minister.

## **IMPLEMENTATION**

Municipalities wishing to utilize the flexibility available to them must submit details of proposed changes to the Minister along with a council resolution by one of the following dates to ensure amendments are included in a regulation as soon as possible.

- March 1, 2017
- April 1, 2017
- July 1, 2017

Municipalities will be notified when the regulation implementing the requested changes has been enacted.

Note that in two-tiered municipalities, any program changes to be implemented will be an upper-tier municipal decision, consistent with the flexibility currently available to upper-tier municipalities, to determine the rebate and reduction percentage between 30% and 35%.

The Province has an interest in continuing to ensure tax competitiveness and consistency for taxpayers and as such, the Minister will consider proposed program changes within this context.

## **FURTHER INFORMATION**

For general information about the vacant rebate and reduction programs, please contact the Ministry of Finance at [info.propertytax@ontario.ca](mailto:info.propertytax@ontario.ca).

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**VACANCY REBATE AND REDUCTION PROGRAM CHANGES  
CHECKLIST  
January 2017**

**BUSINESS COMMUNITY ENGAGEMENT**

- ✓ Have you engaged the local business community?
- ✓ Can you provide details on how and when you have engaged the local business community?
- ✓ Have you considered the potential impacts the proposed changes may have on local businesses?
- ✓ Have you communicated potential impacts of proposed changes to the business community?
- ✓ Has Council been made aware of the potential impacts on the business community?

**PROGRAM DETAILS**

- ✓ Have you outlined details of program changes in your submission?
- ✓ For municipalities in a two-tiered system, have you discussed proposed changes with lower-tier municipalities?
- ✓ Have you considered how you will implement or administer any potential changes to the vacancy programs?
- ✓ Have you considered these changes as part of a multi-year strategy?
- ✓ Has Council passed a resolution indicating approval of these changes?

**FURTHER INFORMATION**

If you have any questions about implementation of changes to the vacant rebate and reduction programs, please contact the Ministry of Finance at [info.propertytax@ontario.ca](mailto:info.propertytax@ontario.ca).