
Canadian Tire Appeals – Next Steps

Overview

At present, CTC have lodged mass appeals on many of their free standing stores throughout Ontario. These appeals represent approximately 170 store locations and have been brought to MPAC and the ARB as a central issue by CTC.

Most of the appeals retroactively date back to 2009. The base years of valuation considered in these taxation years are 2008 CVA and 2012 CVA. These appeals could present significant tax risk in your Municipality.

As you are aware, a Municipal Working Group was established at the request of the ARB, CTC and MPAC so that Municipal interests are being involved in this appeal process.

The current suggestion is that both MPAC and CTC agree that the cost approach be applied to all free standing stores. Some stores may be valued this way at present and others remain on income. The concern is with the shifts to the assessment coupled with the concern that locational differences be considered.

CTC has provided very little information to date to suggest their position other than the notion that the assessments are too high, that sales of these properties are less than the CVA indicated and they also suggest that MPACs cost overstates the actual construction cost of these property types. MPAC have also provided very little by way of position as to the general issues raised by CTC.

To this end, the municipal working group (MWG) recently has made a request from both MPAC and CTC in respect to productions of various data sets so that the Municipal working group can weigh in on the rational of these positions.

Next Steps

At present, the production of these requests is being considered by MPAC and CTC along with the manner in which this information is to be populated. There is an expressed concern on delivery due to the number of municipalities involved in this central issue.

Based on the latest flat fee arrangement recently forwarded, MTAG is proposing to collect all information and develop an analysis of the various methodologies and proposed methodologies, discuss alternatives, present an all-encompassing professional perspective on the assessment of CT Reit stores and properties in Ontario that can be used by Ontario municipalities to determine their own course of action.

Please consider that our municipal working group has all signed undertakings of confidentiality allowing for the flow of this data to us for review and feedback. CTC and MPAC need direction on who to send this information to and what they could actually send if it were to go to Municipalities without these confidential requirements in place. We feel that this is the most productive way of reviewing these materials that would in general only be produced to active parties later in the appeal process. This in no way would preclude anyone from having their say or getting the basic Grad information they are entitled to.

We believe that this recommended path is a cost beneficial exercise of due diligence and risk management. We bring to you the expertise and collective views of the MWG so that you can plan on how you later wish to participate in the ARB events to come.

We hope that this communication provides the necessary clarity to the \$1,500 per property request to conduct this reporting mechanism.

There is strength in numbers and we certainly hope that many will see the value in this proposal.

Respectfully,
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Managing Director and Vice President

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