

Policy: **Low Income Tax Exemption Policy**

Date Originally Approved: January 27, 2000

Motion: "That the Low Income Tax Exemption Policy be approved as presented, with the annual exemption increased to \$100.00." Motion carried.

Date Amended: March 28, 2002

Motion: "That Council approve the amendment of the Low Income Tax Exemption Policy as attached." Motion carried.

Date Amended: February 27, 2003

Motion: "That Council approves an amendment to the Low Income Tax Exemption Policy by increasing the amount of the tax exemption from \$100 to \$150. The applicant's income shall remain the same at 'equal to or less than \$15,000 for the previous calendar year'." Motion carried.

Date Amended: January 29, 2004

Motion: "Council recommends approval of the Low Income Tax Exemption as presented December 11, 2003 at the Council meeting and identifies Option 3 as the preferred approach." Motion carried.

Date Amended: February 24, 2005

Motion: "That Council approves an amendment to the Low Income Tax Exemption Policy as follows: the removal of Section 8 b. in its entirety, and the amendment of the Table, in Section 5, by replacing \$17,500 with \$18,500 and \$20,000 with \$22,200." Motion carried.

Date Amended: June 29, 2006

Motion: "That the Low Income Tax Exemption Policy dated June 29, 2006 be approved as presented." Motion carried.

Date Amended: February 25, 2010

Motion: "Council approves the following amendments to the Low Income Tax Exemption Policy effective April 1, 2010: an increase of 10% to the income levels; and an increase to the exemption amount based on the Consumers' Price Index for the last three years (2007 – 1.8%, 2008 – 3.0%, 2009 – 0%)." Motion carried.

Date Amended: February 27, 2014

Motion: "That Council approves the Low Income Tax Exemption Policy, as presented, to adopt the threshold and exemption amounts approved by Council on November 28, 2013."

Motion Carried.

Date Amended: February 25, 2016

Motion: "That Council approves that the Municipal Tax Assistance Program Policy, formerly named the Low Income Tax Exemption Policy, be approved as amended, which would include Low Income in the title; and

That the 2016 Annual Income Threshold and Exemption Amount Schedule, be approved as presented."

Motion Carried.

Municipality of the County of Colchester
Low Income Municipal Tax Assistance Program Policy

Introduction

Section 69 of the Municipal Government Act allows Council to establish a Policy for granting an exemption from tax for a person whose income is below a specified amount. This policy will establish the amount of the tax exemption, who is eligible and the process for the exemption.

Terms of the Policy

1. This Policy is entitled the “**Low Income Municipal Tax Assistance Program Policy**”.

Definitions

2. In this Policy:
 - a. “Family” includes persons related by blood or marriage, common law spouses, and persons related through adoption;
 - b. “Income” means a person's total income from all sources for the calendar year preceding the fiscal year of the Municipality excluding any allowances paid pursuant to the *War Veterans Allowance Act* (Canada) or pension paid pursuant to the *Pension Act* (Canada) or the Child Tax Benefit or the GST rebate, and includes the income of all other members of the same family, except those attending school on a full-time basis, residing in the same household.
 - c. For the purposes of assessing the income of any individual who operates as a sole proprietorship, a partnership or who has effective ownership or control of a corporation, the Municipality will include as income:
 - i. payments for renovations, enhancements or purchase of buildings, land or other fixed assets;
 - ii. Payments or benefits to or on behalf of a person dealing not-at-arms length; and,
 - iii. an amount of salary commensurate with the services provided by the individual to the business.

The Municipality will also take into account any equity in the business or in the assets of the business.

3. “Owner” includes:
 - a. the person assessed for the property;
 - b. a person who holds title including a part owner, joint owner, tenant in common, or joint tenant of the property;
 - c. a person having the care or control of the property through adverse possession; and
 - d. a person with a life interest in the property.

4. "Taxes" has the same meaning as in the *Municipal Government Act* and, to the extent permitted by law, includes all rates, charges or taxes of the Municipality prescribed by Statute as a lien on real property.

Exemption

5. Subject to the other provisions of this Policy, the Municipality hereby grants, *on a yearly basis*, an exemption from taxation, operating as a reduction in the taxes otherwise payable to the Municipality in respect of a property in the following amounts for owners of property whose income is less than the prescribed amount:

Qualifying Income Levels

The Council wishes to assist people whose income falls below the annual income thresholds as determined by this Policy. The annual income thresholds will be set based on the following amounts approved by Council for the period of January 1, 2014:

- i. For households of one person, an income level of \$23,980 or less;
- ii. For households of two person, in income level of \$31,554 or less; or,
- iii. For households of three persons or more, an income level of \$37,864 or less.

On January 1, 2015, and every year following, the annual income thresholds will be adjusted by the CPI rate as used by the Property Valuation Services Corporation or any of its successors, unless otherwise approved by Council and will be updated annually on the attached schedule.

Tax Exemption Amounts

Any person whose annual income meets the annual income thresholds is entitled to an exemption from property tax. Effective January 1, 2014, the following base exemption amounts were approved by Council:

- i. For households of one person, a tax exemption in the amount of \$180.47;
- ii. For households of two persons, a tax exemption in the amount of \$240.61; or,
- iii. For households of three persons or more, a tax exemption in the amount of \$300.77.

On January 1, 2015 and every year following, the annual tax exemption amounts will be adjusted by the CPI rate as used by the Property Valuation Services Corporation or any of its successors, unless otherwise approved by Council and will be updated annually on the attached schedule.

6. The exemption shall only apply to owners who occupy the property as that owner's principal residence.
7. Where a property is assessed to more than one owner, other than persons whose income is included in the calculation of income pursuant to this Policy, any of them who is entitled to an exemption may receive only the portion of the exemption equal to that person's share of the assessment for the property, but where the different interests are not separate, then to that portion determined by the Treasurer, whose determination is final.

8. In order to be eligible for an exemption the applicant property owner shall:
 - a. submit to the Treasurer an affidavit in the form of the draft affidavit attached hereto or such other form as may be specified by the Treasurer, by the second Friday in May, of the fiscal year for which the exemption is sought.
9. The Treasurer may ask for documentary verification of income from any source or confirmation of income from third parties and may reject an application which, in the Treasurer's opinion, is not adequately verified or substantiated. As an example the Treasurer may request the applicants most current Notice of Assessment from Revenue Canada.

Enforcement Charges Not Exempted

10. Notwithstanding any other provision of this Policy, no exemption is conferred from obligations to remedy unsightly or dangerous premises or any other infractions against a statute, regulation or by-law, and any charges imposed upon a property arising from enforcement of such provisions shall not be subject to a tax exemption pursuant to this Policy.

General Information

11. County Staff shall annually send out a reminder letter and an affidavit form to all persons who received the exemption the previous year.
12. The maintenance budget shall make allowance for this exemption on a yearly basis.
13. Should a person's total tax bill for that year be less than the exemption for that year, then the exemption will be equal to the full amount of the tax bill for that year.
14. The deadline for applications and any other pertinent information shall be advertised, at least once, in the local paper.

Low Income Municipal Tax Assistance Program

2019 Schedule

Approved household income levels and exemption amounts are:

<u>Family Size</u>	<u>Household Income</u>	<u>Exemption Amount</u>
Single	less than \$25,838	\$195.17
Family of 2	less than \$34,126	\$260.23
Family of 3 or more	less than \$40,951	\$325.29