Toronto Association of Business Improvement Areas

FOR IMMEDIATE RELEASE:

ELECTION CAMPAIGNS AVOIDING TAX ISSUE:
Small business apprehensive about looming assessments

TORONTO: October 3, 2007 One issue which has received scant attention in the Ontario Election Campaign is the current value property tax and it's effect on small business.

Bev Don and her husband, Bill, have had a pottery store in Toronto since 1971, and have been operating in the Yonge-Lawrence area for 31 years. The store, approximately 1000 square feet, has not only provided the Dons with a living, but has also served as an outlet for Canadian potters and other artists to market their work.

Ever since the Ontario Government introduced current value assessment (CVA), the Dons have lived under threat.

"By assessing our property at its full current value, and by taxing commercial property at rates four to five times the residential rate, the City would be forcing us to pay annual taxes of over $14,600.00. When current value assessment started in 1998, we were paying property taxes of approximately $4,000.00 annually. Right now we are paying almost $6,000.00.

The capping of tax increases at five percent a year has essentially saved us from these crippling taxes", says Bev, "but when you add those five percent annual assessment-based increases to the regular tax increases the City imposes each year, we are experiencing total increases in the seven to eight per cent range every year. In other words we are being pushed to our full current value level very quickly.

And now, the Liberals have scheduled another assessment for next year. The way property values have gone, I expect that our assessment will have skyrocketed again, and we will find that our full current value tax level will be far higher than it is already. For us to be suddenly bumped to that level, or even to be looking at seven to eight percent increases every year indefinitely, would mean that our bottom line would decrease significantly and we would be working a lot more hours just to pay our realty taxes.

It would not only effect us of course, but many other small merchants in this area would be in the same predicament. It is inevitable that some would be forced to close."

The Dons are not the only small merchants worrying about the next assessment. Mr. Mahtani, who heads a family company retailing East Indian clothing at 1412 Gerrard Street, is also worried. "This year we paid property taxes over $10,000.00. At its full CVA level, this store would see an annual tax bill which would be more than double that amount. Can you imagine how many more items of apparel we would have to sell to cover that kind of increase?" asks Mr. Mahtani.

"The annual increases in the seven to eight per cent range are burden enough. But we can't go on paying even those increases forever. The next assessment may make it impossible to carry on. And it's not only us, all of the Gerrard India Bazaar area is at risk with this tax system."

"This is a city-wide problem," says John Kiru, executive director of the Toronto Association of Business Improvement Areas (TABIA). He points out the Coyote Willie Tex-Mex Diner at 689 Queen East, where Jacques Bujold and Wilson Chee-Hing run a 1,000 square foot restaurant. The current commercial tax on the building is $5,000.00. Its present full CVA tax level would be $11,000.00, and after the next assessment, it's anybody's guess. "Part of the problem," says Mr. Kiru, "is that even if the capping continues, these family-operated businesses will continue to face annual property tax increases which are double and triple the inflation rate. No business can withstand that for too long. Current tax policies are threatening the texture of Toronto's neighbourhoods."

About TABIA

TABIA (Toronto Association of Business Improvement Areas) is an umbrella organization for all Toronto Business Improvement Areas (BIA's), with an aggregate membership of over 25,000 businesses, most of which are small retailers, boutiques, restaurants or cafes.

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