

ONTARIO BUDGET AGAIN PROVIDES NO RELIEF FOR SMALL BUSINESS IN BIG CITIES

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For Immediate Release

In 1998, Ontario took over school boards' authority to set property tax rates. Residential education rates were immediately equalized across the province and an advisory panel recommended moving quickly to equalize business education tax rates as well. It is now 19 years later and Ontario has failed to adopt this recommendation to provide tax fairness to businesses across the province, although the current government has repeatedly promised to do so once the deficit was eliminated.

The province uses an arcane rate-setting system that arbitrarily burdens some jurisdictions over others for no added benefit or service. Remember, the education tax is now a general revenue tax, just like the corporate income tax. Businesses taxed at a higher rate than others receive no added benefit.



A **Toronto** business property worth \$5 million pays \$15,500 more annually than it would in Halton Region – a **36% premium** for no added benefit or service.

London, Waterloo and Windsor businesses pay some of the highest rates in Ontario and **pay 61% more** than Halton Region for no added benefit.

5.3x Ratio of commercial-to-residential education tax rates for **Toronto** as applied by the province.

7.5x Ratio of commercial-to-residential education tax rates for **London, Waterloo and Windsor** as applied by the province.

Remember that no added benefit is received by these businesses for their additional tax burden. While called an “education” tax, the revenue does not go directly toward education.

The province uses an arcane rate-setting system that arbitrarily burdens some jurisdictions over others for no added benefit or service. Remember, the education tax is now a general revenue tax, just like the corporate income tax. That means a dollar less in education tax is offset by a dollar more in provincial grants, keeping total school board funding at the targeted level. Businesses taxed at a higher rate than others receive no added benefit.

The Province of Ontario succeeds when its businesses succeed. When choosing where to locate or expand a business, our province has a lot to offer in terms of an educated and talented workforce. The

next step is showing businesses a commitment to long-term economic competitiveness, which includes a stable, business-friendly tax environment.

For any questions or additional information, please contact Lionel Miskin, TABIA Vice President, and Chair of TABIA Tax Committee at 416 222-4582 or by email at lionelmiskin@gmail.com

BET Rates for all municipalities in 2016 (newest available):

<https://www.ontario.ca/laws/regulation/980400?search=400%2F98>

Background on Business Education Tax inequity in Ontario:

Peter Tomlinson, Adam Found, "Ontario's Business Education Tax: Analysis of Policy Options," January 2015. http://www.toronto-bia.com/images/stories/2015_PressReleases/2015_BET_Report_Update.pdf