

Toronto's Association of Business Improvement Areas (TABIA) takes a stand against Ontario's Business Education Tax

With 2014 Budget talks underway; TABIA reiterates their position on the Business Education Tax.

Contrary to the commitment it made in 2007, the Province maintains significantly higher property tax rates on Toronto's commercial properties than on commercial property in adjoining municipalities. Toronto's rate is 12% higher than Durham, 17% higher than Peel, 22% higher than York Region and 40% higher than Halton. In light of these facts and with 2014 budget talks underway, the Toronto Association of Business Improvement Areas (TABIA) is taking a stand against what has arguably been said to be the most inequitable provincial tax in Canada.

"Although it is called a Business Education Tax, the tax is no longer earmarked for education and has become simply another provincial revenue stream like the HST or corporate income tax. As such it simply becomes a tax on real property" said Lionel Miskin, Vice President of TABIA and Chair of its Tax Committee.

A report entitled [Ontario's Business Education Tax: Analysis of Policy Options](#) found on the [TABIA website](#) and prepared in 2013 by Adam Found and Peter Tomlinson of the Department of Economics, University of Toronto, states that there is no correlation between a region's tax rate and the revenue available to the corresponding school board. In other words, the province taxes different regions at different rates, but uses the money across the province, so that, in effect, some areas are subsidizing others.

It is the opinion of TABIA that the result of the differing rates is that businesses in different regions are not competing on a level playing field. Indeed, even within the same municipality there is inequity as most new construction is taxed at a lower rate than existing buildings.

For example, in a number of municipalities -- including London, Kingston and Waterloo Region -- commercial businesses with pre-2007 buildings will continue paying a BET rate 20 percent higher than the rate paid by competitors with newer buildings next door.

TABIA argues that an even larger distortion applies to industrial buildings. For example in Guelph, Windsor and St. Thomas, industrial businesses with pre-2007 buildings will continue paying a BET rate 28 percent higher than the rate paid by competitors with newer buildings in the same municipality.

The difference for a small business enterprise can amount to thousands of dollars annually.

In 1997 the Government's own advisory panel, Chaired by Mr. Cedric Ritchie, recommended a uniform tax rate on all businesses: "A single province-wide uniform rate applied to a broad base with few exemptions would be fair, clear and simple. This approach would be consistent with many of the government's other reforms which are predicated on the importance of a level playing field for tax fairness and tax competitiveness."

Although promising in 2007 to implement this single rate, the Government made an initial attempt and then cancelled the program to be re-started again when the provincial deficit was eliminated.

Yet, as TABIA believes, and as stated in a report by [Found-Tomlinson](#), continuation of the program to completion would bring all of Ontario's business to a ceiling rate of 1.22 by 2014. This would delay elimination of the deficit by only five weeks.

John Kiru, Executive Director of the Toronto Association of Business Improvement Areas (TABIA) said "It is TABIA's belief and I think we'd all agree; there is virtually no chance of the already-announced 2014 BET rates being changed in the current budget. Why would the government prescribe a regulation festooned with rates above the destination rate of 1.22 percent if they planned to lower them to that level in this budget? They could still do this if they wanted to, and keep Ontario businesses in business and Ontarians employed. One simply asks, is 5 weeks too big a price to pay for uniform competitiveness."

Contact:

Lionel Miskin

Vice President of the Board and Chair of Tax Committee, TABIA

(416) 222-4582

lionelmiskin(at)gmail(dot)com

[TABIA](#) is a non-profit umbrella organization representing the City of Toronto's 77 Business Improvement Areas (BIAs) who in turn represent over 35,000 small businesses and property owners. BIAs are responsible for the development of their commercial neighbourhoods and are a diverse and vibrant collection of ethnic, historic and business locations, combining to make Toronto a veritable City of Neighbourhoods.