

Municipal Tax Law Update:

Property Tax Relief: For small businesses and businesses impacted by the Provincial shut-down



Melissa A. Muskat
Partner
Property Taxation and Assessment Law
Minden Gross LLP
T. 416.369.4313
mmuskat@mindengross.com

Written with Jennifer Glied-Goldstein (Student-at-Law)

January 26, 2022

The New Ontario Business Costs Rebate Program

Following Omicron-related public health measures, the Government of Ontario introduced the new Ontario Business Cost Rebate Program. With this program, businesses subject to the current capacity limits will receive rebate payments for property tax and energy costs incurred during this period. Payments will be retroactive to December 19, 2021. Businesses will be required to submit property tax and energy bills as part of the application process.

Online applications are available [here: https://www.app.grants.gov.on.ca/obcrp/#/](https://www.app.grants.gov.on.ca/obcrp/#/).

Eligibility Criteria

Eligible businesses required to reduce capacity to 50% will receive a rebate payment equivalent to 50% of their costs. Eligible businesses required to close for indoor activities will receive a rebate payment equivalent to 100% of their costs. These businesses include restaurants, smaller retail stores, and gyms.

A full list of eligible businesses is available in the [program guide](#).

The City of Toronto's Small Business Tax Reduction

On November 9, 2021, Toronto City Council (the "City") adopted [by-law 924-2021](#). By-law 924-2021 added the Small Business Property Tax Subclass (the "Subclass") for the Commercial property tax class.

Starting in the 2022 taxation year, **eligible properties will benefit from a 15% reduction in the Commercial property class tax rate**. Commercial properties that **are not eligible** for the Subclass will encounter a **0.85% increase** in the municipal portion of their property taxes to fund the relief.

The City will determine which commercial properties are eligible for the Subclass and will forward a list of those properties to the Municipal Property Assessment Corporation ("MPAC"). Once verified, the list will be available for public inspection digitally on [OPEN Data](#).

Eligibility Criteria

A commercial property is eligible for the Subclass if:

1. The current value assessment of the property is \$1 million or less; or
2. The property meets the following requirements:
 - a. It is located within the geographic areas identified in the City of Toronto Official Plan as Downtown and Central Waterfront, Avenues, or Centres; and
 - b. It has a lot size of 7,500 square feet or less,
 - i. Or, in the case of a commercial condominium unit, has a gross floor area of 2,500 square feet or less; and
 - c. The Current Value Assessment of the property is \$7 million or less.

Approximately 60% of all commercial properties in Toronto will be eligible for the Subclass. Eligibility will be assessed annually.

The following properties are excluded from the Subclass:

1. Properties that would be included in the Office Building, Shopping Centre, Parking Lot and Vacant Land optional property tax classes if the City had opted-into such property tax classes;
2. Property that is included in the Creative Co-location Facility subclass;
3. Property that is included in the Vacant Land subclass; and
4. Property for which a demolition permit has been issued.

If an owner of a property is of the view that its property should have been eligible for the Subclass but was not included, it may contest the decision by way of Request for Reconsideration or Appeal.

If you have any questions about any of the matters discussed, contact [Melissa Muskat](#) at mmuskat@mindengross.com or 416.369.4313.