

GENERAL BACKGROUND AND SAMPLE APPLICATION

TAX RELIEF FOR LOW-INCOME SENIORS AND LOW-INCOME DISABLED PERSONS

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THE COUNTY OF GREY

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INTRODUCTION AND PURPOSE

Single and Upper-Tier municipalities in the Province of Ontario are charged with establishing a host of policies and programs that impact the levying and administration of property taxes. One such responsibility is prescribed by Section 319 of the *Municipal Act, 2001 (The Act)*, which mandates a program whereby low-income seniors and low-income persons with disabilities are able to seek financial relief from year-over-year increases in their property tax burden. In fulfilling its responsibility in this regard, municipalities must maintain a program that meets the basic structure sketched out in *The Act*.

In May 2021, the County of Grey revised its program under Section 319 by way of By-Law No. 5112-21, a copy of which is attached to this report.

This document has been prepared to summarize the County's new program and to provide the County's local area municipalities with information and content that they may use for taxpayer information resources, internal practices and/or the application process.

The main body of report provides a plain language overview of the program as set out in the County's by-law. Following this, we have included a sample application that may be used, borrowed from, or adapted by local area municipalities.

PROGRAM OVERVIEW

General Description

The County's newly reformed program under Section 319 is based on the cancellation of eligible tax increases rather than a deferral of those amounts.

Eligible persons can be generally described as low income-seniors over 65 years of age and low-income disabled persons of any age. Under both categories applicants must demonstrate financial need by way of registration in a means tested financial relief program. Seniors may be in receipt of support under the Federal Guaranteed Income Supplement (GIS) program or Ontario Works. Applicants with disabilities must be eligible for relief under the Ontario Disability Support Program (ODSP). The applicant must be the property owner and can either meet the *eligible person* criteria themselves or may be the spouse of someone who meets these criteria.

The program only applies to residential class properties and the subject property must be the applicant's primary residence.

The amount of relief that an eligible person may receive in any given year is the amount by which the taxes on their primary residence have increased in comparison to the prior year, to a maximum of \$500.

Any amounts cancelled under this program are shared amongst the local municipality, the County and the school board(s) in the same proportion as those bodies share in the taxes for the subject property.

Eligible Property

Eligible property within the wording of the by-law includes property within the County, classified in the residential property class and owned by an eligible person/applicant. There are some property related provisions that have been included in the by-law that are tied to the person rather than the property. For the purposes of this note, we have treated all of these requirements as property related. Taken together, relief can only be provided if the subject property is classified as Residential and includes an actual residence (does not apply to vacant land).

Eligible Persons - General

In order to be eligible for relief under this program, the applicant must meet the basic requirements and the more specific requirements set for low-income seniors and low-income persons with disability. Every applicant must meet the following requirements:

- 1) They must be making an application in regard to a residential property that is their primary residence as of January 1 of the subject year;
- 2) The applicant must be an owner of the subject property.

This second point is important as it means that relief cannot be provided to tenants under this program even if they are fully responsible for the property taxes on a property and all other criteria are met. That this program only applies to property owners is specified in the legislation and is not specific to Grey County.

Low-Income Seniors

In addition to the basic criteria set out above, those applying as low-income seniors must meet the following criteria themselves, or be the spouse of a person who does:

- 1) Must be 65 years of age or older; and
- 2) Must be able to document receipt of or eligibility to receive:
 - a. Payment from the Federal Government under the Guaranteed Income Supplement (GIS) program; and/or
 - b. Payment or qualification from the Province under *Ontario Works Act*.

For simplicity, clarity and ease of administration, MTE generally suggests that the age criteria be administered based on year of birth, not specific dates. That is, if a person was born in or before 1956, they will be 65 or older in 2021 and therefore eligible.

Low-Income Disabled Persons

There are no age requirements associated with the criteria for low-income disabled persons, however, the applicant or the applicant's spouse must be able to document that they receive payments from the Province under *the Ontario Disability Support Program (ODSP) Act*.

Receipt of such payments confirms that determinations in regard to an individual's disability(ies) as well as their income have already been made.

Note Regarding References to Persons with Disabilities

The *Municipal Act, 2001* makes reference to “persons with disabilities”. We suggest that this wording is preferable for the purposes of a by-law as it ties into the language of the facilitating legislation.

Research and review undertaken by MTE suggests, however, that “disabled persons” may be more commonly accepted/preferred as of late. This is the term that has been used in our sample application, however, we urge the County and local area municipalities to make a decision as to how they want to phrase this. It may be necessary to refer to existing accessibility and/or inclusion standards.

PROGRAM CALCULATIONS

Eligible Amounts

The central calculation for this program will determine the amount of relief an applicant may be eligible for, if any.

In most circumstances, this calculation will be very straight-forward as it will simply be the difference between the amount of taxes levied for the prior year (Base Year) and the amount of taxes levied for the current year (Subject Year).

Unless the property was subject to a change in assessment or tax treatment during the Base and/or Subject Year, this calculation will be very straight-forward.

Step 1: *Tax Change = Subject Year Taxes as Levied – Base Year Taxes as Levied*

Step 2: *If Tax Change is Positive, Go To Step 3, If Negative, the Eligible Amount is \$0.*

Step 3: *Eligible Amount = Greater of Tax Change or \$500.*

Treatment of Prior Year Cancellation in Tax Change Calculation

It is critical to note that the calculation is performed excluding any tax relief provided under this program for the Base Year. That is, if an applicant’s taxes were levied at \$1,500 in the Base Year and \$200 of that was cancelled under this program, we would still use \$1,500 as the Base Year Taxes, not \$1,300.

Scenario		Correct	Incorrect
A	Base Year as Levied	\$1,500	\$1,500
	Section 319 Relief	-\$200	-\$200
B	Net Base Year Tax Payment	\$1,300	\$1,300
C	Subject Year Levy	\$1,700	\$1,700
D	Eligible Amount – Subject Year	\$200	\$400

The correct formula is **C – A**, not **C – B**

Treatment of In-Year or Year-End Changes

In the event that a property is subject to an assessment change during the Base Year, or a change is made as of roll return for the subject year, the County by-law specifies that the Eligible Amount should be calculated using the revised figures for both years.

For example, if the subject property were taxed on a CVA of 200,000 in the Base Year but was subject to a supplementary assessment effective December 1st of that year, the Base Year taxes would be calculated as if that additional CVA had applied for the Entire Year.

Base Year	CVA	Tax
Base Year Taxes as Levied	200,000	\$2,000
Prorated Supplementary (31 days)	50,000	\$42
Taxes Actually Paid		\$2,042
Year End CVA and Annualized Tax	250,000	\$2,500

Under the illustration above, the calculation would be performed using a Base Year tax amount of \$2,500, not \$2,000 as originally levied, or \$2,042 as actually adjusted. As with many other programs that rely on tax change, the reliance on an annualized tax amount ensures that the tax change being measured is based on factors such as reassessment and municipal levy change, not changes that may have been made to the property.

Recalculation of Credits

In the event that an applicant's taxes are recalculated or adjusted subsequent to relief being provided under this program, that relief should be recalculated at the same time. A taxpayer that sees a big increase in their taxes due to reassessment may apply under this program and also challenge their new assessment value via R4R. The final relief given should be geared towards the final tax liability after any assessment correction is made. The following has been included to illustrate this.

Scenario	Base Year	Subject Year	Eligible Amount	Final Net Liability
Original Calculation	\$1,500	\$2,000	\$500	\$1,500
Recalculation After R4R Reduction	\$1,500	\$1,750	\$250	\$1,500
No Recalculation of 319 Amount	\$1,500	\$1,750	\$500	\$1,250

The intent of the program is to provide relief of any tax increases experienced from one year to the next. If the tax liability for a year is reduced and the relief is not recalculated, the outcome does not match the intent. In this instance, the taxpayer's net tax liability would actually be less than that in the Base Year if the relief were not recalculated as part of the post-billing tax adjustment process.

Sharing Cancelled Amounts

Taxes that are cancelled under this program are to be shared amongst the levying bodies in the same proportion that that bodies share in the taxes as levied. This standard of sharing is established under Section 353 of the Act and applies to the distribution and chargeback of all levy amounts, except where specific sharing provisions exist. The following illustrates this approach.

Levy	Subject Year Tax	Share	Relief	Share
Local	\$1,281	41.8%	\$209.00	41.8%
County	\$1,250	40.7%	\$203.50	40.7%
Education	\$537	17.5%	\$87.50	17.5%
Total	\$3,067	100.0%	\$500.00	100.0%

SAMPLE APPLICATION

Included with this note is a sample application that has been prepared to reflect the specific program features and options set out in the County's by-law.

This application model is based on the logic that applicants should be asked to self identify and qualify themselves to some extent early on, but only provide detailed, specific documentation once the municipality determines whether they are generally eligible (based on information given) and also whether there is in fact an eligible increase.

This is a suggestion only, however, and we feel that in the case of this program, there is a reasonable risk that some applicants that match the general *eligible persons* criteria, may not be eligible for any actual relief. This may be because their taxes have not actually increased on a year-over-year basis, or for some other reason.

As such, the municipalities may want to consider asking for hard documentation only when the preliminary application and the tax circumstances suggest that the applicant might be eligible.

Also, this approach allows for a simpler, more easily completed and understood application. The reader will note that the model attached here reads somewhat like a questionnaire. This is intentional for ease of access and it also facilitates a measure of self qualification whereby some potential applicants that fall outside of the criteria may come to this conclusion on their own.

Should a municipality prefer to receive fully realized and documented applications in the first instance, the attached sample can be easily modified to include the required documentation.

Timing of Application

The by-law specifies that applications must be made to the local municipality within the taxation year in respect of which relief is being sought (Subject Year). This means that an application for relief from a tax increase in 2021 must be made by the end of 2021.

Applications under this program cannot be evaluated prior to final billing, or at least not before final tax rates are set. While it may be possible to consider whether a person/applicant is eligible in advance of this, it would not be possible to calculate the amount of eligible relief.

PART 1: APPLICANT INFORMATIONTaxation Year:

Applicant Name: _____

Applicant Status: **A.** Low-Income Senior [☐] **B.** Low-Income Disabled Person [☐] **C.** Spouse of **A** [☐] or **B** [☐]

Mailing Address: _____

Phone No: _____ E-Mail: _____

Preferred Contact: Email [☐] Letter Mail [☐] Phone [☐] Other: _____**PART 2: PROPERTY INFORMATION**

Roll Number: _____

Property Address: _____

Assessed Owner(s): _____

PART 3: PROPERTY AND PROPERTY TAX ELIGIBILITY

The following questions will assist in determining whether your property, property assessment and property tax circumstances meet the minimum eligibility requirements to be considered for relief under this program.

3.1 This program applies to the principal residence that is owned by an eligible applicant.

- a. Are you the/a registered owner of the Subject Property? **Yes** [☐] **No** [☐]
- b. Is this property your official listed principal residence? **Yes** [☐] **No** [☐]

3.2 This program applies to property tax increase from one year to the next, up to a maximum of \$500.

- a. Have your property taxes increased this year in comparison to last year? **Yes** [☐] **No** [☐] **Unsure** [☐]
- b. If known, please enter **Last Year's Taxes** \$ _____ **Current Year Taxes** \$ _____

If the answer is "No" to any of the above questions, your property and/or property tax circumstances do not qualify for consideration under this program.

If you answered "Yes" to all of the above questions, please proceed with the remainder of this application.

Require Assistance or Property Information? If you do not have some of this information and/or would like to confirm the information that you do have is accurate, please contact the municipality's tax office and we will be pleased to assist you.

PART 4: APPLICANT ELIGIBILITY

The following questions will assist in determining whether you (the applicant) may qualify as an “eligible person” under this program. Please make a mark beside all of the statements that apply to you and/or your spouse.

Status / Circumstance	Applies to Myself	Applies to my Spouse	Does Not Apply
4.1 I am or will be 65 years of age or older this year.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2 I receive payments under, or have been qualified for the Government of Canada’s Guaranteed Income Supplement (GIS).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.3 I receive payments under, or have been qualified for financial assistance under the <i>Ontario Works Act</i> .	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.4 I receive payments under, or have been qualified for financial assistance under the <i>Ontario Disability Support Program Act</i> (ODSP).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Important Notes Regarding Eligibility and Documentation:

Completion of an application does not establish eligibility to any form or amount of relief. In order to be deemed eligible for relief under this provision, the municipality must determine that the applicant’s circumstances meet the criteria for this program and that there has been an eligible increase in taxes in the current year.

Applicants are asked **not to submit** any documentation with this application; however, you should be aware that the municipality will require confirmation of the contents of this application before any relief can be provided. Documentation that may be requested to support this application could include, but may not be limited to:

- Revenue Canada Notice(s) of Assessment to confirm principal residence and receipt of means tested assistance including the Guaranteed Income Supplement (GIS);
- Documentation to confirm eligibility for payments under the *Ontario Works Act* and/or the *Ontario Disability Support Program Act* (ODSP); and/or
- Other documentation that may assist the municipality in confirming anything attested to in this application.

Certification

I, _____ certify that the information contained on this form is true, accurate and complete and that I agree to provide any and all documentation requested by the municipality in support of this application within sixty (60) days of any such request.

Signature: _____ Date: _____

Municipal Use Only

Received On:	Via:	Received/Processed by:	
Roll Number:	Subject Property CVA:	RTC/Q:	Eligible Property: Y <input type="checkbox"/> N <input type="checkbox"/>
Base Year Taxes: \$	Subject Year Taxes: \$	Tax Change: \$	Eligible Increase: Y <input type="checkbox"/> N <input type="checkbox"/> Capped at \$500: Y <input type="checkbox"/> N <input type="checkbox"/>