

REGIONAL MUNICIPALITY OF WATERLOO
POLICY ON TAX REBATES TO ELIGIBLE CHARITIES
AND SIMILAR ORGANIZATIONS

(Regional Municipality of Waterloo By-law 98-049)

POLICY OBJECTIVE:

The purpose of this policy is to provide tax rebates to eligible charities (and similar organizations) occupying commercial or industrial property that were previously exempt from paying the Business Occupancy Tax (BOT) and previously paid taxes at residential property tax rates. This policy recognizes that the Fair Municipal Finance Act, 1997, may have impacts on the amount of property taxes such organizations are required to pay and provides relief in the form of tax rebates to a maximum amount and subject to certain conditions as set out in the policy.

LEGISLATIVE AUTHORITY:

This policy has been developed in accordance with Section 442 of the *Municipal Act* as amended and regulations thereto.

APPROVAL:

Tax rebates to eligible charities were approved by Regional Council on April 29, 1998 and this policy was subsequently approved by Regional Council on June 24, 1998. The policy was further amended by Regional Council on February 24, 1999 and August 22, 2001.

ADMINISTRATION:

The administration of this policy is the responsibility of the Treasurers of the Area Municipalities within the jurisdiction of the Regional Municipality of Waterloo.

I) GENERAL PRINCIPLES

1) Organizations Eligible for Tax Rebates:

To be eligible for tax rebates, organizations must meet the following criteria:

- a) be a charitable organization [or not-for profit organization] as defined in subsection 248 (1) of the *Income Tax Act* and have a registration number issued by the Canada Customs and Revenue Agency; or

be a similar organization as listed in Appendix A of this policy provided such organizations meet the criteria for similar organizations as listed in Appendix A;
- b) be occupying commercial or industrial property;
- c) be an organization that was previously exempt from business occupancy taxes;
- d) be able to identify the amount of taxes applicable to their property or included in their lease payments;
- e) in addition to the above, Regional Government and Area Municipal Government occupying commercial or industrial property and previously exempt from business occupancy taxes are eligible for a tax rebate where the lease payments have increased as a result of the elimination of the business occupancy tax;
- f) organizations that are not charitable in nature or provide benefits to only a narrow segment of the community (per Appendix B) are **not** eligible for rebates even if such organizations meet the criteria in 1) b) through e);

2) New Charitable or Similar Organizations

Charitable or Similar Organizations Moving to Commercial or Industrial Property

New charitable or similar eligible organizations will be considered by the Area Municipalities for rebates provided the conditions in 1) a), b), c) and d) are all met.

Rebates for new charities or similar organizations or eligible organizations moving to commercial or industrial property will be provided for charities and other eligible organizations that commence eligible occupancy on a date after January 1st of the year in which the rebates would apply.

Under these circumstances, the rebate amount will be determined from the date of occupancy through the remainder of the taxation year.

II) APPLICATION PROCEDURE

Eligible organizations must apply for the tax rebate on an annual basis as follows:

- a) applications for tax rebates will be accepted and processed by the Area Municipality in which the organization is located;
- b) applications must be made on the form supplied by the Area Municipality and addressed to the Treasurer of the Area Municipality;
- c) applications are to be submitted between January 1st of the taxation year and February 28th of the following year;
- d) applications for rebates for years prior to the current year will only be accepted through February 28th of the current year and only for the year immediately preceding the current year;
- e) applications from eligible charities and similar organizations re-locating within the year will be accepted up until February 28th of the following year;
- f) verification of documentation provided with an application may be carried out independently, at the discretion of the area municipality;

III) AMOUNT OF THE TAX REBATE

Tax rebates for eligible charities and eligible similar organizations will be 50% of the taxes paid by the organization either directly (on owned or leased property) or through its lease payments providing all of the required conditions in Section I) above are met.

If the eligible charity or similar organization is required to pay an amount under section 444.1 or 444.2 of the Municipal Act, which deals with gross leases and flowing through of taxes, the amount of the rebate shall be the total of the amounts the charity or similar organizations is required to pay under those sections.

For applications submitted prior to the determination of final taxes, the application can be based on the estimated taxes for the year. Adjustments will be made after the final tax bill is received.

IV) PAYMENT OF TAX REBATES

Payments of tax rebates will be made by the Area Municipality in which the organization is located as follows:

- a) one-half of the rebate is to be paid within 60 days of receipt of the application by the municipality;
- b) the balance of the rebate is to be paid within 120 days of receipt of the application by the municipality;
- c) where rebate amounts are based on estimated taxes for the year, adjustments in respect of differences between the estimated rebate paid and the rebate to which the charity is entitled will be made once the final taxes for the eligible applicant are determined;
- d) charities and other eligible organizations that move to another area municipality (either within or outside the Region of Waterloo) within a taxation year are required to repay a prorated amount of the rebate to the area municipality that issued the rebate;
- e) charities and other eligible organizations that move within an area municipality within a taxation year may be required to repay portions of the rebate;
- f) tax rebates are not retroactive and will not be paid for years prior to the current taxation year unless the rebate relates to the tax year immediately preceding the current year and the application is received by February 28th of the current year.

APPENDIX A

Similar Organizations Eligible for Tax Rebates

(Excludes Organization owning and occupying residential property)

Similar Organizations eligible for Tax Rebates must:

- a) demonstrate a concern for the relief of poverty or for people in emotional, physical or spiritual distress; or

provide a clear service or benefit to the community by its concern with the advancement of science, education, philosophy; religion, art, sports and other causes beneficial to the community (human services, culture and heritage, public health, recreation, human rights, equity);
- b) be operated on a not-for-profit basis with no share capital and must be accountable to the community;
- c) the services must be accessible to the community as a whole or for an appreciable portion of it;

The following organizations meet the public benefit eligible criteria noted above and are potential applicants for a tax rebate provided the criteria in 1 b), c), d) and e) of **Section D) General Principles** are also met:

Agricultural Organizations
Arts and Culture Organizations
Community Services
Social Service Organizations
Foundation / Institution
Religious
Health Services
Social Housing Services

Youth Recreational Services
Non-Profit Community Org.
Cultural Organizations
Education / Training
Immigrant Services
Health Societies & Foundations
Medical / Hospital
Legal Aid Services

APPENDIX B

Organizations Not Eligible for Tax Rebates

Organizations that are not charitable in nature or provide benefits only to a narrow segment of the community are not eligible for the rebate even if all other criteria are met. Such organizations include but are not limited to:

Artists Studios
Constituency Offices
Foreign Tourist Offices
Foreign Trade Offices
Non- Profit Foreign Offices
Social Clubs
Veteran Clubs
Private Clubs
Trade Unions
Property Management Offices
Associations - Professional & Trade
Consulate Offices
Credit Unions / Pension
Political Offices
Government / Government Agencies other than those identified in the Policy
Non-Profit Professional, Business, Trade Organizations
Unspecified Occupancies and other uses not identified in the Policy or Appendix A