

Policy C607 Recommended Amendments and Rationale

Note: To comply with the new policy template, the section that defines key terms was moved from the beginning of the policy document to the end. As a result, the section numbers of the proposed amended policy do not match the current policy. For example, section 2.2.1 in the current policy corresponds to section 1.2.1 in the amended policy.

Proposed changes are indicated in *red italics*.

Current	Proposed	Rationale
Policy Statement		
<p>Any Municipal Tax Relief remains at the sole discretion of Edmonton City Council. This Policy is to guide and assist Edmonton City Council in the decisions relating to Municipal Tax Relief.</p> <p>Municipal taxation and associated Penalties may qualify for Municipal Tax Relief if they meet the terms of this policy. Municipal Tax Relief will not be granted on Provincial Tax and Requisitions. Penalties associated with Provincial Tax and Requisitions will only be canceled when there is a change to the assessment pursuant to a tribunal or a court decision. In each case that a tax cancellation or refund is granted, interest that has accumulated since the original payment was made will also be credited to the taxpayer.</p> <p>When considering a request for cancellation of municipal taxes, Edmonton City Council will take into account the following principles which are the basic principles that were used in the creation of this Policy.</p>	<p>Any Municipal Tax Relief remains at the sole discretion of Edmonton City Council. This Policy is to guide and assist Edmonton City Council in the decisions relating to Municipal Tax Relief.</p> <p>Municipal taxation and associated Penalties may qualify for Municipal Tax Relief if they meet the terms of this policy. <i>For the purposes of this Policy, Municipal Taxation includes any amount being charged by the municipality and being added to the tax roll.</i> Municipal Tax Relief will not be granted on Provincial Tax and Requisitions. Penalties associated with Provincial Tax and Requisitions will only be canceled when there is a change to the assessment pursuant to a tribunal or a court decision. In each case that a tax cancellation or refund is granted, interest that has accumulated since the original payment was made will also be credited to the taxpayer.</p> <p>When considering a request for cancellation of municipal taxes, Edmonton City Council will take into account the following principles which are the basic principles that were used in the creation of this Policy.</p> <ul style="list-style-type: none"> ● Fairness and equity to taxpayers ● Sustainability of revenues raised ● Simplicity, transparency and efficiency of the tax 	<ul style="list-style-type: none"> ● Tax relief under this policy can include any charges on the tax roll. Adding this statement clarifies that relief can apply to municipal taxes, penalties and other charges or levies. ● Administration may require documentation or other evidence to support requests for relief under any section of this policy. <ul style="list-style-type: none"> ○ References to evidence and documentation were previously embedded in specific sections, but moving it here broadens the application.

Current	Proposed	Rationale
<ul style="list-style-type: none"> • Fairness and equity to taxpayers • Sustainability of revenues raised • Simplicity, transparency and efficiency of the tax system • Predictability and stability • Competitiveness <p>Any decision made by Edmonton City Council on whether to grant or refuse Municipal Tax Relief is entirely discretionary, and will be final with no right of appeal.</p>	<ul style="list-style-type: none"> • system • Predictability and stability • Competitiveness <p>Any decision made by Edmonton City Council on whether to grant or refuse Municipal Tax Relief is entirely discretionary, and will be final with no right of appeal. <i>Appropriate documentation and evidence will need to be provided to support any request for tax forgiveness.</i></p>	
<p>2.2.1 Errors of Fact (Municipal Tax Relief is Supported)</p>		
<p>Where there is an objective error of fact in the assessment process that took place in the prior assessment year, and this error of fact has been proven by objective evidence, a cancellation, representing the difference in taxation once the error of fact has been corrected, to a maximum of \$1,000.00, will be considered for any municipal taxes and Penalties in the prior taxation year. An objective error of fact includes items such as an incorrect calculation of size, incorrectly assessing an improvement when the improvement does not exist, assessing a business that was out of operation, failing to adjust a local improvement levy to account for a new sidewalk or existing curb crossing, making a substantiated error in the exemption of a property, incorrectly adding an item to the tax roll, or valuing land as serviced when there is no servicing. An objective error of fact must be reported to the municipality within 6 months of the current year's tax due date in order for cancellation</p>	<p>Where there is an objective error of fact in the assessment process that took place in the prior assessment year, and this error of fact has been proven by objective evidence, a cancellation, representing the difference in taxation once the error of fact has been corrected, to a maximum of \$5,000.00, will be considered for municipal taxes and Penalties in the prior taxation year. An objective error of fact includes items such as an incorrect calculation of size, incorrectly assessing an improvement when the improvement does not exist, assessing a business that was out of operation, failing to adjust a local improvement levy to account for a new sidewalk or existing curb crossing, making a substantiated error in the exemption of a property, incorrectly adding an item to the tax roll, or valuing land as serviced when there is no servicing. An objective error of fact must be reported to the municipality within 6 months of the current year's tax due date in order for cancellation to be considered, <i>and where there has been a change of ownership at Alberta Land Titles since the error was made, only the period of time where the new owner has owned the property shall be considered;</i></p>	<ul style="list-style-type: none"> • In some cases the \$1,000 limit means that the maximum available relief under this policy does not cover the difference in taxes resulting from an error made during the assessment process. If taxpayers feel this is inequitable, their only recourse is to seek a Council motion. Increasing the limit will cover most instances of this circumstance without requiring Council involvement. • Any tax relief is provided as a credit to the property owner's tax account. If a property changes ownership after an error is made, the current policy potentially allows a new owner to benefit from relief while the former owner was impacted by the error. This is inequitable and contrary to the

Current	Proposed	Rationale
to be considered;		purpose of the policy.
2.2.3 Death and Illness Resulting in the Late Payment of Taxes <i>(Municipal Tax Relief is Supported)</i>		
<ul style="list-style-type: none"> • Penalties, for a period not exceeding 2 months, arising as a result of a death of the taxpayer when the death preceded the payment due date and was within the Tax Payment Period; • Penalties, for a period not exceeding 2 months, arising as a result of a death in the Immediate Family of the taxpayer, when the death preceded the payment due date and was within the Tax Payment Period; • Penalties, for a period not exceeding 2 months, arising as a result of unexpected life threatening illness to the taxpayer or an Immediate Family Member that was first diagnosed within the Tax Payment Period, or where a prognosis relating to a life threatening illness worsened during the Tax Payment Period; • Penalties, for a period not exceeding 2 months, arising as a result of the emergency hospitalization of the taxpayer. The taxpayer must have been hospitalized within the Tax Payment Period. 	<p><i>Forgiveness of any of the Penalties in this section will only apply to residential properties and shall not apply to properties where the taxpayer or the assessed person is a corporation or where the taxpayer has tax arrears. Documentation to the satisfaction of the City will need to be provided.</i></p> <ul style="list-style-type: none"> • Penalties, for a period not exceeding 2 months, arising as a result of a death of the taxpayer when the death preceded the payment due date and was within the Tax Payment Period; • Penalties, for a period not exceeding 2 months, arising as a result of a death in the Immediate Family of the taxpayer, when the death preceded the payment due date and was within the Tax Payment Period; • Penalties, for a period not exceeding 2 months, arising as a result of unexpected life threatening illness to the taxpayer or an Immediate Family Member that was first diagnosed within the Tax Payment Period, or where a prognosis relating to a life threatening illness worsened during the Tax Payment Period; • Penalties, for a period not exceeding 2 months, arising as a result of the emergency hospitalization of the taxpayer. The taxpayer must have been hospitalized within the Tax Payment Period. 	<ul style="list-style-type: none"> • Incorporation confers advantages and responsibilities beyond those of an unincorporated property owner. Property owners that incorporate are expected to manage their finances in the case of the death or incapacitation of one person. • If a property owner has tax arrears it means they have had outstanding tax liabilities for at least one year prior to the end of the Tax Payment Period. In this circumstance it is unlikely that a death or illness within the Tax Payment Period is the reason for lack of payment and should not qualify for relief.
2.2.4 Destruction of Improvements <i>(Municipal Tax Relief is Supported)</i>		
<ul style="list-style-type: none"> • When an event takes place that results in a building being completely destroyed or damaged in a way that renders the 	<ul style="list-style-type: none"> • When an event takes place that results in a building being completely destroyed or damaged in a way that renders the building uninhabitable for the remainder 	<ul style="list-style-type: none"> • In some cases the \$1,000 limit means that the maximum available relief under this

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<p>building uninhabitable for the remainder of the current tax year, the prorated taxes and any accrued Penalties to a maximum of \$1,000, on the value of the building from the date of the event until the end of the year will be considered for cancellation. Any calculation under this provision will be rounded to the nearest full month. This provision does not apply to buildings that are voluntarily demolished.</p>	<p>of the current tax year, the prorated taxes and any accrued Penalties to a maximum of \$5,000, on the value of the building from the date of the event until the end of the year will be considered for cancellation. Any calculation under this provision will be rounded to the nearest full month. This provision does not apply to buildings that are voluntarily demolished and shall not apply if the taxpayer or the assessed person has changed since the destruction through a change of ownership.</p>	<p>policy does not cover the taxes levied on the destroyed or damaged improvement. Increasing the limit will cover most instances of this circumstance without requiring Council effort.</p> <ul style="list-style-type: none"> • If a property changes ownership after an improvement is destroyed or damaged, the current policy potentially allows a new owner to benefit from relief while the former owner paid taxes on an uninhabitable property. This is inequitable and contrary to the purpose of the policy.
<p>3.1.2 Payment Delivery Issues (<i>Municipal Tax Relief is Not Supported</i>)</p>		
<ul style="list-style-type: none"> • Penalties arising from a delay in payment resulting from a postal strike; • Penalties arising from a delay in payment resulting from lost or misplaced mail or a lost or misplaced courier delivery unless it can be shown that the City of Edmonton was partly or solely responsible for the lost or misplaced payment. 	<ul style="list-style-type: none"> • Penalties arising from a delay in payment resulting from a postal strike; • Penalties arising from a delay in payment resulting from lost or misplaced mail or a lost or misplaced courier delivery unless it can be shown that the City of Edmonton was partly or solely responsible for the lost or misplaced payment; • Penalties arising from any error or delay in delivery by the taxpayer or a third party. 	<ul style="list-style-type: none"> • This change confirms that property owners are responsible for ensuring that payment is received before the deadline. It expands the current clause to include other potential third parties beyond couriers and Canada Post (e.g. family members, lawyers, or other agents of the property owners).
<p>3.1.5 Disputes about Amounts Owing (<i>Municipal Tax Relief is Not Supported</i>)</p>		
<ul style="list-style-type: none"> • Any claim that a decision of an assessment review board or other assessment tribunal is incorrect, leading to incorrect taxation; • Any claim that an assessment is 	<ul style="list-style-type: none"> • Any claim that a decision of an assessment review board or other assessment tribunal is incorrect, leading to incorrect taxation; • Any claim that an assessment is incorrect when a party has failed to file an assessment complaint, or filed such 	<ul style="list-style-type: none"> • This change reinforces that property owners are expected to pay their taxes on time regardless of delays at the Alberta Land Titles Office, and

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<p>incorrect when a party has failed to file an assessment complaint, or filed such a complaint late;</p> <ul style="list-style-type: none"> Alleged errors in taxes from an error in judgment in the assessment process, or an error in fact where there is no evidence to support the error. 	<p>a complaint late;</p> <ul style="list-style-type: none"> Alleged errors in taxes from an error in judgment in the assessment process, or an error in fact where there is no evidence to support the error; <i>Any claims that nonpayment was as a result of a delay in processing documentation at the Alberta Land Titles Office;</i> <i>Penalties incurred during the appeal process.</i> 	<p>despite an ongoing appeal process. If tax payment could be postponed until after an appeal process, a property owner could use the process every year to avoid penalties at the deadline</p>
<p>4. New Construction or Renovation of Exempt Non-Profit Facilities (<i>Municipal Tax Relief is Supported</i>)</p>		
<p>4.1 Tax cancellation for owners of property who are renovating or constructing a facility for which a building permit has been issued, and that would otherwise qualify for a Municipal Tax Exemption upon completion of the construction, will be supported under the following conditions:</p> <ul style="list-style-type: none"> Organizations described in the Act under Section 362(1)(d) school buildings, 362(1)(e) hospital buildings, 362(1)(h) nursing homes, 362(1)(k) religious buildings, 362(1)(l)(iii) buildings used for burial purposes, 362(1)(m) lodge accommodations and 362(1)(n) non-profit organizations excluding student dormitories, and in the Community Organization Property Tax Exemption Regulation A.R. 281/98 (COPTER), will be given consideration. Non-profit organizations that do not fall under these sections of the Act will not qualify for Municipal Tax Relief; Applications for cancellation can be made at any time after a building permit has been issued. However, consideration for the cancellation will not be processed until the building has been completed, and is being used for the purpose for which it was designed; 	<p>4.1 Tax cancellation for owners of property who are renovating or constructing a facility for which a building permit has been issued, and that would otherwise qualify for a Municipal Tax Exemption upon completion of the construction, will be supported under the following conditions:</p> <ul style="list-style-type: none"> Organizations described in the Act under <i>Section 362(1)(c) schools</i>, 362(1)(d) <i>educational facilities</i>, 362(1)(e) hospital buildings, 362(1)(h) nursing homes, 362(1)(k) religious buildings, 362(1)(l)(iii) buildings used for burial purposes, 362(1)(m) lodge accommodations and 362(1)(n) non-profit organizations excluding student dormitories, and in the <i>Community Organization Property Tax Exemption Regulation A.R. 281/98 (COPTER)</i>, will be given consideration. Non-profit organizations that do not fall under these sections of the Act will not qualify for Municipal Tax Relief; Applications for cancellation can be made at any time after a building permit has been issued. However, consideration for the cancellation will not be processed until the building has been completed, and is being used for the purpose for which it was designed; Before final consideration, an exemption application and all necessary forms to prove exemption eligibility must have been submitted to the City Administration for review, and it must have been determined that the organization and the property meets all requirements necessary to qualify, either wholly or partly, for exemption as set out in the Act and COPTER; 	<ul style="list-style-type: none"> Expanding this section to include schools as described in section 362(1)(c) allows Administration to provide relief in circumstances where a school that will eventually be exempt is under construction or renovation. If construction or renovation of a property eligible under this section lasts for more than 36 months, the 36 month period of tax cancellation should cover the latter 36 months of the period when taxes are assumed to be higher due to the construction or renovation activity.

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<ul style="list-style-type: none"> ● Before final consideration, an exemption application and all necessary forms to prove exemption eligibility must have been submitted to the City Administration for review, and it must have been determined that the organization and the property meets all requirements necessary to qualify, either wholly or partly, for exemption as set out in the Act and COPTER; ● Final consideration shall not be given unless all appropriate permits and approvals, including a completion certificate, have been issued by the City of Edmonton; ● The cancellation period commences at the time building foundations are laid, or at the time a significant renovation project commences that makes an area taxable, for any period of construction to a maximum of 36 months. Taxes that have been deferred from dates that are prior to the maximum of 36 months or taxes from prior to foundations being laid shall not be eligible for forgiveness; ● Where a building is only partially being used for an exempt purpose, only the portion of the building that is being used for the exempt purpose shall be eligible for the cancellation; ● A municipal tax cancellation shall not be made if the exempt entity is not the owner of the property unless the exempt entity has an active lease with the property owner during the term of renovation or construction; and ● Penalty cancellation will not be considered for any period while the building is being operated illegally, including situations where a property is 	<ul style="list-style-type: none"> ● Final consideration shall not be given unless all appropriate permits and approvals, including a completion certificate, have been issued by the City of Edmonton; ● <i>The cancellation period covers the period of time that new construction or renovation is complete and ready for occupation and will go back, to a maximum of 36 months, to the time building foundations are laid, or at the time a significant renovation project commences that makes an area taxable. Taxes that have been deferred from dates that are prior to the maximum of 36 months or taxes from prior to foundations being laid or the renovation commencing shall not be eligible for forgiveness;</i> ● Where a building is only partially being used for an exempt purpose, only the portion of the building that is being used for the exempt purpose shall be eligible for the cancellation; ● A municipal tax cancellation shall not be made if the exempt entity is not the owner of the property unless the exempt entity has an active lease with the property owner during the term of renovation or construction; and ● Penalty cancellation will not be considered for any period while the building is being operated illegally, including situations where a property is being used but final approvals have not been granted. 	

Attachment 2

Current	Proposed	Rationale
being used but final approvals have not been granted.		