

Municipal Taxes in Canada and around the World

Are properties assessed the same as they are in Nova Scotia elsewhere in Canada?

- Market value assessment is the main assessment method used by all provinces
 - In Nova Scotia, assessments are conducted annually, while in other areas they are conducted every two to four years
- While the assessment method is the same, many municipalities have different categories for tax rates - for example in Nova Scotia there are differing tax rates for urban, suburban and rural properties. Cities such as Ottawa have up to 22 tax classes for setting tax rates

Do other municipalities in Canada have other taxes besides property taxes?

- A review of municipalities has shown that property taxes are the main source of revenue for local governments across Canada
- While the Province of Manitoba transfers 2.2% of their personal income tax revenue and 1% of their corporate income tax revenue their municipalities, currently in Canada, no local government is permitted to levy an income tax
- A business occupancy tax is a common revenue source for municipalities across Canada and is levied in St. John's, Winnipeg, Edmonton, and Calgary. It is currently being phased out in Nova Scotia, and was eliminated in Ontario in 1997
- A deed transfer tax is another common source of revenue for municipalities
- The City of St. John's has the ability to levy a municipal fuel tax. Vancouver levies a fuel tax for transit and road services within the Greater Vancouver Regional District. Winnipeg, Edmonton and Calgary receive transfers from their province for fuel sold.
- Amusement and entertainment taxes are available for use to municipalities in Newfoundland, Quebec, Manitoba and Saskatchewan
- Dwelling unit charges are used in Cape Breton Regional Municipality as a revenue source, and a similar flat property tax is used in some municipalities in Saskatchewan

How do local governments levy taxes in other Countries?

- A review of international municipalities shows that market value is used commonly throughout the U.S. and Europe for property taxes. Some local governments in the U.S. use acquisition value for assessing properties which reflects the market value of the property when it was acquired, and limits the growth of the assessment from that point
- Due to legislative limits on the growth of assessment, many US municipalities have been moving toward taxes such as income or sales
- European countries such as Finland, Sweden and Switzerland rely more heavily on income tax for funding local government services than property taxation
- While there are varying ways of assessing properties in Australia, local governments have many of the same revenue sources as local governments in Canada; they rely heavily on property taxes, user fees, and government grants

Could any of these options work in HRM?

- Access to diverse taxation tools can be beneficial to local governments. Over reliance on any tool can cause just as many problems as being over reliant on property taxation
- Gaining access to additional revenue tools could mean changes to the MGA by the Government of Nova Scotia.

For more information

- See HRM's Tax Reform website at: <http://www.halifax.ca/taxreform/>, or
- Call HRM's Tax Reform phone line at: (902) 490-4886, or
- Email us at: taxreform@halifax.ca