

Business tax consolidation – tax change effects*



Year	Business tax change	Non-residential property tax change*
2013	0%	0%
2014	-10%	2.3%
2015	-10%	2.3%
2016	-20%	4.6%
2017	-20%	4.6%
2018	-20%	4.6%
2019	-20%	4.6%
Total	-100%	23%

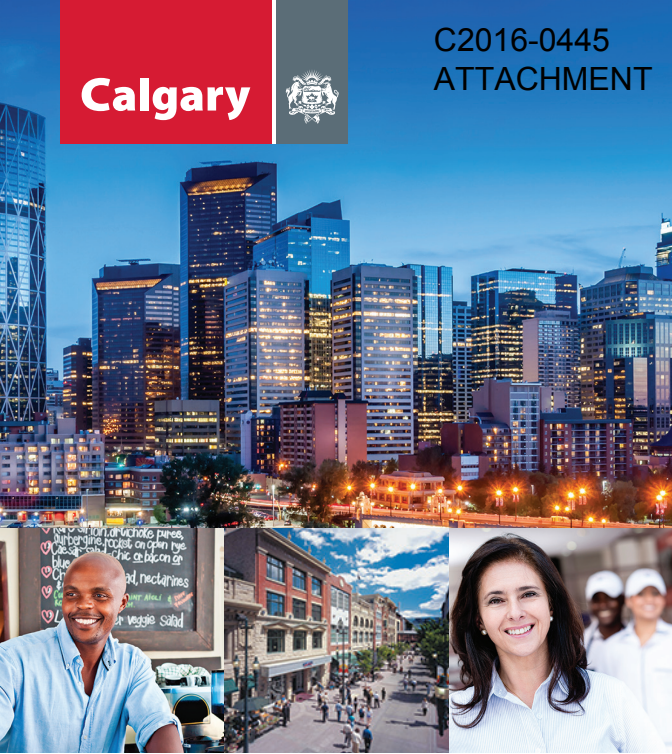
The business tax, for business tax revenue purposes, will be eliminated in 2019.

*In this table, the 2014 and 2015 figures have been adjusted to reflect the impact of the revenue transfers in those years on this year's tax rate (i.e. the impact of last year's 10 per cent transfer on this year's tax rate is 2.3 per cent). The 2016-2019 figures are based on the estimated 2016 tax rates. The annual tax implications will vary based on changes to property/premises details, annual re-assessment shifts and/or annual Council or provincial tax rate adjustments.

Where can I find more information?

A variety of tools and resources are available at calgary.ca/btc, including an online calculator that allows you to view estimated tax implications to your business premise or non-residential property throughout the consolidation time frame.

-  calgary.ca/btc
-  403-268-2888



Business Tax Consolidation

Update for non-residential property and business owners

calgary.ca/btc

Business Tax Consolidation

Transferring business tax revenues into non-residential property tax.

Purpose

To have a single, easy-to-understand real-estate based assessment and tax system for non-residential property and business owners. This process is occurring through incremental transfers over a seven-year period. The first transfer occurred in 2014 with 10 per cent of business tax revenues transferred to and collected through the non-residential property tax. The last transfer will occur in 2019, culminating with the elimination of the business tax.

Business tax consolidation will not impact your property/business assessment nor will it be reflected on your assessment notice.

2016 tax impacts for business owners

Business owners will see an additional 20 per cent decrease in the 2016 business tax rate, for a total decrease of 40 per cent in business tax due to consolidation. The City will mail the 2016 business tax bills in February. The tax change effects from business tax consolidation will be reflected in the taxes owing.

2016 tax impacts for non-residential property owners

Non-residential property owners will see an estimated additional 4.6 per cent increase in the 2016 non-residential property tax rate. The total non-residential property tax increase due to consolidation to date will be an estimated 9.2 per cent. The City will mail the 2016 property tax bills in May. The tax change effects from business tax consolidation, and any other 2016 tax rate adjustments made by Council or the Government of Alberta will be reflected in the taxes owing.

If there are tenants operating a business on the property, the business tax rate applied to their premises will decrease an additional 20 per cent.

How do the revenue transfers work?

1. Each year, Council determines its revenue requirements from each revenue source.

$$\frac{\text{business tax revenue required}}{\text{taxable business assessment base}} = \text{business tax rate}$$

$$\frac{\text{non-residential tax revenue required}}{\text{taxable non-residential assessment base}} = \text{non-residential property tax rate}$$

2. In 2016, an additional 20 per cent of business tax revenues will be transferred to and collected through the non-residential property tax, resulting in a cumulative **40 per cent** decline in the business tax rate from 2013 levels.*

$$\frac{\text{2013 business tax revenue requirement*} - 40\%}{\text{taxable business assessment base}} = \text{business tax rate} \nabla \text{ by } 40\%$$

3. In 2016, the non-residential property tax rate will see an additional estimated 4.6 per cent increase, for a total estimated cumulative increase of **9.2 per cent** to account for the total reduction in business tax revenues.

$$\frac{\text{non-residential property tax revenue} + 40\% \text{ of 2013 business tax revenue requirement*}}{\text{taxable non-residential property base}} = \text{non-residential property tax rate} \blacktriangle \text{ by an estimated } 9.2\%$$

*2013 business tax revenue amount has been adjusted for business growth and contingencies.

Your share of tax is calculated by multiplying your 2016 property or business assessment by the approved property or business tax rate.

$$\text{2016 assessment value} \times \frac{\text{tax rate}}{\text{rate}} = \text{individual share of tax}$$

Note: Business tax consolidation will not increase the amount of revenues collected by The City.