

## Taxes & Assessment

This profile contains information on Mississauga's financial management, property tax rates, business tax rates (GST & PST), and a selected list of federal and provincial tax incentives.

### Financial Management

- Mississauga City Council prides itself on its enterprise approach to running the City. Sound financial management has allowed the City to plan for the future without incurring any debt.
- Mississauga Council is dedicated to keeping tax increases as low as possible.
- Responsible financial management coupled with forward planning policies has resulted in the City's debt-free status, with hundreds of millions in reserve funds for future infrastructure development.
- The City has a Development Charges Policy. The City operates on the philosophy that new development should pay for itself. Funds collected are placed in reserve to pay for capital improvements needed in the future. For decades developers have included all servicing costs in the base price of land, eliminating the need for local improvement levies. For further information, please visit: [www.mississauga.ca](http://www.mississauga.ca) > Residents > Planning & Building > Development Charges
- Mississauga's basic utilities are relatively new and have been designed to handle future development so that upgrading costs will be minimal.
- Mississauga is the only city among the top 10 cities in Canada to be assigned the 'AAA' credit rating by Standard & Poor's. The rating is testimonial to the City's exceptional liquidity levels, debt-free position, and its strong, strategically located economy.
- The City of Mississauga collects property taxes on behalf of the City, the Region of Peel and the two Boards of Education.

<sup>1</sup>Information on Development Charges is available at: [www.mississauga.ca](http://www.mississauga.ca) > Residents > Planning & Building > Fees & Charges

### Property Assessment

- The Municipal Property Assessment Corporation (MPAC), a not-for-profit corporation funded by all Ontario municipalities, is responsible to classify and assess the value of a property.
- To establish a property's assessed value, MPAC uses the Current Value Assessment (CVA) method. The method requires MPAC to analyze property sales in the area, and use the data, as a basis, to assess the value of similar properties.

*For further information, contact: Municipal Property Assessment Corporation (MPAC), Halton-Peel Assessment Office, 6745 Century Avenue, Suite # 1, Mississauga ON L5N 8C9, Tel.: 1-866-296-MPAC (6722), [www.mpac.ca](http://www.mpac.ca)*

### Calculating Property Tax

- The total amount of taxes collected depends on the municipality's revenue needs, and not on the value of property assessments within a municipality.
- The City and Region, independently, determine the tax rate for each of property tax class, while the Province sets the education tax rates for all properties.
- The combined tax rate (municipal, regional and education) is then multiplied with CVA value to determine the property tax value.

## Taxes

### 2009 Tax Rates

Property Class	Residential	Multi-Residential	Commercial	Industrial
<b>Tax Rate</b>	1.017593%	1.613822%	2.518507%	2.883852%

Source: [www.mississauga.ca](http://www.mississauga.ca) > Residents > Taxes & Assessment > Tax Rates

### Consistently Lower Tax Rates

Tax rates in Mississauga are consistently lower than most Ontario cities for many reasons. The most important reasons are:

- No local improvement costs are chargeable to the owner/occupant of the real estate.
- All costs of new servicing, road development and parkland, have been absorbed by the developer as a condition of subdivision or severance.
- Debt free: Not borrowed to finance expenditures.

### Industrial & Commercial Buildings - Tax Rates & Comparisons

- Estimates of property tax values on a predetermined base CVA (Industrial-\$4 Million, Commercial-\$2 Million) are given below.
- These estimates provide an indication of the property tax values across several cities within southern and western Ontario.

#### 2009 Industrial Tax Comparisons

City/Town	Tax Rates	Total \$
London	6.1075%	\$ 244,300
Guelph	5.2323%	\$ 209,292
Oshawa	5.3387%	\$ 213,548
Milton	5.0582%	\$ 202,328
Cambridge	4.8079%	\$ 192,316
Kitchener	4.8023%	\$ 192,096
Waterloo	4.7449%	\$ 189,796
Whitby	4.5876%	\$ 183,504
Toronto	4.0103%	\$ 160,412
Burlington	3.8040%	\$ 152,160
Oakville	3.6778%	\$ 147,112
Brampton	3.1237 %	\$ 124,949
<b>Mississauga</b>	<b>2.8838%</b>	<b>\$ 115,352</b>
Richmond Hill	2.6081%	\$ 104,324
Markham	2.5599%	\$ 102,396
Vaughan	2.2601%	\$ 90,404

Source: Finance/Tax Department of the respective City

Note: Based on a \$4 million assessed building.

#### 2009 Commercial Tax Comparisons

City/Town	Tax Rates	Total \$
London	4.8653%	\$ 97,306
Cambridge	4.1112%	\$ 82,224
Kitchener	4.1060%	\$ 82,122
Waterloo	4.0527%	\$ 81,054
Toronto	3.8462%	\$ 76,924
Guelph	3.7795%	\$ 75,590
Oshawa	3.5697%	\$ 71,394
Milton	3.1218%	\$ 62,436
Whitby	3.0877%	\$ 61,754
Brampton	2.7119%	\$ 54,239
<b>Mississauga</b>	<b>2.5185%</b>	<b>\$ 50,360</b>
Burlington	2.4647%	\$ 49,294
Oakville	2.3867%	\$ 47,735
Richmond Hill	2.3135%	\$ 46,270
Vaughan	2.3070%	\$ 46,141
Markham	2.2996%	\$ 45,992

Source: Finance/Tax Department of the respective City

Note: Based on a \$2 million assessed building.

## Taxes Per Square Foot

Property Type	Municipal & Regional Portion	Education Portion	Total Taxes*
Industrial - Standard (Less than 125,000 sq. ft.)	\$ 0.87	\$ 1.39	\$ 2.27
Industrial - Large (Greater than 125,000 sq. ft.)	\$ 0.61	\$ 0.98	\$ 1.59
Commercial - Office buildings in prime locations of the city	\$ 1.02	\$ 1.59	\$ 2.61

Source: Municipal Study 2006, BMA Management Consulting Inc.

Notes:  
 1) Taxes per sq. ft will vary from one property to another. The above data is provided as an example only.  
 2) Based on 2006 tax rates. Year 2007 taxes per sq. ft will be available at the end of the first quarter of year 2008.  
 \* Tax ratio for industrial/commercial property is approximately: 15% Municipal , 25% Regional, 60% Education

## Business Taxes

### Goods & Services Tax (GST)

- The GST Tax in Ontario is 5% on most purchases of goods and services.
- All businesses with annual revenue of \$30,000 or more must register for a GST account with Canada Revenue Agency.
- Firms with less than \$30,000 annual revenue may opt to not collect the GST, but should contact Canada Revenue Agency for details.

For further information, contact: Canada Revenue Agency, 5800 Hurontario St, Mississauga ON L5R 4B4,

Tel.: 1-800-959-5525, [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)

### Provincial Sales Tax (PST)

- The Provincial Sales Tax (PST) in Ontario is 8% on most purchases of goods.
- Many service-based businesses are exempt from charging the PST, except on labour charges to install, repair and maintain taxable goods.
- Contact the Regional Tax Office, listed below, to determine whether or not PST is required for your business. There is no charge to apply for the Vendor (PST) Permit.
- Businesses who do not require a Vendor's Permit, and would like to apply for a tax exemption, may also apply through the following office:

Regional Tax Office, Ministry of Finance, 77 City Centre Drive, 1st floor, Mississauga, ON, L5B 1M5, Tel.: 905-273-9490, [www.rev.gov.on.ca/english/taxes/rst/](http://www.rev.gov.on.ca/english/taxes/rst/)

## Tax Incentives

- Although, the Ontario Municipal Act expressly forbids municipalities from offering business any bonus or financial incentive such as tax subsidies, special land deals, loans or grants.
- The Ontario and Federal Governments do offer a wide range of programs to assist business. These programs, which can be in the form of loans, grants or tax credits, include training, export financing, and research and development. The Mississauga Economic Development Office can provide information on many of these programs.

## Federal and Provincial R&D Incentives:

- Canada's federal tax incentives and Ontario provincial tax incentives combined, have reduced the after tax cost of R&D expenditures significantly below other G-7 countries. The G7 countries comprise of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.
- The proposed changes in the 2009 budget, listed below, will help Canada reach the goal of the lowest overall tax rate on new business investment (marginal effective tax rate (METR)) in the G& by 2010, and the METR advantage for Canada over the US will be more than 10 percentage points by 2012. Actions by the federal and provincial governments to harmonize sales tax, together with a 25% combined federal-provincial statutory tax rate by 2012 would bring the METR for Canada to 14.7%, well below the average METRs for Organization for Economic Co-operation and Development and small developed countries – 21.2% and 19.5% respectively.
  - The reduction of the general corporate income tax rate to 15.0 by 2012 will provide almost \$12 billion in relief to manufacturers and processors in 2008-2009 and the next five fiscal years.
  - In recognition of the exceptional circumstances facing the manufacturing sector, Budget 2009 proposes to extend the 50% straight-line accelerated capital cost allowance (CCA) treatment for investment in machinery and equipment in the manufacturing and processing sector before 2010. Budget 2009 proposes to extend the 50% straight-line CCA rate to investment in the above machinery undertaken in 2010 and 2011.
  - A temporary 100% CCA rate for computer hardware and systems software acquired after January 27, 2009 and before February 1, 2011.
  - Eliminating all general provincial capital tax by 2012; Federal capital taxes were eliminated in 2006.
- Provincial and federal tax credits can cut the after-tax cost of a \$100 R&D expenditure to approximately \$40.
- R&D expenditures in the City of Mississauga exceeded \$1.8 billion in 2005.

## Federal R&D Tax Incentives:

- A 100% deduction for R&D costs, including capital equipment.
- A 20% investment tax credit on scientific research and experimental development expenditures.
- The investment tax credit can offset 100% of the federal tax payable in the year, or can be carried back 3 years or forward 20 years.
- For small sized Canadian-controlled private corporations, the 2008 budget the investment tax credit increased from 20% to 35%, on up to the first \$3 million of qualified expenditures each year. There has also been an increase to the upper limit for taxable capital phase-out range from \$15 million to \$50 million. The upper limit of the taxable income upper limit was also increased from \$600,000 to \$700,000.

## The Ontario Tax Incentives:

- Ontario Business Research Institute Tax Credit (OBRITC) - An additional 20% refundable tax credit for all Ontario companies sub-contracting qualifying business-sponsored scientific research & experimental development (SR&ED) to eligible Ontario universities, colleges, research hospitals, Centres of Excellence and prescribed non-profit research centres.
- Ontario Innovation Tax Credit (OITC) – A 10% refundable tax credit, with a maximum claim of \$200,000 per taxation year, for corporations that have expenditures on SR&ED carried on in Ontario.
- Ontario Research Fund's Research Excellence (ORF-RE) program is a five-year, \$527 million fund to promote research excellence in Ontario by supporting leading-edge research; developing research talent; encouraging partnerships between research institutions and business.
- Ontario New Technology Tax Incentive (ONTTI) - An immediate 100 per cent deduction of the eligible cost of the acquisition of qualifying intellectual property acquired in the course of an intellectual property transfer.
- Retail Sales Tax (RST) Exemption - equipment used primarily in manufacturing, exclusively for R&D, or for a combination of manufacturing and R&D qualifies for exemption from RST. Equipment used exclusively for research and investigation by non-profit medical research facilities also qualifies for the RST exemption.

*For complete information on the Federal and Ontario investment incentives, contact: Ontario Investment Service, 161 Bay Street, BCE Place, Suite 4040, Canada Trust Tower, P.O. Box 706, Toronto, Ontario, Canada M5J 2S1, Tel.: 1-800-819-8701, Fax: 416-360-1817, [www.2ontario.com](http://www.2ontario.com)*

## Federal and Provincial Apprenticeship Job Creation Tax Credit:

- The Youth Employment Strategy (YES), [www.youth.gc.ca](http://www.youth.gc.ca), is the Government of Canada's commitment to help Canadian youth, between the ages of 15 and 30, get the work experience, knowledge; skills and information required to participate in the labour force. The YES also assists employers who hire youth.
- The National Research Council of Canada's Industrial Research Assistance Program (NRC-IRAP), on behalf of YES, delivers two youth initiatives. The internship programs, lasting between six and twelve months, are designed to enable graduates to gain valuable work experience. Maximum support provided will be \$15,000 to help cover a part of the graduate's salary.
- Internship Program with Innovative Small and Medium Enterprises (SME's) - : Corporations will receive financial support towards the employment of NRC approved post-secondary graduates, who will work on technical opportunities in the firm and on non-technical but technology related projects like:
  - research and development, engineering, multi-media
  - development of new products and processes
  - market analysis for a new technology-based product
  - business development related to science and technology activities
  - improvement of customer services, etc.
- Collaborative Research Internships: Corporations will receive financial support towards the employment of NRC approved post-secondary graduates, who will help develop and market new technologies.

*For complete information on the internship programs, contact: NRC-IRAP, 55 St. Clair Avenue East, Suite 903, Toronto, Ontario. M4T1M2, Tel.: 416- 973-4484, Fax: 416- 973-4303, [http://irap-pari.nrc-cnrc.gc.ca/youthinitiatives\\_e.html](http://irap-pari.nrc-cnrc.gc.ca/youthinitiatives_e.html)*