

Tax Blending: Frequently Asked Questions

What does Tax Blending mean?

Starting on January 1, 2013, the Business Occupancy Tax will be blended into the Business Realty Tax and only Business Realty Tax is to be paid to the City of St. John's from this point forward.

By moving to a flat property based tax, the City's tax system will be:

- More equitable as all parties will pay the same mil rate;
- More efficient as the City will not have to produce and administer Business Occupancy tax rolls and tax collections;
- Simplify the tax system overall.

Simply put, the City will collect the same amount of tax revenue, but from one source (Business Realty Tax) instead of two (Business Realty and Business Occupancy Tax).

Commercial property owners will be charged an increased property tax rate to offset the elimination of the Business Occupancy Tax.

Property owners can according to amended provincial legislation collect increased fees from tenants to offset any increase in the Business Realty Tax. More information on the amendments can be found at: www.assembly.nl.ca/legislation/sr/annualstatutes/2012/1226.chp.htm

For most properties there should be no significant change in the overall tax paid as a result of tax blending.

What is Business Occupancy Tax?

Business Occupancy Tax was paid by each business occupying property in the City of St. John's prior to January 1, 2013.

The Business Occupancy Tax rate was variable and depended on the type of business you operated.

Business Occupancy Tax was calculated based on the assessed value of the portion of property occupied by the business operation.

What is Business Realty Tax?

The Business Realty Tax is a flat rate property based tax paid by all commercial property owners in the City of St. John's.

Business Realty Tax is based on a tax rate applied to the assessed value of the entire property.

I currently pay Business Occupancy Tax, after tax blending will I still pay tax?

No, you will not pay tax to the City unless you own commercial property after January 1, 2013.

However, provincial legislative amendments allows your property owner to collect increased fees from you in order to offset any tax increase.

How is overdue Business Occupancy Tax handled after January 1, 2013?

Business owners are still required to pay any delinquent Business Occupancy Tax that is still outstanding on January 1, 2013.

How is the Business Realty Tax collected after January 1, 2013?

Business Realty Tax will be paid to the City of St. John's quarterly in arrears and collected in the same manner as previously.

Business Realty Tax can be paid in cash, by debit or by cheque.

Business Realty Tax is paid in the month immediately following the end of each quarter. (i.e. Billed in January for January to March and due at the end of April)

What does arrears mean?

Currently businesses pay taxes twice annually. For example, you would pay in January for the upcoming six months.

After Tax Blending, businesses will pay quarterly in arrears, which means you would pay for January through March in April. Paying quarterly means the City will send four bills each year.

Simply put, instead of paying in advance for the tax period you are paying after.

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How are mixed-use buildings being taxed?

The portion of the building that is used for commercial operations will be taxed at the Business Realty Mil rate, while the portion used for residential purposes is taxed based on the Residential Realty Mil rate.

The Business Realty Tax portion on a mixed use property is billed quarterly in arrears. The Residential Realty Tax portion is billed semi-annually with no change in the timing.

Property owners of mixed-use buildings will receive six bills annually – four Business Realty bills and two Residential Realty bills.

When are the 2013 assessments being mailed?

Assessment notices will be mailed on Dec. 1, 2012.

Are there any changes to the Water Tax?

Commercial Water Tax billed by units will also move to quarterly billing in arrears for commercial property owners.

Flat rate water units for mixed use properties will also be billed quarterly in arrears.

Vacancy Allowance is not applied to Water Tax.

Are there any changes to Residential Realty Tax?

There are no changes to Residential Realty Tax, which will still be collected twice annually.

Please note that if you own a mixed-use property you will receive two Residential Realty Tax bills each year in addition to your quarterly Business Realty Tax bills.

I previously paid Business Occupancy Tax, will I still get an assessment?

No, only property owners will receive an assessment.

What is the vacancy allowance?

Under the old tax structure the City could not collect Business Occupancy Tax if there was no business operating at a commercial property.

The new business tax structure is designed to work similarly, so if a property owner has a property that is vacant, and they are actively marketing the space, they can claim a vacancy allowance for the period (30-day minimum) until it is occupied. It is also applied in cases of delinquent accounts, rent free periods and exemptions as determined by the City (i.e. Charities).

How is vacant commercial land being handled?

Vacant commercial land will be billed at 50 per cent of the Business Realty Tax rate. Basically, the vacancy allowance will be built into the tax bill and there will be no calculation on the part of the property owner.

When will the 2013 Mil rates be announced?

On Dec. 10, 2012, when the City approves its 2013 budget.

Where can I get more information?

Please visit the City of St. John's website for more information at www.stjohns.ca.

**For Further Information
or Questions on
Tax Blending:**

**Call
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