

Tax Blending: Special Cases Fact Sheet

Are home based businesses exempt under the new business realty tax structure?

If your home business occupies less than 25 per cent of the area of your home then you will not pay any Business Realty Tax and will instead pay 100 per cent Residential Realty Tax.

If your business uses more than 25 per cent of the area of your home it will be considered a mixed-use property and charged an appropriate percentage of Residential Realty and Business Realty Taxes.



1st Floor
Residential
Basement
Commercial
Taxes:
50% Business
50% Residential

The Business Realty Tax portion on a mixed-use property is paid quarterly in arrears. The Residential Realty Tax portion is paid semi-annually.

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Do Bed and Breakfasts pay the blended Business Realty Tax?

Under the City's previous commercial taxation structure Bed and Breakfasts paid both Business Occupancy Tax and the Business Realty Tax (for operations which owned and operated their own premises).

Beginning in January 1, 2013, Council has decided that Bed and Breakfasts within the City of St. John's will be classified as residential properties and will therefore pay Residential Realty Tax and Residential Water Tax.

Bed and Breakfasts will now receive two Residential Realty bills annually, instead of the four quarterly Business Realty Tax bills, which will be paid by commercial property owners in the City of St. John's.

How are charities handled under the new business tax structure?

Previously, charities were exempt from Business Occupancy Tax and Business Realty Tax (if they owned and occupied their own property).

Under the new business realty tax structure property owners can claim a vacancy allowance if they lease to a registered charity. Please note, this exemption only applies to charities which are registered with the federal government and have a registered charity ID number.

Charities which own their own building are exempt from Business Realty Tax and only pay the Water Tax on their property.

How are daycares handled under the new business tax structure?

Previously, daycares were exempt from Business Occupancy Tax, but paid Business Realty Tax if they owned the property and were not leasing.

Under the new business tax structure, property owners who lease to a daycare can claim a vacancy allowance for the portion of the leasable area occupied by the daycare.

Under the new business tax structure, daycares which own their own building can claim a vacancy allowance. In this way, the new tax structure mimics the old, as Business Occupancy Tax was not previously paid.

For Further Information on Tax Blending:

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