



Policy Title: Business Tax Exemptions Policy

Policy Number: PDA001

Report Number: FCS2009-16

Approved by: Council

Effective Date: 2009 April 27

Business Unit: Assessment

BACKGROUND

The *Municipal Government Act* (MGA) provides every municipality with an option of enacting a business tax bylaw, under section 371, together with the ability, under section 374(2), of specifying business classes that are exempt from taxation through its business tax bylaw.

In 2008, Council and The City of Calgary committed to administering a business tax for the foreseeable future. With a need to formalize The City's Business Tax Exemptions Policy to reflect both the municipality's legislative objectives and Calgary's social values with respect to tax exemptions, a policy update was considered and approved by Council on 2009 April 27 through a report (FCS2009-16). This policy is implemented and given force and effect through Council's business tax bylaw and is reviewed annually through Council reading and approval of the same bylaw.

PURPOSE

The purpose of this policy is to foster a business tax exemptions framework that:

- a) is largely consistent with the property tax exemptions policy under the MGA because both are municipal taxes;
- b) relieves certain businesses, that provide a specified benefit to Calgary and its residents, of the obligation to pay business tax; and
- c) promotes a level playing-field for all business entities with commercial activities.

POLICY

While the MGA grants business tax exemptions to businesses operated by the Crown and airports, this policy further provides exemption classes for:

- a) any business operated on property which appears on The City's property assessment roll as belonging to the residential assessment class or any residential assessment subclass;
- b) on-street parking located on roads owned by The City;
- c) any business whose occupancy and use of the property on which they are located would qualify that property to be eligible for a property tax exemption pursuant to the Act;
- d) any business that is a bingo facility operated under a Bingo Facility License by a Non-profit organization pursuant to the Gaming and Liquor Act (R.S.A. 2000 c. G-1);
- e) any business established as a Non-profit organization where the business premises is used to promote the interests of an industry, profession or trade including education or research;
- f) premises occupied by a Trade Union where the activities of a Trade Union are conducted;
- g) any business whose occupancy and use of the property on which they are located would qualify that property to be eligible for a property tax exemption under the Community Organization Property Tax Exemption Regulation (AR 281/98) but for sections 16(2) and (3) of the regulation;
- h) premises licensed under the Gaming and Liquor Act are not exempt from business taxation with the exception of premises in respect of which a bingo license, casino license, pull ticket license, Class C liquor license or a special event license has been issued under the *Gaming and Liquor Regulation* (AR 143/96); and
- i) unoccupied space in a business premises, provided it is:
 - a. physically separated from other space by walls and locked doors or is separated by other means which makes it inaccessible and unable to be used for business purposes; and,
 - b. entirely empty from wall to wall, floor to ceiling and does not contain equipment, furnishing, cubicles walls or partitions; but
 - c. does not include space temporarily unused such as hotel and motel rooms, individual offices, parking spaces, parking stalls, or space being renovated.

*In order to be eligible for an exemption for unoccupied space the City Assessor must be notified in writing and the City Assessor has confirmed the status of the unoccupied space. No exemption will be granted for time prior to the notification given to the City Assessor and shall only be in effect as long as the space is unoccupied.

Irrespective of whether a business meets all the requirements of any exemption class under this policy or the annual business tax bylaw, it will not be exempt from business taxation if it effectively operates with a profit motive and in commercial competition with similar taxable businesses in the city of Calgary.

[For specificity see annual Business Tax Bylaw](#)

PROCEDURE

This policy is supplemented by all internal Administrative procedures pertaining to The City's lawful Business Tax Bylaw, as well as governing sections of MGA Part 10, Division 3 together with sections 294 and 295.

AMENDMENTS

As this policy is reviewed each year through Council reading and approval of the annual business tax bylaw, any policy change rendered through the bylaw approval process shall, when needed, be reflected through corresponding amendments to this Business Tax Exemptions Policy.