

Municipal Taxation

The municipalities in Canada levy taxes on the owners of property situated within their jurisdiction according to the assessed value of such property. Methods of determining assessed value vary widely, but, for taxation purposes, it is generally considered to be a percentage of the actual value. The revenues from such taxes are used to pay for street maintenance, schools, police and fire protection and other community services. Special levies are sometimes made on the basis of street frontage to pay for local improvements to the property such as sidewalks, roads, and sewers. Not only is there a widespread difference in the bases used for property tax but there is also a wide variety of rates applied depending on the municipality.

In addition to the taxes described above, municipalities usually impose a charge for the water consumption of each property holder or a water tax based on the rental value of the property occupied. There are no municipal income taxes, although certain localities have retained the use of a poll tax. In Saskatchewan, the municipalities are empowered to levy an amusement tax on the admission of persons to places of amusements. This practice differs from that of the other provinces where the amusement tax is generally a provincial preserve.

In most municipalities, a tax is levied directly on the tenant or the operator of a business. In general, business tax rates are lower than those applying to property. Three bases of assessment are in use - a fraction of the property assessment, the annual rental value of the premises, or the area of the premises. Certain municipalities may charge a licence fee instead of a business tax, while others will charge both a licence fee and business tax.

Miscellaneous Levies

These are not generally referred to as taxes but they are similar to taxes in many ways.

Unemployment Insurance

For the past two decades, a national programme of unemployment insurance has been in operation in Canada. Essentially, it provides relief to those qualified persons who temporarily find themselves without work. Although administered by a federal commission appointed for this purpose, this national unemployment insurance is financed by equal contributions from employers and employees plus a contribution from the Federal Government. The amount paid into the fund by employee and employer, is directly proportional to the weekly wages of the employee. The rates of contributions are as follows: