

Manitoba's Education Property Tax Rebate and the Phased Elimination of Education Property Taxes

Frequently Asked Questions

June 2021

TABLE OF CONTENTS

SUMMARY 1

EDUCATION PROPERTY TAX REBATE..... 1

 General 1

 1. What is the Education Property Tax Rebate? 1

 2. Is there a minimum rebate amount? 1

 Rebate – Eligibility 1

 3. Who is eligible to receive the Rebate?..... 1

 4. What types of properties are included under the “other” property classification? 2

 5. Are there properties that will not receive the rebate? 2

 6. Does the Education Property Tax Rebate apply to municipal taxes? 2

 Rebate – Treatment of Various Property Types 2

 7. Will new construction and improvements (supplementary) qualify for the Education Property Tax Rebate? 2

 8. Will new homes with an effective date in 2020 that come on the roll this year receive a rebate? 2

 9. How is the rebate applied to properties enrolled in municipalities’ Tax Instalment Payment Plans (TIPP)? 3

 10. How will Urban Reserves be treated? 3

 11. How is the rebate applied to Community Revitalization Levy Properties? 3

 Rebate – Unpaid Taxes 3

 12. What happens if a property owner is in tax arrears? 3

 13. How will rebates be issued for properties that are currently under appeal? 3

 Rebate – Calculation and Distribution 3

 14. Why are cheques being mailed to property owners instead of reducing their property tax bill? 3

 15. Why mail cheques instead of using direct deposit? 4

 Rebate – Property Ownership 4

 16. For property sales, do municipalities need to indicate the rebate on the Tax Certificate? 4

 17. Is the rebate going to the owner of record at the time the property tax bills are printed, or at the time the cheques are being printed? 4

 18. How will rebate apply to properties with multiple owners? 4

 19. If an owner is deceased, would the deceased person receive the rebate if their name is on the tax roll as the property owner? 4

 20. How will disputes over the allocation of the rebate cheque be solved if there are multiple owners? 4

 21. Where should we direct citizens who have questions about the rebate and phased elimination? 4

 22. Will municipalities receive a list of rebate cheques recipients? 4

 Rebate – Residential Tenants 5

 23. How will residential tenants benefit from the reduction of education property taxes? 5

TABLE OF CONTENTS

Rebate – Other 5

 24. How will reducing EPTCA from \$700 to \$525 affect property tax bills? 5

 25. If a ratepayer does not have to pay education property tax after the EPTCA, will they still receive the additional 25 per cent rebate? 5

 26. Can you confirm how the rebate will be applied when education property taxes are less than \$525? Are those properties still eligible for the rebate? 6

EXISTING TAX CREDITS AND REBATES 6

 27. What changes are being made to municipal tax bills? 6

 28. Is the province ready to print changes on the tax bills or will this delay the receipt of our printed tax bills? 6

 29. What are the anticipated effects of the phase out on municipal budgets? 6

 30. Will the Tax Assistance Office continue to have a role in EPTCA inquiries? Where should municipalities direct taxation related inquiries? 6

IMPACT OF THE PHASED ELIMINATION ON SCHOOL DIVISION FUNDING 7

 31. Does providing the education property tax rebate hamper school divisions’ revenue bases? 7

 32. How is the province supporting the cost of education given school divisions were previously allowed to increase levies by 2 per cent? 7

SUMMARY

The Manitoba government has announced a multi-year phased elimination of education property taxes as part of its commitment under the \$2,020 Tax Rollback Guarantee.

This Frequently Asked Questions document is intended to address operational and administrative questions raised by municipalities. This document will be revised if additional questions from municipalities arise.

If you have additional questions regarding the multi-year phased elimination or the Education Property Tax Rebate, please email mrmca@gov.mb.ca or phone 204-945-2572.

Property owners wanting more information should visit www.manitoba.ca/edupropertytax or call Manitoba Government Inquiry at 204-945-3744 or 1-866-MANITOBA (1-866-626-4862).

EDUCATION PROPERTY TAX REBATE

General

1. What is the Education Property Tax Rebate?

To provide Manitobans with rebates as soon as possible, the Manitoba government passed *The Education Property Tax Reduction Act*. The Act entrenches the 2021 Education Property Tax Rebate in legislation and enables the provincial government to pay out the rebate to property owners.

The Education Property Tax Rebate reflects Manitoba's commitment under the \$2,020 Tax Rollback Guarantee to begin phasing out education property taxes. Property owners will receive an Education Property Tax Rebate cheque to reduce part of their education property taxes.

2. Is there a minimum rebate amount?

Rebate cheques will be issued for amounts of \$2 or more.

Rebate – Eligibility

3. Who is eligible to receive the Rebate?

All properties classes, including residential, farm, and other (e.g., commercial, industrial, institutional, railways, pipelines, designated recreational) are eligible to receive the Education Property Tax Rebate.

Property Class	Education Property Tax Components	2021 Rebate Calculation
Residential and Farm	- Special Levy - Community Revitalization Levy	25% of gross education property taxes
Other (e.g., commercial)	- Special Levy - Education Support Levy - Community Revitalization Levy	10% of gross education property taxes

The following table provides an overview of rebates for all property classes:

Class	Rebate	Class	Rebate
Residential 1	25%	Railway	10%
Residential 2	25%	Institutional	10%*
Residential 3	25%	Higher Education	N/A
Farm Property	25%	Recreation	10%
Pipeline	10%	Other (e.g., commercial)	10%

*applies only to institutional properties that pay education property taxes.

4. What types of properties are included under the “other” property classification?

For the purposes of the Education Property Tax Rebate, “other properties” is a general term used to describe commercial, industrial, railway, industrial, pipelines, and designated recreational properties. These properties will be eligible for a 10 per cent rebate.

5. Are there properties that will not receive the rebate?

Rebates will not be issued to provincial and federal governments and agencies that pay grants in lieu or payments in lieu of taxes. Properties classified as higher education and government, as well as institutional properties that are exempt from education property taxes or pay grants in lieu of taxes will not be eligible to receive the rebate. Properties owned by a municipality within their municipality will also not receive a rebate.

6. Does the Education Property Tax Rebate apply to municipal taxes?

No. Municipal taxes, including frontage levies and local improvements, are not reimbursed through the education property tax rebate.

Rebate – Treatment of Various Property Types

7. Will new construction and improvements (supplementary) qualify for the Education Property Tax Rebate?

Newly constructed and improved properties will qualify for the rebate when they are added to the next annual assessment roll.

8. Will new homes with an effective date in 2020 that come on the roll this year receive a rebate?

Any properties that were previously on the assessment roll will receive a rebate in 2021. Properties that were assessed and added to the regular 2021 assessment roll either through new acquisition or improvements will be included on the 2022 assessment roll and, therefore, eligible for the rebate in 2022 and future years. Any prior assessment rolls related to unimproved or less improved properties will receive the appropriate rebate.

As a continued mechanism to compensate municipalities for administering education property tax system, municipalities will continue to retain the education portion of supplementary taxes for 2021.

9. How is the rebate applied to properties enrolled in municipalities' Tax Instalment Payment Plans (TIPP)?

All residential and farm property owners will receive a full rebate cheque to reduce the gross education property taxes paid by 25 per cent.

For properties enrolled in TIPP, the reduced Education Property Tax Credit Advance (from \$700 to \$525) will be divided equally across payments in 2021.

10. How will Urban Reserves be treated?

Property owned by First Nations and Indian bands are not taxable. However, properties owned by corporations that may be owned by First Nations and Indian bands are taxable. Depending on the property ownership, property owners may be eligible for a rebate if they are a taxable party that pays education property taxes. Urban reserves are expanding in the province and the fiscal implications are under examination. This review is not tied to or based on the rebate.

11. How is the rebate applied to Community Revitalization Levy Properties?

Community Revitalization Levy properties will be treated the same as properties in the same property classification.

Property owners that pay the Community Education Revitalization Levy will be rebated as part of the Education Property Tax Rebate.

Property owners that received a tax increment financing grant will have the grant reduced by the amount of Education Property Tax Rebate they received.

Rebate – Unpaid Taxes

12. What happens if a property owner is in tax arrears?

The province will be providing rebates for all eligible properties, including to property owners whose properties may be in arrears. Properties that remain in arrears continue to be subject to the normal property tax collection procedures available to municipalities under *The Municipal Act*.

13. How will rebates be issued for properties that are currently under appeal?

Municipalities will not be required to deduct rebates from any refund that results from a successful assessment appeal. As the Education Property Tax Rebate is issued by the province, the province will be responsible for recovering any overpayments.

Rebate – Calculation and Distribution

14. Why are cheques being mailed to property owners instead of reducing their property tax bill?

The Education Property Tax Rebate will be universal to all properties. Adjusting the Education Property Tax Credit would not be practical as it is only available on principal residences.

15. Why mail cheques instead of using direct deposit?

Cheques will be mailed by the province and property owners will not be required to submit an application. Direct deposit would require property owners to provide the province with banking information, which would delay payments.

Rebate – Property Ownership

16. For property sales, do municipalities need to indicate the rebate on the Tax Certificate?

No. Tax certificates, by law, must include:

- the annual taxes for the property or business specified in the request, and any amount paid
- any tax arrears owing for the property or business as of the date of the certificate
- whether the lands are assessed for farming purposes under section 17 of *The Municipal Assessment Act*

17. Is the rebate going to the owner of record at the time the property tax bills are printed, or at the time the cheques are being printed?

The rebate will be mailed to the owner of record at the time of printing the property tax bills. If a change in ownership occurs between the mailing of the rebate and receipt of the property tax bill, the two parties involved would be responsible for negotiating the transfer of the rebate amount.

18. How will rebate apply to properties with multiple owners?

The rebate cheque will be mailed to the first owner listed on the property tax roll.

19. If an owner is deceased, would the deceased person receive the rebate if their name is on the tax roll as the property owner?

Yes. If a property owner is deceased and is still named as the property owner, the rebate cheque will be issued in their name. The cheque would then be the responsibility of the estate.

20. How will disputes over the allocation of the rebate cheque be solved if there are multiple owners?

Any disputes about the allocation of the rebate cheque would be resolved by the parties involved.

21. Where should we direct citizens who have questions about the rebate and phased elimination?

Citizens are encouraged to visit www.manitoba.ca/edupropertytax or call 1-866-626-4862 for more information.

22. Will municipalities receive a list of rebate cheques recipients?

Property owners interested in verifying rebate cheque amounts should visit www.manitoba.ca/edupropertytax or call 1-866-626-4862 for help, as rebate amounts will not be shared with municipalities.

Rebate – Residential Tenants

23. How will residential tenants benefit from the reduction of education property taxes?

The *Education Property Tax Reduction Act* also amends *The Residential Tenancies Act* to freeze the rent increase guidelines at zero per cent per cent in 2022 and 2023. The freeze will allow residential rents to adjust to the reduction of the education property tax credit.

Over the last 20 years, rent guideline has increased at an average annual rate of 1.7 per cent. Landlords who apply for above-guideline rent increases will have to demonstrate their eligibility after considering the savings of the new education tax rebate.

Rebate – Other

24. How will reducing EPTCA from \$700 to \$525 affect property tax bills?

In 2021, education property taxes will appear higher than 2020 net taxes because of the reduction in tax credits but the net education property taxes paid will be less after the Education Property Tax Rebate.

Example:

	2020	2021
Annual Education Property Taxes	\$1000	\$1000
Education Property Tax Credit Advance	\$700	\$525
Education Property Taxes Payable on Tax Bill	\$300	\$475
Education Property Tax Rebate to Owner	N/A	\$250
Net Education Property Taxes Paid	\$300	\$225

Some property owners may need to pay a small amount of education property tax after the changes to the EPTCA. However, the rebate cheque mailed to them will completely offset these amounts.

Example:

	2020	2021
Annual Education Property Taxes	\$700	\$700
Education Property Tax Credit Advance	\$700	\$525
Net Education Property Taxes Payable	\$0	\$175
Education Property Tax Rebate to Owner	N/A	\$175
Net Education Property Taxes Paid	\$0	\$0

25. If a ratepayer does not have to pay education property tax after the EPTCA, will they still receive the additional 25 per cent rebate?

Yes. The 25 per cent rebate is calculated based on gross education property tax, before the EPTCA is applied.

26. Can you confirm how the rebate will be applied when education property taxes are less than \$525? Are those properties still eligible for the rebate?

All residential and farm properties are eligible for a rebate of 25 per cent of their gross education property taxes. They will still receive the rebate, in addition to the EPTCA, up to a maximum of \$525 on their tax bills.

Example:

	2020	2021
Annual Education Property Taxes	\$400	\$400
Education Property Tax Credit Advance	\$400	\$300
Net Education Property Taxes Payable	\$0	\$100
Education Property Tax Rebate to Owner	N/A	\$100
Net Education Property Taxes Paid	\$0	\$0

EXISTING TAX CREDITS AND REBATES

27. What changes are being made to municipal tax bills?

In 2021, municipal tax bills will show the 25 per cent decrease in tax credits for credits and rebate that typically show up on the tax bill, such as the Education Property Tax Credit Advance (EPTCA). Information about the Education Property Tax Rebate will also be added to the “Important Messages” section of the tax bill.

The province is supplying municipalities with inserts to be sent with individual property tax bills. The inserts provide general information on the Education Property Tax Rebate. Inserts will be mailed to municipal offices with the printed tax bills.

28. Is the province ready to print changes on the tax bills or will this delay the receipt of our printed tax bills?

The Province is ready to print tax bills that reflect the reduction in the EPTCA, so there should be no delay in sending 2021 property tax bills.

The EPTCA reduction was made through the *School Tax Reduction (2021) Regulation (27/2021)*.

29. What are the anticipated effects of the phase out on municipal budgets?

The phased elimination of education property taxes will not affect the municipal budgeting process. Municipalities still must remit school taxes to school divisions and the province and will continue to retain the education portion of supplementary taxes.

30. Will the Tax Assistance Office continue to have a role in EPTCA inquiries? Where should municipalities direct taxation related inquiries?

Municipalities can direct all inquiries about the phased elimination of education property taxes to www.manitoba.ca/edupropertytax or refer citizens to the Manitoba Government Inquiry at 204-945-3744 in Winnipeg, or toll free 1-866-MANITOBA (1-866-626-4862). The Tax Assistance Office will continue to answer EPTCA and unrelated taxation inquiries.

IMPACT OF THE PHASED ELIMINATION ON SCHOOL DIVISION FUNDING

31. Does providing the education property tax rebate hamper school divisions' revenue bases?

No, because the province has committed to \$1.6 billion in school funding that will ensure school divisions continue to receive appropriate funding levels.

32. How is the province supporting the cost of education given school divisions were previously allowed to increase levies by 2 per cent?

On Feb. 5, 2021 the province announced a Property Tax Offset Grant equivalent to a two per cent property tax increase or \$23 million. This is over and above the \$20.8 million increase (1.56 per cent) for the Funding of Schools Program.