

provincial services. British Columbia's provincial property tax is levied on the assessed value of land and improvements in unorganized (non-municipal) areas at different rates between farmland and wild land.

### 20.6.3 Local taxes

For purposes of financial statistics local government is comprised of three principal categories — municipalities, local school authorities and special purpose authorities. Consequently, local taxes are levied by either one of these entities or by all of them depending upon the taxing powers granted to each of them by their respective provincial legislatures. For more than a century, the main source of revenue of local governments has been related to real properties within their jurisdictions. Various taxes have been gradually implemented to supplement the real property tax from which, however, they still derive the bulk of their revenue.

**Local property tax.** Municipalities throughout Canada levy taxes on real properties situated within their boundaries. Generally speaking, they set the rates and collect the proceeds of their own levy or, in addition, on behalf of other local governments in their area, particularly local school authorities. However, in most of Quebec outside the Montreal area and in the unorganized parts of Ontario, school boards levy and collect their own real property taxes.

The real property tax rate is generally expressed in mills (rate per \$1,000 of the base) or as a rate per \$100 of the base. This base is the assessed value of each property. Methods of determining assessed value vary widely not only among the provinces but also among municipalities within a province. However, for taxation purposes, it is generally referred to as fair market value which is considered to be a percentage of actual market value.

**Business taxes.** Among other taxes that municipalities levy, business taxes rank next to the real property tax as a producer of municipal revenue. Such taxes are levied directly on the tenant or the operator of a business. The bases on which business taxes are levied are very diversified among the provinces. The most common in use are: a percentage of the assessed value of real property, value of stock-in-trade, the assessed annual rental value of immovables and the area of premises occupied for business purposes.

**Water charges.** In general, municipalities recoup all, or part, of the cost of supplying water through special charges for water consumption. Such charges take various forms such as, for example, a water tax based on the rental value of the property occupied, or a charge based on the actual consumption of water.

#### *Sources*

- 20.1 - 20.2.1 Public Finance Division, Institutional and Public Finance Statistics Branch, Statistics Canada.
- 20.2.2 Statistics Section, Consulting and Statistics Division, Systems and Planning Branch, Department of National Revenue, Taxation; Business Finance Division, General Statistics Branch, Statistics Canada.
- 20.2.3 - 20.2.4 Public Finance Division, Institutional and Public Finance Statistics Branch, Statistics Canada.
- 20.3 Information Services Division, Department of Finance.
- 20.4 - 20.5 Public Finance Division, Institutional and Public Finance Statistics Branch, Statistics Canada.
- 20.6 - 20.6.1 Information Services Division, Department of Finance; Information Services, Department of National Revenue, Taxation.
- 20.6.2 - 20.6.3 Public Finance Division, Institutional and Public Finance Statistics Branch, Statistics Canada.