

\$35,000 and six tenths of 1% on anything in excess of that amount; for non-residents the tax is 20% of the purchase price. In addition, Ontario levies a tax of 50% on the increase in value (between April 9, 1974 and the date of sale) on the sale of designated land (all real property except Canadian resource property). In Alberta, a registration fee is charged proportional to the registered value of the land; \$5 for the first \$1,000 and \$1 for each additional \$1,000 up to \$25,000, and 50 cents per \$1,000 in excess of that amount. There is also an Assurance Fund fee charged on transfers of mortgages on the difference between the old registered price and the new registered price at the rate of \$25 per \$1,000 up to \$5,000 and \$1 for each additional \$1,000. British Columbia and Saskatchewan do not have a land transfer tax but have an equivalent in land title fee which is based on land value.

Tax on premium income of insurance companies. As at January 1, 1974, all 10 provinces impose a tax on the premium income of insurance companies. Ontario imposes a tax of 2.5% on the premium income from insurance covering property, fire, inland transport, livestock, plate glass, sprinkler leakage, theft and weather. Premium income from other insurance is taxed at the rate of 2%. British Columbia levies a tax of 2% on gross premiums and 5% on the premiums paid to unlicensed insurers or reciprocal exchanges. All the other provinces tax premium income at the rate of 2%.

Provincial property taxes. Provincial property taxes are levied by New Brunswick at the rate of 1.5% of fair market value on all land and buildings in the province; the same rate of tax is also imposed on business. Prince Edward Island has in operation a program somewhat similar to that of New Brunswick. A tax of 1% is imposed on the fair market value of all real property in the province; a further 1% is assessed against the fair market value of business property. Ontario imposes a property tax of 1.5% of assessed value with a minimum tax of \$6.00 in respect of any land in unorganized (non-municipal) areas. British Columbia also imposes a property tax in unorganized (non-municipal) areas at varying rates ranging from one half of 1% of the assessed value of farm land to 7% for (operating) coal land. The Yukon Territory levies a property tax on the fair value of all real property (non-municipal) at a rate determined each year.

20.6.3 Local taxes

For purposes of financial statistics local governments can be classified into three principal categories — municipalities, local school authorities and special purpose authorities. Consequently, local taxes described below 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.