



# Real Estate Bulletin

RIOPELLE GRIENER PROFESSIONAL CORPORATION

March 2009

## Help clients understand MPAC assessments

MPAC assessment notices continue to confuse people; unfortunately, many clients do not have a thorough understanding of how municipalities arrive at the property tax figures charged to their households.

While the property tax system is based on the practice of collecting taxes based on property values, the municipality plays a critical role in determining the ultimate tax consequence by setting the tax rate for the requisite class of a given property.

It is important to note a property assessment increase does not necessarily mean a tax increase *unless* the market value of the property increased at a higher rate than the average in the municipality.

This knowledge should provide some comfort to those individuals who mistakenly believe that an increase of 30 per cent in their assessed value will result in a 30 per cent property tax increase.

The process begins by determining each property's assessed value. The Municipal Property Assessment Corporation (MPAC) does this for the entire province of Ontario. Each property is assessed at its market value. Property values are then supplied to municipalities on annual assessment rolls.

Municipalities complete the process by applying the appropriate tax rate to the assessed value of the property. Tax rates are determined annually in each municipality, and differ based on the various tax classes (i.e.,

residential, industrial, commercial, etc.).

Municipalities collect taxes on behalf of the province and keep one portion for themselves.

The City of Ottawa maintains approximately two-thirds of your property tax bill for municipal services; about one-third is put aside for the province for education and provincially mandated programs such as social assistance and affordable housing to name a few.

Property taxes are calculated by multiplying the assessed value of the property by the applicable tax rate for the specific tax class. Special area charges and local improvement may apply. The Commercial, Industrial and Multi-Residential tax classes may be subject to additional capping calculations to achieve the current tax levy of the property.

Residential property taxes are calculated using this formula (assuming other charges such as local improvements, municipal drains, or business area improvement charges are not applicable):

- Assessed value x municipal property tax rate = amount of municipal property tax
- Assessed value x education tax rate = amount of education property tax
- Municipal property tax + education property tax = your property taxes.

For assessments affecting the 2009 tax year, requests for reconsiderations can be filed with MPAC anytime before March 31, 2009 and notices of complaint must be filed with within 90 days of receiving your request for reconsideration decision from MPAC.

More information is available on the MPAC website at [mpac.ca](http://mpac.ca). If you have questions, please contact our office.

Regards,  
**Paula Riopelle**

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