Minimum Tax – Section 357 of the Municipal Government Act (MGA)

Situation:

Can municipalities apply a minimum tax to all properties in addition to the tax rate?

Interpretation:

Section 356 of the MGA sets out the general method for calculating property tax.

The amount of tax to be imposed in respect of a property is calculated by multiplying the assessment for the property by the tax rate to be imposed on that property.

There is a special provision in the MGA that allows for a minimum property tax as follows:

“357(1) Despite anything in this Division, the property tax bylaw may specify a minimum amount payable as property tax.

(2) If the property tax bylaw specifies a minimum amount payable as property tax, the tax notice must indicate the tax rates set by the property tax bylaw that raise the revenue required to pay the requisition referred to in section 326(a)(ii).”

There is no authority in the MGA to allow for both a minimum tax levy and a tax rate being applied to a property.

A minimum amount is a minimum amount, not a fixed surcharge on all taxpayers. Therefore, our interpretation of section 357 of the MGA is that it is to enable a municipality to set a floor tax amount so that the tax imposed on each property is at least that amount. This permits a municipality to realize additional revenue only from those properties where the calculated tax rate multiplied by the assessment is lower than the minimum amount payable as property tax. Once the tax imposed on a property under section 356 exceeds the minimum amount payable, section 357 does not apply to that property.
In accordance with section 357(2) of the MGA, if the property tax bylaw does specify a minimum amount payable as property tax, the tax notice must indicate the tax rates set by the property tax bylaw to raise the revenue required to pay the school requisitions.

NOTE: This is for information only. For specific legal advice, please consult your lawyer.