



Small Business Tax Reform

Overview of Commercial Property Tax Issue & Advocacy Campaign Proposal

Issue:

Commercial properties represent approximately 7% of the total properties in Vancouver, yet are responsible for 43% of the total share of the municipal property tax burden. Similar ratios exist throughout the province. Furthermore, many commercial properties pay taxes on not only the value of their premises, but on the value of the redevelopment potential ([airspace above their shops](#)) as well, which is often residential, but taxed at the commercial rate at upwards of 4.5 times the residential rate (varies amongst municipalities). Recently, the provincial government also introduced the application of the Speculation and Vacancy Tax (SVT) and Additional School Tax (AST) on eligible commercial properties.

Tax equity and fairness has long been an issue facing small and medium-sized businesses, but has reached a critical point as businesses try to recover from the impacts of the pandemic. Supporting near and long-term small business viability and resiliency is long overdue and immediate and permanent changes to the provincial property valuation system is required.

Current Government Response:

Commercial property valuation is a complex issue; and political will to address the underlying problem of highest and best use has been lacking. Rather, politicians are focused on property ownership and the passing along of property taxes onto business tenants through triple net lease agreements. The introduction of a commercial tenancy act similar to the residential tenancy act has been discussed, but is not a viable solution, nor is implementing measures that prevent property owners from passing on property taxes to tenants. The Province did introduce an interim property tax solution in 2019 for municipalities to use at their discretion, however, this was not seen as effective and therefore not implemented by any municipalities across the province.

Proposed Campaign:

The proposed campaign is timed to lead up to the October 2022 municipal elections. Paul Sullivan, of Ryan Canada, is proposing to represent BIA's and their business taxpayers in a multi-faceted approach to achieve permanent commercial property tax reform. The campaign depends on collaboration with BIAs and business taxpayers in general. The proposed tax reform strategy is intended to launch in September of 2021 and includes the following strategies:

1. Lobby for legislative change to achieve lower taxation and valuation on existing use, which includes 3 options:
 - New mill rate applied to interim use properties
 - Split assessments in legislation
 - Going concern value only
2. Continue with assessment appeals on the issue of highest and best use and how to properly value these properties for tax purposes
3. Advocate for the return of the commercial vote ([business had a vote up until 1993](#))
4. Public education campaign on tax equity and fairness

Paul recently presented a **webinar** to BIABC members. A recording can be viewed [here](#) and additional information about the campaign can be found [here](#).

About Paul Sullivan and Ryan Canada:

Ryan's Canadian practice has supported multinational companies across Canada with a suite of provincial, federal and international tax services. As commercial property tax agents, Ryan sees advocacy as a key role in our client representation services.

Paul Sullivan is the most renowned property tax specialist in British Columbia. Every year, Paul and his team save clients millions of dollars in annual property taxes. He not only negotiates on clients' behalf; he appears as an advocate during BC Assessment appeals process. Paul is a popular speaker at BIABC conferences, explaining BC's complex tax structure and its impacts on small business. Paul's full credentials can be found [here](#).

Examples of Paul's advocacy work:

Media Release – [Property Tax Pains Forcing Business Out of Business](#)

Global News – [June 23, 2021](#)

CKNW – [June 22, 2021](#)

What can you do right now?

1. Review the proposed campaign with your boards to determine support.
2. Share your feedback about the campaign with BIABC: info@bia.bc.ca
Please share by August 13, 2021.

What will BIABC do?

1. Review feedback regarding campaign
2. Design a strategy in consultation with BIAs and Paul Sullivan