

RENEW THE COVID SCHOOL TAX CUT AND EMPLOYER HEALTH TAX DEFERRALS

Opening Statement

As the COVID-19 pandemic persists and public health orders continue to restrict regular business activity, the provincial government can further support the BC business community by renewing two tax cuts and deferrals it introduced last year, specifically reducing school taxes and deferring the due dates of the employer health tax.

Background

Reducing Property Taxes via the School Tax

In 2020, the provincial government reduced the amount of school tax it levied on commercial properties in classes 4, 5, 6, 7 and 8. Initially, the province reduced the school tax by 50% for classes 4, 5, and 6 only, and then on April 16, 2020 announced a further reduction of school taxes for property classes 4, 5, 6, 7 and 8. As school tax makes up a significant portion of municipal tax bills, this cut in the school tax was sufficient to achieve an average 25% reduction in the total property tax bill for commercial properties across BC.

This was a meaningful reduction in expenses for businesses, allowing them to bolster cash flow and better mitigate the impacts of COVID-19. Renewing this tax cut for 2021 would provide an underpinning to the local business community by offering real savings which can be then redirected instead to the cost of resuming more normal operations post-pandemic.

Provide Deferred Installments for the Employer Health Tax

In 2020, the provincial government allowed businesses which pay the Employer Health Tax in quarterly installments to defer those payments until December 31, 2020, January 31, 2021, February 28, 2021, and March 31, 2021. This allowed businesses the flexibility to manage their cash flow and make these payments at a time when this cost would cause the least disruption to the business.

As the Employer Health Tax remains a net, new tax recently imposed on businesses, and as the provincial government has yet to increase the payroll exemption threshold to prevent more small businesses from being subject to the tax, the province should support employers in 2021 by providing businesses the option to again defer payments until late 2021-early 2022.

THE BURNABY BOARD OF TRADE RECOMMENDS

That the Provincial Government:

1. Reduce the provincial school tax levied on commercial properties in classes 4, 5, 6, 7, and 8 in 2021 by an amount that would result in an average 25% reduction in overall commercial property tax bills for BC businesses.
2. Allow businesses and non-profits which pay the Employer Health Tax in quarterly installments to delay those payments until December 31, 2021, January 31, 2022, February 28, 2022 and March 31, 2022.