

How is Tax Calculated?

It is important to remember that your Tax Notice has both Municipal Taxes and School Taxes on the notice. The Municipality must remit the school portion of your payment to the Government of Saskatchewan and **does not keep** any portion of it for the RM's use. Also, the RM of Martin has a 3% discount on taxes (including school) for the month of August only.

In the following example this property has a house on it and has some other farm land that reduces the Taxable portion of the house (exempt portion using the 293 exemption). It does not fully exempt the house from taxation as in this case the farmer does not rent or own enough land to exempt the entire amount of the house.

From the Assessment Notice:

Assessment Type	Assessed Value	Taxable	Exempt	Total
Land	116,300	53,175	0	53,175
Impr	305,200	118,475	125,685	244,160

In the example above this quarter of land has a house (impr = improvement). When calculating tax, the first thing that is important to know is that the Assessed Value is a value that is determined by SAMA and is a median value of comparable properties in the province. Assessed Value does not mean that is what you would sell the property for but rather it is long-term value of property. Municipalities do not use the Assessed Value when calculating taxes but rather use a percentage that is determined by the Government. There are different taxable percentages depending on the type of land (Pasture/non-arable land 45%; Residential 80%, Cultivated/farm land 55% and Commercial 100%). What this means is that the pre-determined percentages are applied to the Assessed Value to get the Taxable Value that the municipality would use to calculate taxes.

For instance in the example above the "Land" Assessed Value is made up of \$113,900 Non-Arable Land + \$2,400 Residential land = \$116,300. To calculate the Taxable Value:

$$113,900 \times 45\% = 51,255 \text{ you will see this amount on the Tax Notice}$$
$$2,400 \times 80\% = 1,920 \text{ which equals } \$53,175 \text{ taxable land portion}$$

$305,200 \times 80\% = 244,160$ taxable value BUT in this case the property owner has a 293 Exemption (other land that can be used against the taxable portion) of \$125,685. Therefore in this case the taxable portion is $244,160 - 125,685 = 118,475$ these 2 amounts are combined and you will see them on the Tax Notice.

Below is an excerpt from the Tax Notice for the property we discussed above. In the example below the Mill Rate is 10.25%. Municipalities have “tax tools” they can use to make taxes fair for all classes (farmers, commercial, etc). Mill Rate Factors are tools that are multiplied by the Mill Rate to either increase or decrease the Mill Rate for certain types of property. In the example below the Land portion has a Mill Rate Factor of 0.55 and the Residential portion has a Mill Rate Factor of 0.58. Basically, a Mill Rate Factor “changes” the Mill Rate (ie $10.25 \times 0.55 = 5.64$ – it is lowering the Mill Rate in this example). Commercial currently has a Mill Rate Factor of 1.62 which is basically increasing the Mill Rate (ie $10.25 \times 1.62 = 16.61$). NOTE: currently the School Divisions have a Mill Rate of 1.43 for Agriculture, 4.12 for Residential and 6.27 for Commercial. School Division Mill Rates are calculated separately from Municipal. The Minister of Education sets the school division mill rates and the rates are the same for the entire province.

From the Tax Notice:

AGRICULTURAL	0.5500	51,255	100 - MUN	288.95			
			200 - #209	73.29			
RESIDENTIAL	0.5800	120,395	100 - MUN	704.33			
			200 - #209	50.00	(Minimum Tax - Land)		
				496.03			
Total:		171,650		1,612.60	0.00	0.00	1,612.60

The basic tax calculation formula: $\frac{\text{Taxable Value} \times \text{Mill Rate} \times \text{Mill Rate Factor}}{1000}$ (if applicable)

In the example above here is how the Taxes were calculated:

Agriculture: $\frac{51,255 \times 10.25 \times 0.55}{1000} = \288.95 Municipal Portion

Agriculture: $\frac{51,255 \times 1.43}{1000} = \73.29 School Portion

Residential: $\frac{118,475 \times 10.25 \times 0.58}{1000} = \704.33 Municipal Portion

Residential: $\frac{1,920 \times 10.25 \times 0.58}{1000} = \11.41 Municipal Portion ** Because the RM has minimum tax of \$50 instead of being Charged \$11.41 the \$50 applies. If the amount was over \$50 then the calculation would apply

Residential: $\frac{120,395 \times 4.12}{1000} = \496.03 School Portion

Farm Residences

The first farm residence's taxable assessment may be lowered by the taxable assessment (293 2(e) Exemption) of any farm land that you own within this RM and also any land you own or rent in the surrounding (touching) rural municipalities (if not used already used in the other RM). NOTE: 3 acres of every residence is taxable.

So let's say you have a house that is assessed at 100,000.

80,000 of that house is taxable (100,000 x 80%).

That means your taxes will be calculated using 80,000.

Because you own other farm land we may lower the value that we use to calculate your tax by as much as your taxable assessment of farm land.

EXAMPLE: if you have 4 quarters and each quarter has a taxable assessment of 60,000 then I could make your house exempt from tax because $80,000 - 60,000 - 60,000 = 0$ (actually more than zero).

If your house is taxable it is because you do not have enough taxable assessment to write down the assessment.

Any other residence is fully taxable and cannot have the 293 Exemption applied to it. The only time subsequent residences are not taxable is if they are vacant.

Section 293 of *The Municipalities Act*:

(2) In addition to the exemptions provided for by section 292, the following are exempt from taxation in rural municipalities:

- (a) unoccupied buildings that are residential in nature and that are situated on land;
- (b) buildings that are used to grow plants in an artificial environment;
- (c) improvements, other than dwellings, that are used exclusively in connection with the agricultural operation that is owned or operated by the owner or lessee of the improvements;
- (d) the portions of improvements, other than dwellings, that are:
 - (i) used partly in connection with the agricultural operation that is owned or operated by the owner or lessee of the improvements and partly for other purposes; and
 - (ii) determined by the Saskatchewan Assessment Management Agency to be attributable to that agricultural operation;

- (e) a dwelling that is situated outside of an organized hamlet or an area established pursuant to clause 53(3)(i) and occupied by an owner or a lessee of land, to the extent of the amount of the assessment of the dwelling that does not exceed the total of the assessments of any land in the rural municipality or in any adjoining municipality that is owned or leased by:
- (i) the occupant, the occupant's spouse or both of them;
 - (ii) subject to subsection (3), a partnership of which the occupant is a partner; or
 - (iii) subject to subsection (3), a corporation of which the occupant is a shareholder.
- (3) For the purposes of clause (2)(e):
- (a) the assessment of land owned or leased by:
 - (i) a partnership of which any person who is an occupant is a partner is deemed to be that portion of the actual assessment of the land that bears the same relationship to that actual assessment as the number of persons who are the occupants and who are partners in the partnership bears to the highest number of partners in the partnership at any time in the taxation year; or
 - (ii) a corporation of which any person who is an occupant is a shareholder is deemed to be that portion of the actual assessment of the land that bears the same relationship to that actual assessment as the number of shares of the corporation held by persons who are the occupants bears to the highest number of issued shares of the corporation in the taxation year; and
 - (b) if more than one dwelling described in clause (2)(e) is owned or leased by any of the persons mentioned in subclauses (2)(e)(i) to (iii), clause (2)(e) applies:
 - (i) if the dwellings are in the same rural municipality, only to the residence with the greater assessment; and
 - (ii) if the dwellings are in adjoining municipalities, with respect to each dwelling, only to the amount of the assessment that does not exceed the total of the assessments of any land in the rural municipality in which the dwelling is located that is owned or leased by one or more of those persons.
- (4) A lessee is only eligible to receive the exemption provided for by clause (2)(e):
- (a) with respect to land leased from an owner who is not eligible to receive the exemption; and
 - (b) with respect to land leased from an owner who is entitled to the exemption, if the owner or lessee provides to the assessor, on or before March 31 in any year, a copy of the lease and a written notice signed by the owner stating that the owner has agreed that the lessee is to receive the exemption.
- (5) If a written notice has been provided to the assessor pursuant to clause (4)(b), the lessee continues to receive the exemption until the owner or lessee provides to the assessor a written notice, signed by the owner, rescinding or amending the previous notice on or before March 31 in the year in which the rescission or amendment is to be effective.
- (6) If the lease provided to the assessor pursuant to clause (4)(b) is amended, the lessee shall promptly provide the assessor with a copy of the lease as amended.