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Frequently Asked Questions (FAQs)

1. Why are New Brunswick residents being double taxed?

NBAOA has been asking our elected officials why the double tenant tax is needed since 2005. We believe double tenant taxation is unjust. It is a serious problem that must be fixed now. In New Brunswick there are two types of property taxes – provincial and municipal. People who rent their living accommodations must pay both types of taxes. On the other hand, people who own the homes they live in receive a provincial tax credit that effectively erases all New Brunswick property tax. For homeowners this works out to be less than half the property tax rate tenants must endure.

2. What is the difference between owner-occupied and non owner-occupied properties?

Double taxation affects non owner-occupied properties. It is an unjust practice that must be stopped. People who live in homes they own reside in owner-occupied residences. The term non-owner occupied applies to properties where the owner is not a primary resident. Apartment buildings, cottages or other investment properties are classified non owner-occupied.

3. Why is eliminating the double tenant tax important?

Double tenant taxation is unjust. New Brunswick is taxing the people who can least afford it twice that of the average homeowner and double what other Canadian tenants pay. It is a serious problem in New Brunswick that must be fixed now. Why should those who cannot afford to purchase their own home be forced to subsidize homeowners? New Brunswick's tenants are carrying a disproportionate amount of the tax burden. For example, more than two months' rent goes to paying property taxes in this province.

4. What does NBAOA recommend as a solution to double tenant taxation?

NBAOA has been fighting the double tenant tax since 2005. The practice of double tenant taxation must be stopped. It is unjust and it ends up hurting those who can least afford to be taxed twice.

The NBAOA recommends the following:

- Eliminate the double tenant tax on non owner-occupied properties on a three-year phased in basis.
- Freeze rental rates during the three-year phase in.
- Implement a mechanism that deals with landlord hardship cases or instances where improvements are made to properties that benefit tenants.
- Make up for lost revenues in a manner shared by all taxpayers in New Brunswick, not only a few. Do not target the already sensitive owner-occupied property tax base.

5. How can we ensure landlords will pass savings along to tenants?

We are recommending a rent freeze during the three-year phase out of double tenant taxation. Currently, the provincial portion of property taxes costs New Brunswick tenants about \$60 per month and the average annual rent increase is approximately \$20 – one third of annual provincial property taxes.

By phasing out the double tenant tax over three years, landlords can save an average of \$20 per unit per month and pass those savings on to tenants through the rent freeze, thus avoiding rent increases for the next three years. Based CMHC reports rental rate research, this rent freeze could result in comparable savings to tenants. Rentalsmen are in place to field any complaints about non-compliance.

6. How does New Brunswick's double tenant tax system compare to the rest of Canada?

You won't find this system of double tenant taxation anywhere else in Canada. This is not something uniquely New Brunswick to be proud of. Double tenant taxation is unjust. It is a serious problem in New Brunswick that must be fixed now. It targets the poor and prevents economic growth. New Brunswick tenants pay the highest property tax on apartments in the country.

An apartment building assessed at \$160,000 in Saint John is charged over \$5,000 in property taxes. A similar building in Vancouver assessed at more than \$600,000 pays about \$2,000 a year in property tax.

7. How is the issue of double taxation associated with the property assessment issue?

The issues of property assessments and double taxation are closely related, but only because assessments are used to calculate how much property tax must be paid. The reverse is not true – double taxation does not impact property assessment. Double tenant taxation takes from those that can least afford to be taxed twice. It is totally unjust and it can prevent New Brunswick from growing its economy and population.

8. How is double tenant taxation negatively impacting New Brunswick's economic growth?

New Brunswick's double tax is preventing growth. Economic development cannot proceed unless we have a tax system that makes sense. Double taxation currently applies to all non owner-occupied properties. This category encompasses apartment buildings, summer homes and cottages, investment properties and so on. Developers cannot revitalize urban cores with infill rental and business units if tax practices make rental property development financially impossible. The tourism industry will not grow if entrepreneurs cannot afford to pay tax on vacation rental property developments. Immigration and migration are keys to growing our economy and studies show that newcomers live in rented housing for about three years after arriving in New Brunswick.

9. Who is NBAOA and what is your mandate?

The New Brunswick Apartment Owners Association (NBAOA) is a non-profit group incorporated in 2006 with about 400 members, representing apartment owners and managers. NBAOA exists to represent apartment owners and managers in New Brunswick. Elected board members listen to concerns from the membership and communicate them to members of the municipal, provincial or even federal governments. There are a number of committees for members to be involved with and everyone must abide by a code of ethics.

The most important mandate of the NBAOA is currently the elimination of double tenant taxation in New Brunswick. Double tenant taxation is unjust. It is a serious problem that must be fixed now.

10. Why is NBAOA taking a stand on double tenant taxation?

Double tenant taxation is unjust. It is a serious problem in New Brunswick that must be fixed now. More than 50% of the expenses associated with being a landlord go toward paying property taxes – an expense that is passed on to tenants.

Tax from non owner-occupied properties will be \$62 million for 2009-2010 – less than one per cent of the \$7 billion in provincial revenue. With about 250,000 people in New Brunswick rent their living accommodations, something must be done to help such a large group affected by this tax imbalance.

11. What if the municipalities raise their tax rates in response to eliminating the double tenant tax?

That's what we're looking to the government and the municipalities to solve together. We need them to come up with a solution that does not put tenants in the middle of a jurisdictional battle between the municipalities and the province. That has been the case for far too long. The province and the municipalities must work together.

Double tenant taxation is unjust, it takes from those who can afford it least and it prevents economic growth in New Brunswick.