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## Property Tax Reference Guide

This property tax reference guide provides a brief overview of the assessment and property taxation systems in Ontario. This reference guide was originally included in the 2023 Annual Strategic Property Tax Study [Report #2023-F-8](#) (Attachment #2 starting on page 26) and provides additional background on assessment and property taxes including information on key terms, roles and responsibilities, historical information and various tax policy items. Some of the information in this original 2023 guide has been updated based on more current data.

Municipal property taxes are intended to fund municipal services under the rules legislated by the Province. The relatively simplicity of the system (when compared to the complexity of senior governments income and value added tax systems) ensures municipal transparency and accountability. The current system involves a small number of property classes with corresponding municipal tax ratios and rates.

This simple transparent system used to allocate the cost of municipal services across property owners also has inherent limitations. It is a very blunt tool lacking an effective ability to target specific individuals and/or groups with the major system parameters defined by the province and outside of municipal control.

The system is also what is referred to as a zero-sum game, meaning that any benefit (tax reduction) delivered to one group must be funded by a corresponding increase for some other group. Similarly, a reassessment does not result in an increase in municipal taxation, rather the property taxes are redistributed amongst the various individual taxpayers with the overall revenue to the municipality remaining the same.

The following are the key topics covered in the reference guide:

1. Key Terms
2. Roles and Responsibilities
3. Durham Region Policy Considerations
4. Major Milestones in the Past 25 Years
5. Reassessment and Impacts
6. Municipal Tax Ratios
7. Durham Region Municipal Tax Ratio History (1998 - 2022)
8. Factors that Affect Property Taxation Rates
9. Durham Common Region-Wide Property Tax Rates
10. Residential Property Tax Bill Overview
11. Other Resources

Some information contained in this reference guide pertains to the years 2021 and 2022 including the composition of Durham Region's assessment base. This information will be updated following the next reassessment. Additional current information is available in the Annual Strategic Property Tax Studies.

## 1. Key Terms

Abbreviation	Term	Definition
<b>RTC and RTQ</b>	<b>Property Classes and Subclasses</b>	<p>MPAC will assign parcels of a property to specific property classes (designated by a realty tax class (RTC)) and a subclass (designated by a realty tax qualifier (RTQ)).</p> <p>Property tax rates vary for the different RTC/RTQ classifications based on the municipal tax ratios.</p>
<b>MTR</b>	<b>Municipal Tax Ratio</b>	<p>A municipal tax ratio is the degree to which an individual property class is taxed relative to the Residential class.</p> <p>If the Commercial municipal tax ratio is 1.45, then its municipal property taxation rate will be 1.45 times the residential class municipal property tax rate.</p> <p>Provincial education property taxes are not affected by municipal tax ratios.</p> <p>The setting of municipal tax ratios applicable to the the lower tiers is the responsibility of the upper tier within the parameters set by the province.</p> <p>Through the Region's annual Strategic Property Tax Study, Regional Council reviews and approves Durham's municipal tax ratios. The annual Property Tax Study also includes a comparison of municipal tax ratios to municipal comparators.</p>
<b>CVA</b>	<b>Current Value Assessment</b>	<p>The CVA method is used in most North American jurisdictions and involves the analysis of comparable properties. It looks at all the key features that affect market value.</p> <p>The CVA should be representative of the value of the property in an arm's length sales transaction on the valuation date.</p>
<b>Average Home</b>	<b>Average Region-Wide Residential Home</b>	<p>The average single family detached home as classified by MPAC (301 code) on the valuation date and increased by the Regional residential average valuation changes across the phase-in cycle.</p> <p>The Average Region-Wide Residential Home has been used by Region of Durham to measure and present reassessment, taxation policy change and budgetary impacts since the year 2000.</p> <p>For the 2016 valuation year and the taxation years 2020-2026 the Average Home had a CVA of \$483,100 and will pay, on average, regional property taxes of \$3,735 in 2026.</p>

## 2. Roles and Responsibilities

Organization	Responsibility
<b>Province of Ontario</b>	<p>Creates the legislation (laws/rules) that govern the assessment and property tax systems – primarily through the <i>Municipal Act, 2021</i> and the <i>Assessment Act</i>.</p> <p>Sets educational property tax rates which, in 2025 raised approximately \$285 million or 14.9% of all property taxes in Durham Region.</p>
<b>Upper Tier or Regional Municipalities</b> (Durham Region)	<p>Sets taxation policy (primarily municipal tax ratios) within provincial parameters to be followed by lower tier municipalities.</p> <p>Sets regional property tax rates to fund property tax supported Regional services which, in 2025, raised approximately \$985 million or 51.7% of all property taxes in Durham Region.</p>
<b>Lower Tier or Local Area Municipalities</b> (Pickering, Ajax, Whitby, Oshawa, Clarington, Scugog, Uxbridge & Brock)	<p>Administers all property tax billing and collections.</p> <p>Management of the assessment base including filing of property tax appeals and representing municipal and school board interests in assessment appeals.</p> <p>Sets local property tax rates which, in 2025 raised approximately \$637 million collectively or 33.4% of all property taxes in Durham Region.</p>
<b>Municipal Property Assessment Corporation</b> (MPAC)	<p>MPAC is legislatively responsible for assessing and classifying more than five million properties in Ontario.</p> <p>Municipalities must use this information to set and bill the property taxes needed to pay for community services.</p> <p>MPAC completes a four-year reassessment cycle with a Provincial legislated valuation date.</p> <p>MPAC is funded by upper and single tier municipalities in the province.</p>
<b>Assessment Review Board (ARB)</b>	<p>An independent adjudicative tribunal established under the <i>Assessment Act</i> that decides assessment and classification disputes in Ontario.</p>
<b>Taxpayer</b>	<p>The legally registered owner of the property who is billed and pays property tax.</p>

### 3. Durham Region Policy Considerations

- The upper tier is assigned responsibility for property taxation policy, by the province, in a two-tiered municipal environment. The primary tool for taxation policy is the municipal taxation ratio which is discussed in more detail in Section 6 of this reference guide.
- The following factors have historically been considered when evaluating potential property tax policy options or changes in Durham Region:
  - **Taxpayer Equity** – property tax policy should treat similar regional taxpayers in a similar fashion regardless of geographic location or property tax class.
  - **Market Effects** – tax policy should not unduly affect or distort business and investment decisions.
  - **Property Tax Competitiveness** – consideration should be given to the impact property tax policy has on the Region’s overall competitiveness relative to other jurisdictions.
  - **Impact on Property Owners** – prior to adopting any new policy or policy change, a complete understanding of the properties affected, and the extent of that affect must be considered.

### 4. Major Milestones in the Past 25 Years

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*A well-functioning, up-to-date assessment system is the foundation of the municipal tax system that supports strong, vibrant and growing communities.*

Association of Municipalities of Ontario (AMO) January 2023

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#### **1998:**

The province introduced the Current Value Assessment (CVA) System in an effort to realign municipal property taxes more closely to market values. The province also made single and upper tier municipalities responsible for taxation policy in their jurisdictions within the parameters set by the *Municipal Act, 2021* and the *Assessment Act*.

The province subsequently and retroactively imposed a “Capping” program which limited reassessment related tax increases on non-residential properties with financing for the protection granted under this mandatory program obtained by withholding (clawing back) an equivalent amount from other property owners who experienced a decrease in taxes as a result of the reassessment.

The capping regime was completed in Durham Region (2020/2021) and non-residential property taxes in the Region are no longer adjusted under this program.

#### **2002:**

Regional Council adopted the Long-Term Strategic Property Tax Plan to address equity and competitive issues in Durham. Municipal property tax ratios were adjusted each year from 2001-2007 to achieve the long-term objectives of the Plan of simplicity and transparency .

**2005:**

The Region of Durham commenced a phase-in reduction of the Farmland municipal tax ratio with the objective of reducing municipal taxes on farmland by 20 per cent over the ensuing three years (2005-2007).

**Reassessments:**

Since the introduction of the CVA System in 1998, the province has continuously altered the assessment cycle duration and parameters including the current three-year reassessment postponement. The Regional assessment base has been updated as follows.

<b>Valuation Date</b>	<b>Taxation Years</b>
January 1, 1997	1998 – 2000 (3 years)
January 1, 1999	2001 – 2002 (3 years)
January 1, 2001	2003 (1 year)
January 1, 2003	2004 – 2005 (2 years)
January 1, 2005	2006 – 2008 (3 years)
January 1, 2008	2009 – 2012 (4-year phase-in)
January 1, 2012	2013 – 2016 (4-year phase-in)
January 1, 2016	2017 – 2026 (4-year phase-in from 2017 to 2021, the Provincial government has continuously postponed the 2020 reassessment)

## 5. Reassessments and Impacts

A reassessment is revenue neutral to individual municipalities as the overall increase in the assessment base due to a reassessment is compensated for by the discounting of the previous year tax rate.

Although overall it is revenue neutral, reassessment does result in tax shifts between properties, within and across property tax classes, and in the total Regional taxes generated from individual local area municipalities.

- A property's individual reassessment impact is based on its CVA change relative to the weighted average change of all taxable properties (referred to as the Taxation Average).
- Further, each taxation tier (regional municipal, local municipal and provincial education) will have a different Taxation Average, as each assessment base is different.
- Therefore, an individual property will experience three different reassessment related changes (one for each tier of taxation). The detailed formula to calculate a property reassessment impact for an individual taxation tier is as follows:

$$\text{Property Reassessment Impact} = \frac{\text{Property's CVA Change} - \text{Taxation Average}}{\text{One} + \text{Taxation Average}}$$

## 6. Municipal Tax Ratios

### What They Are:

A municipal tax ratio is the degree to which an individual property class is taxed relative to the Residential class. If the Commercial municipal tax ratio is 1.45, then its municipal property taxation rate will be 1.45 times the residential class property tax rate.

Municipal tax ratios impact the relative shares of property taxes from each property tax class and subclass. Higher non-residential municipal tax ratios result in non-residential property tax classes funding a greater share of the property tax requirements.

### How We Got Them:

Municipal tax ratios were created in 1998 to accommodate the change from the old assessment system to the new provincially mandated CVA system. The old assessment system never intended to tax various classes differently as there was only a single residential/non-residential variance factor used pre-1998.

However, properties in the different classes appreciate differently over time and the new CVA system (which updated all properties to a common valuation date) made these differences apparent and would have resulted in significant property taxation shifts across all property tax classes without the provincial mandated ‘transition’ ratios to ensure overall property class tax load remained the same post implementation (1998).

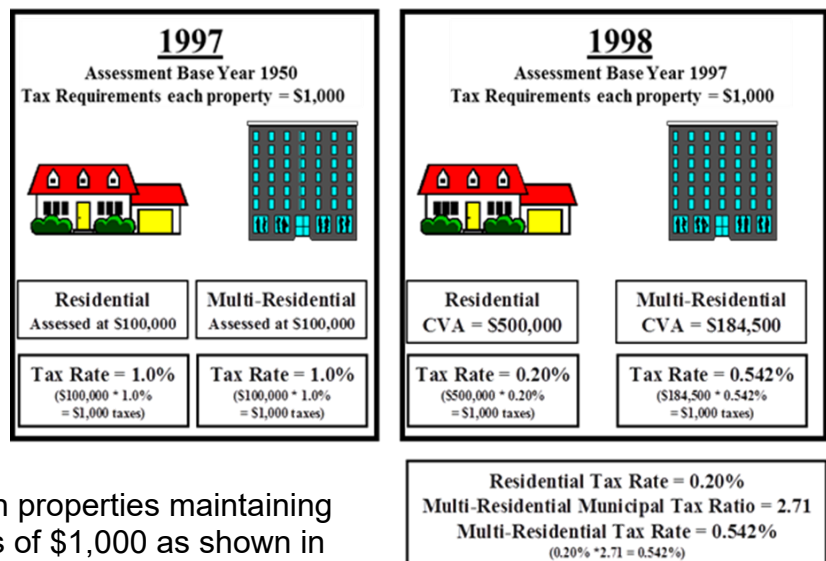
For example, assume there are only two properties, as shown in Figure 1, one residential and one multi-residential with a 1950 assessment base year. In 1950, each property was valued at \$100,000 and each was required to pay \$1,000 in property taxes.

When the assessment values were updated to a January 1, 1997, valuation date, the difference in the appreciation of the properties over the previous 48 years becomes apparent as the Residential property has risen to \$500,000, while the multi-Residential property has only increased to \$184,500.

To avoid significant taxation shifts across these two classes, a municipal tax ratio of 2.71 must be implemented.

The use of the ratio results in both properties maintaining the previous year’s property taxes of \$1,000 as shown in Figure 1.

**Figure 1**



**Who Sets the Municipal Tax Ratios:**

In the case of a two-tier municipal structure such as Durham Region, the province, in 1998, provided the upper tier municipality with the responsibility to set the municipal tax ratios. The lower tier municipalities must use these municipal tax ratios in the setting of their own tax rates.

Since 1998, Durham Region has always set its municipal tax ratios in consultation with the Treasurers of the lower tier municipalities.

**How Can Municipal Tax Ratios be Changed:**

The province will generally allow municipalities (upper or single tier) to lower but not increase the municipal tax ratios unless the movement is within the range of fairness set by the province. The range of fairness (0.90 to 1.10) range is very constrained, and the vast majority of Ontario municipalities' municipal tax ratios are outside of the range.

Exceptions to increasing the municipal tax ratios have been made in reassessments where the province has provided municipalities with the flexibility to increase ratios to offset the reassessment effects only.

**What Are the Impacts of Changing Municipal Tax Ratios:**

Changes in municipal tax ratios are revenue neutral with respect to the overall property taxes of a municipality.

- A lowering of the municipal tax ratio for one property tax class will result in a lowering of its overall property taxation; however, the lost property taxes from this property tax class will be funded by an increase in the property taxes for all other property tax classes.
- This is similar to the property taxation impact of a reassessment where the aggregate property taxes remain the same, but property taxation shifts occur amongst the individual property tax classes.

The property tax shifts across the property tax classes for the upper tier will be the same across all lower tier municipalities due to the common upper tier taxation rates. However, the property tax shifts across the property tax classes in an individual lower tier will vary depending on the share of target property tax class assessment within that lower tier municipality.

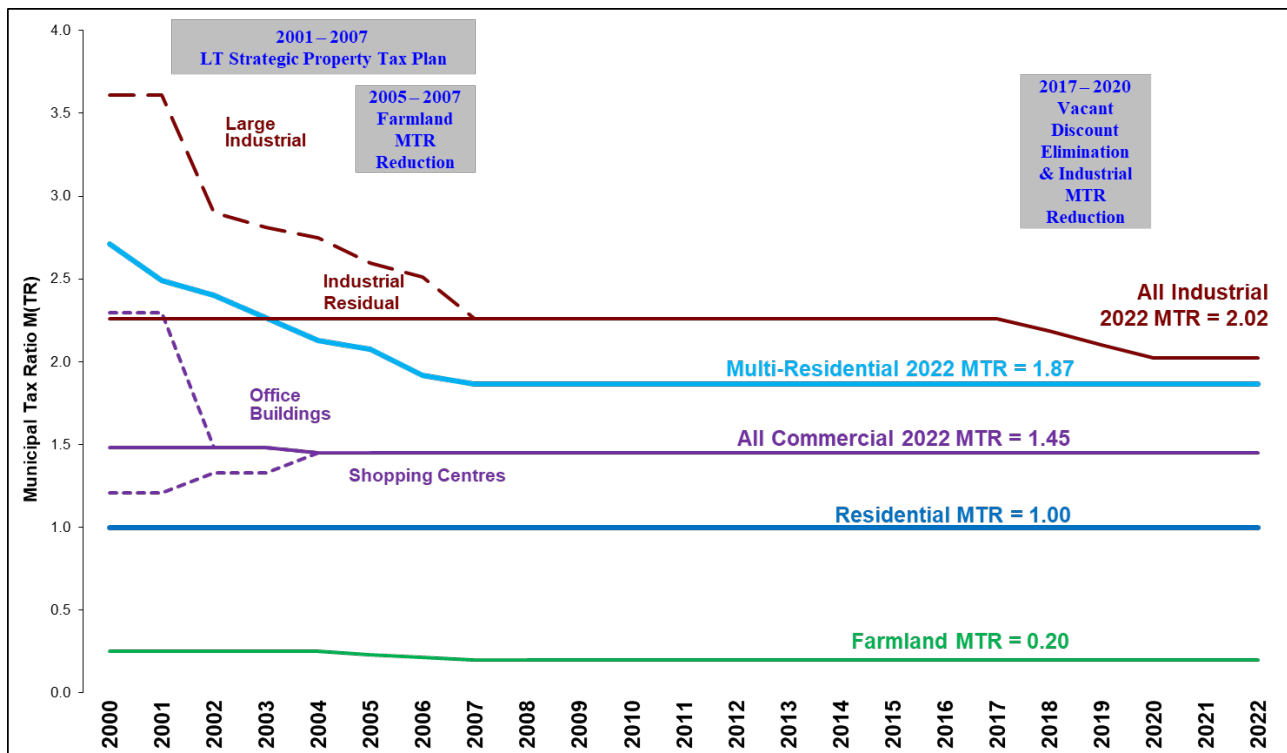
- For example, the lowering of the Multi-Residential and Large Industrial municipal tax ratios in 2007 resulted in an increase in Regional property taxes of approximately 0.4 per cent for all other property tax classes. However, the percentage increase on the other property tax classes with respect to the City of Oshawa local property taxes were higher due to the City of Oshawa having a higher than average share of assessment in those two property tax classes.
- Conversely, the lowering of the Farmland municipal tax ratio in 2007 resulted in very small increases in the four western lakeshore lower tier municipalities' other property tax classes, as the Farmland assessment share in these municipalities was very low. However, the impact of this ratio reduction on the northern municipalities local taxes was significant due to Farmland's more prominent share of their assessment bases.

## 7. Durham Region Municipal Tax Ratio History (1998 – 2022)

At the beginning of CVA in 1998, the Region had seven different municipal tax ratios that controlled the property tax distribution amongst farmland, multi-residential, commercial, and industrial type properties.

Durham’s Long Term Strategic Property Tax Plan (2001 – 2007), as approved by Regional Council, created a simpler and more equitable property tax system within Durham as shown in Figure 2.

**Figure 2**  
**Durham Region and Local Area Municipalities**  
**Municipal Tax Ratios (MTRs)**



In addition to reducing the number of municipal tax ratios, in 2005, Regional Council also approved a three-year strategy to lower Farmland municipal taxation by 20 per cent through reductions in the municipal tax ratio from 0.25 in 2004 to 0.20 in 2007.

The changes to the municipal tax ratios between 2001 and 2007 resulted in Regional taxation shifts between the residential and non-residential classes.

In 2017, Regional Council approved the phase-out of the taxation discounts provided to non-residential vacant land and units. The increase in taxation revenue generated from the elimination of the discounts was used to lower the industrial municipal tax ratio over the period 2017–2019. As a result, there was no shift to the residential class as result of this reform.

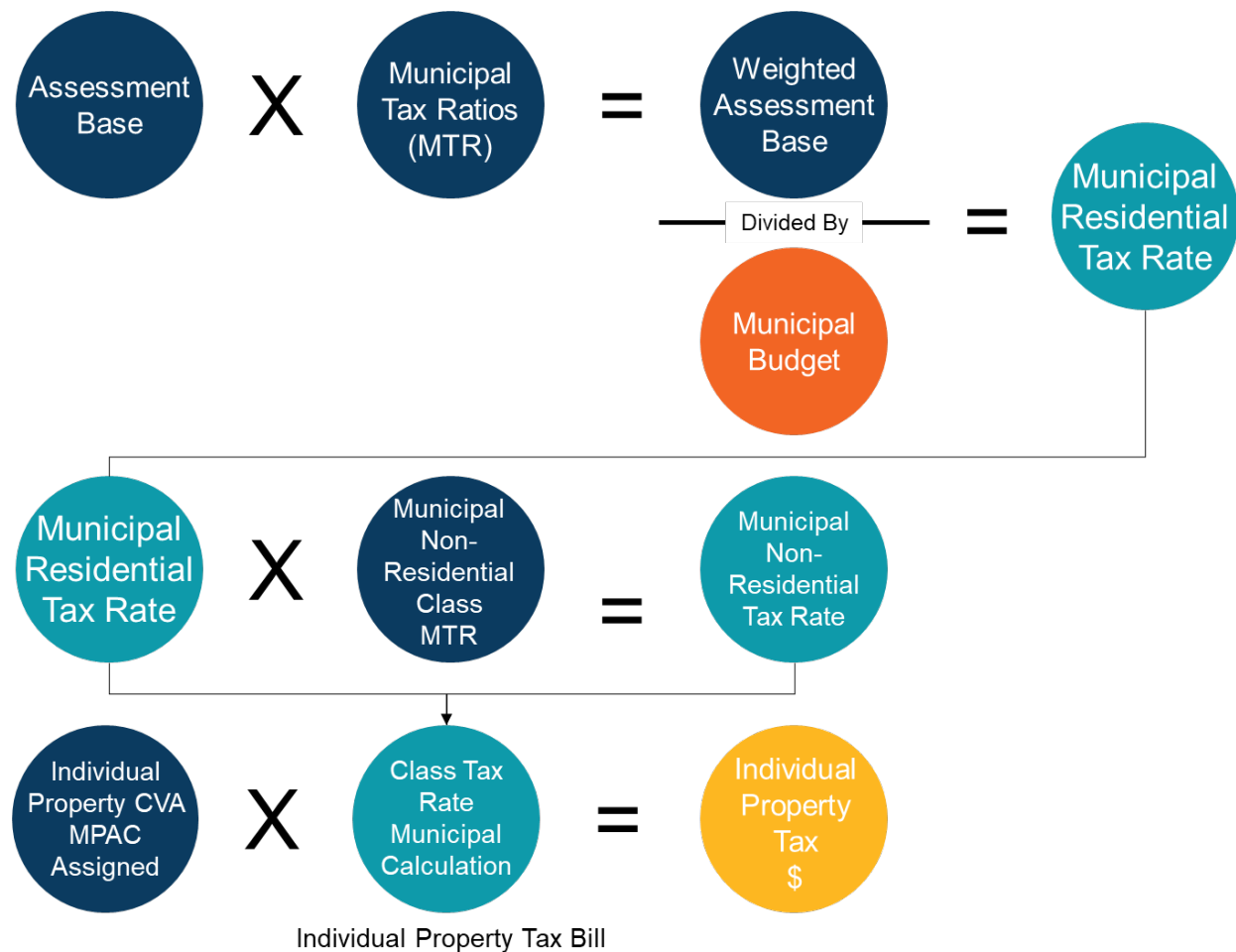
## 8. Factors That Affect Property Taxation Rates

*Property tax rate comparisons are not meaningful, yet direct comparisons are often made and lead to erroneous conclusions with respect to 'high' or 'low' tax jurisdictions.*

Property tax rates are only one of the factors in the calculation of property taxes; consideration must be given to the other factors in any defensible comparison across jurisdictions.

Figure 3 illustrates the process by which the assessment base (responsibility of MPAC) and the municipal budget (responsibility of Council) are used to derive the property tax rates. These two factors, along with the municipal tax ratios all influence the municipal property tax rates and are discussed in greater detail in this section (education tax rates are set by the province).

**Figure 3**  
**Factors Impacting the Calculation of Municipal Tax Rates and Municipal Property Taxes**

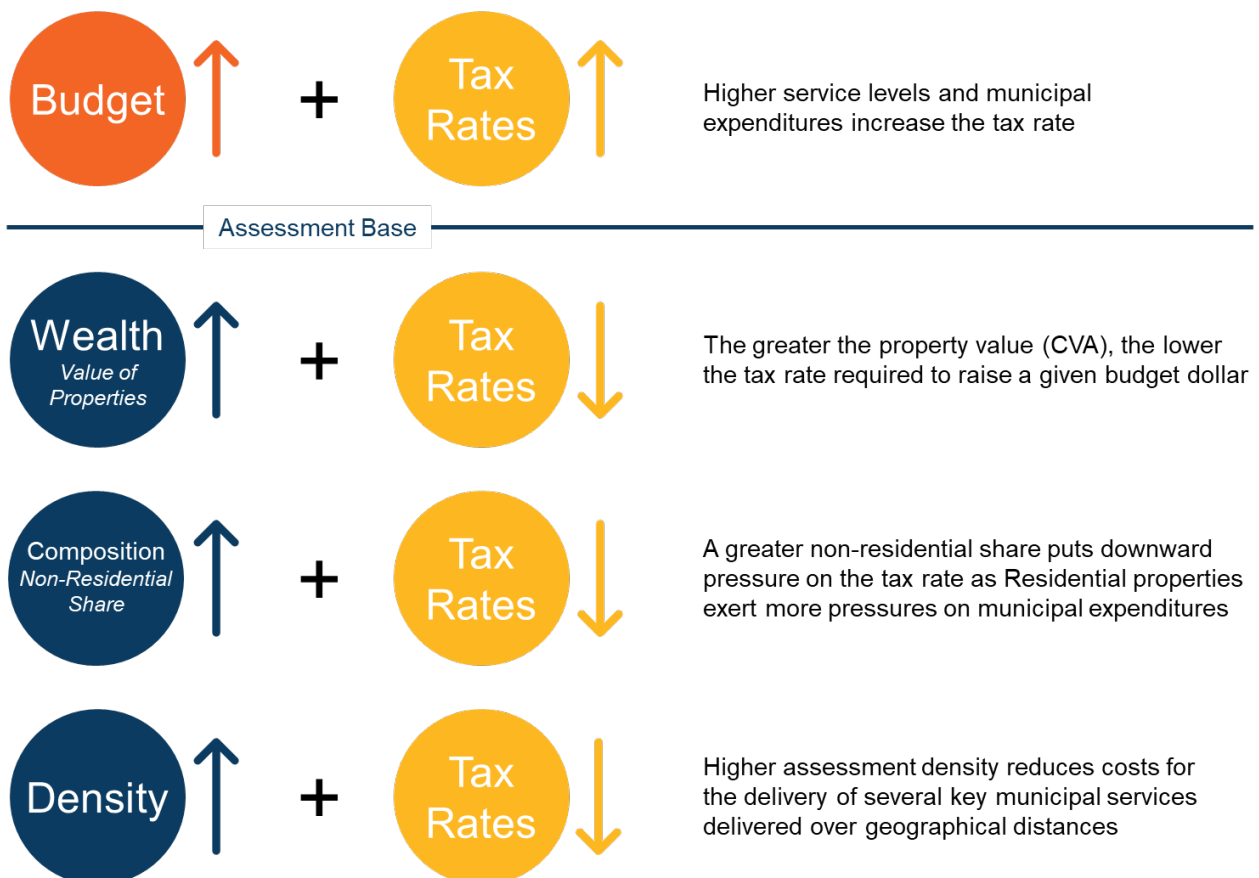


- **Municipal Tax Ratios (MTR):** Higher municipal tax ratios result in the non-residential classes funding a greater share of the overall tax requirements and therefore exert downward pressure on the residential property tax rate. Additional information on municipal tax ratios can be found in Section 6 of property tax reference guide.
- **Municipal Services and Budgetary Requirements:** Municipal services and budgetary requirements are the responsibility of upper and lower tiers and are beyond the scope of this report. Higher levels of spending require greater resources and, therefore, higher tax rates.
- **The Assessment Base:** The assessment base is the responsibility of MPAC under the provincial *Assessment Act* and has a defining impact on property tax rates. The higher the CVA, the lower the tax rate required to fund a given level of service. There are three major features of the assessment base that come into play in the determination of the property tax rates:
  - Value or Wealth (the relative values of the properties in different jurisdictions);
  - Composition (residential vs. non-residential); and
  - Density.

Figure 4 outlines the budget and assessment effects on property tax rates.

**Figure 4**  
**Effects of Budgets and Assessment Base Factors on Municipal Tax Rates**

What Affects the Tax Rate?

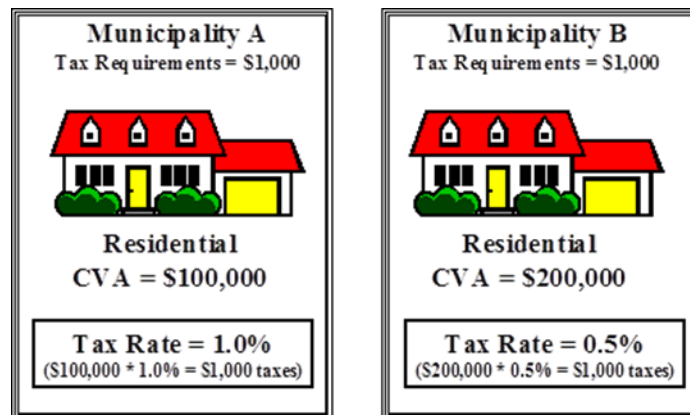


The remainder of this Section will focus on the influence of the assessment base and its effects on property tax rates.

### **Value or Wealth**

The higher the value of properties within a municipal jurisdiction, the lower the corresponding tax rate required to raise a given level of property tax dollars. Figure 5 provides a simple example that illustrates the flaws in directly comparing tax rates without considering the corresponding wealth of the assessment base.

**Figure 5**  
**Municipal Tax Rate Comparison**



Consider two identical municipalities, each with a single residential property, but different valuations placed on the property by MPAC.

Both Municipalities provide identical services that require the municipality to raise \$1,000 in property taxes.

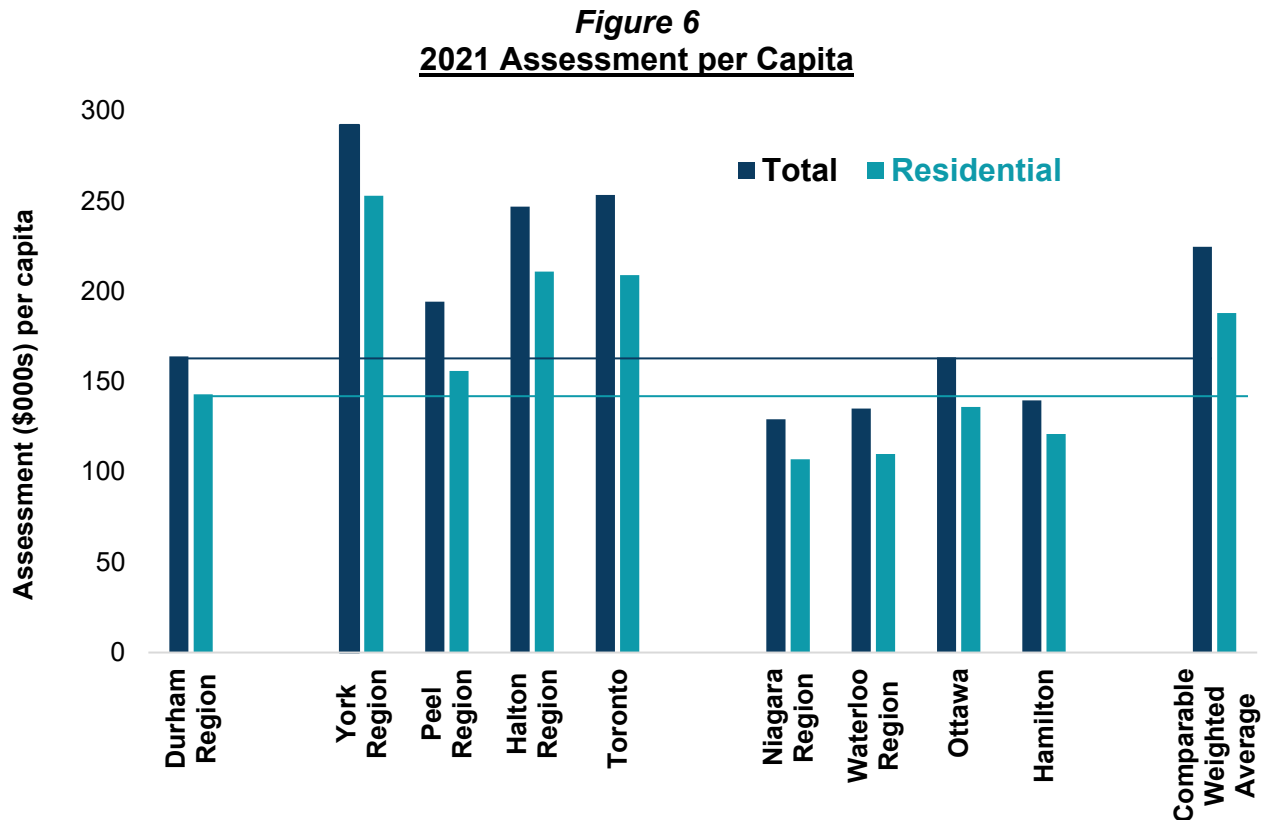
However, the current value of the home in Municipality A is \$100,000, while its value in Municipality B is \$200,000. As a result of the difference in the CVA (the market value), the tax rate in Municipality A is twice that of Municipality B even though the homes, services provided by the municipalities, and property taxes billed are identical.

This example is especially pertinent with respect to comparisons between Durham and other GTA municipalities. The City of Toronto's tax rate is considerably lower than Durham's. One of the primary causes is that the average home value in Toronto is considerably higher than Durham's average home value. Hence, even if Toronto's and Durham's services and budget costs were identical, Durham would still require a far higher tax rate to generate the same amount of tax revenue.

### **Market Value of Comparable Municipalities**

Figure 6 shows the total and residential assessment per capita of Durham and other major Ontario municipalities. Since population is a strong determinant of municipal requirements, the assessment per capita provides an estimate of market value that can be compared across municipal jurisdictions.

This analysis is based on the 2021 returned assessment roll and changes slowly over time. The analysis will be updated after the next Province-wide reassessment.



As can be seen in Figure 6 when Durham Region is compared to similar municipalities:

- Durham has both lower total and residential CVA per capita than the weighted average of the other comparator municipalities. The weighted average total CVA per capita is 37 per cent higher than Durham's.
- Durham's CVA per capita is lower than the other GTA municipalities and Ottawa.
- As a result of Durham's lower market values, higher tax rates are required to yield similar taxation revenues as its GTA neighbours.

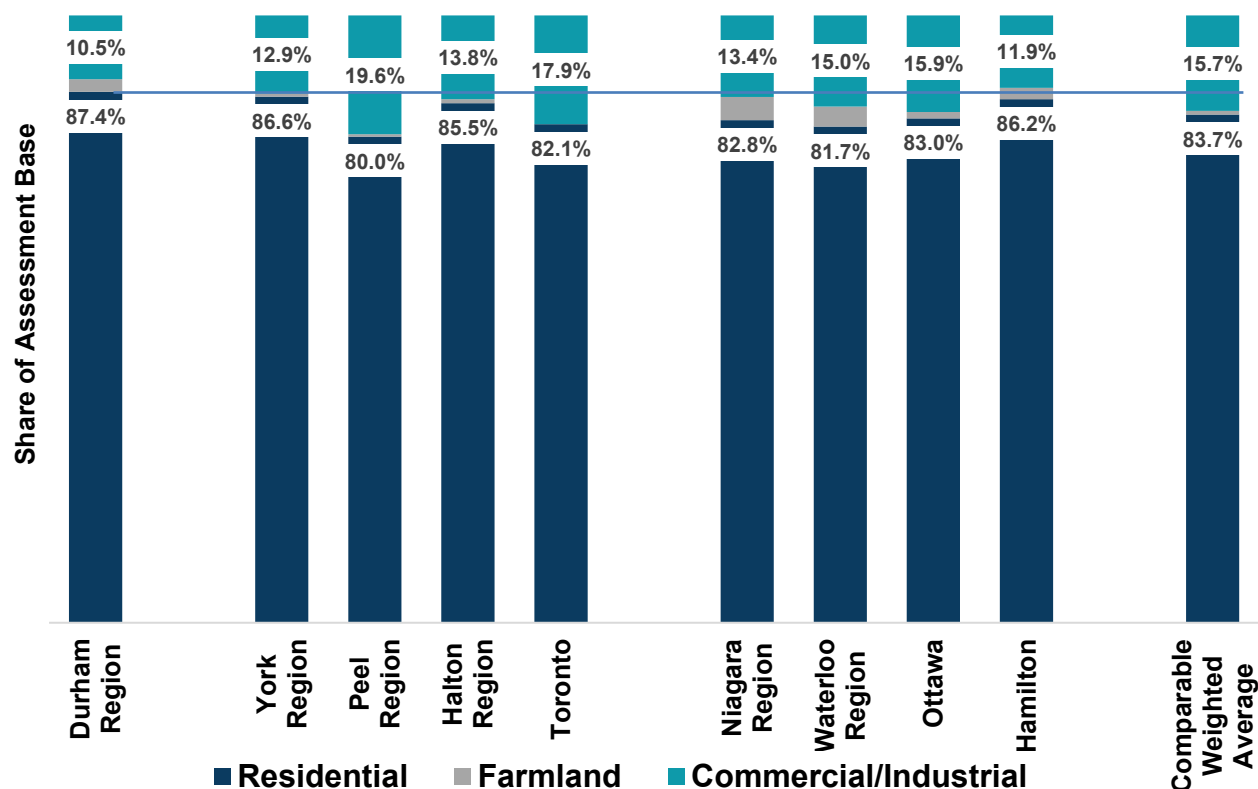
### **Composition (Non-Residential Share of the Assessment Base)**

Higher assessment share in the commercial and industrial classes results in more taxation from this sector and lower budgetary requirements that must be raised from the residential sector (thereby putting downward pressure on the residential tax rate). However, tax rate comparisons often only consider the Residential tax rates. Consideration should also be given to the property tax funding provided by the non-residential sector in a fair comparison.

This analysis is based on the 2021 returned assessment roll and changes slowly over time. The analysis will be updated after the next Province-wide reassessment.

Figure 7 on the following page provides a breakdown of the residential, non-residential and farmland share of the 2021 assessment base for Durham and comparable municipalities.

**Figure 7**  
**Composition of 2021 Assessment Base**



Durham has the highest residential share of the assessment base at 87.4 per cent, which is significantly higher than the comparable weighted average residential assessment base share of 83.7 per cent.

The high residential share is compounded by Durham's very high share of farmland which is taxed at a reduced rate of 20 per cent of the residential tax rate.

Correspondingly, Durham has the lowest share of Commercial/Industrial assessment at 10.5 per cent which is considerably below its GTA counterparts.

### **Density of the Assessment Base**

Density has a significant impact on municipal service delivery cost. Durham Region's assessment density (i.e., CVA per hectare) is considerably below all its municipal comparables excluding Niagara Region.

## **9. Durham Common Region-Wide Property Tax Rates**

With the introduction of the 1998 provincial assessment and taxation reforms, upper tier municipalities became levying bodies responsible for setting their own property taxation rates. The lower tier municipalities are responsible for property tax billings and collection for all three levying bodies (i.e., upper tier municipal, lower tier municipal and provincial education). Lower tier municipalities then distribute billed property taxes to the appropriate tier.

Since 2025, Durham Region has set four property tax rates which are calculated annually.

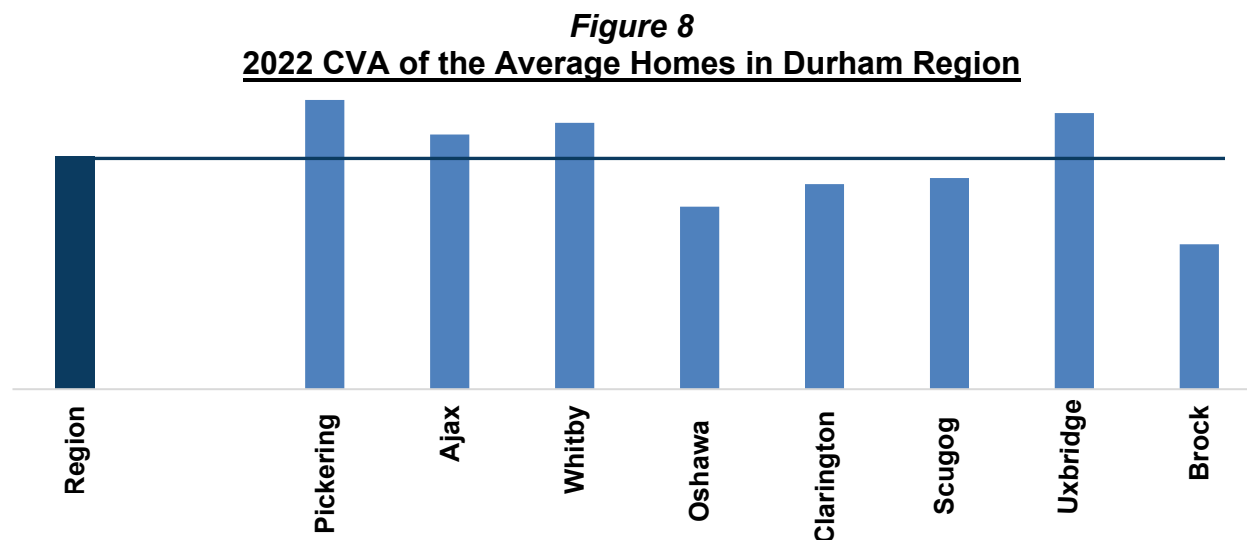
- General Purposes - common Region-wide property tax rate in all eight local municipalities;
- Police Services - common Region-wide property tax rate in all eight local municipalities;
- Regional Transit Purposes - common Region-wide property tax rate in all eight local municipalities since upload phase-in completed in 2012; and
- Solid Waste Management – common Region-wide property tax rates, excluding collection services for Oshawa and Whitby which are provided for and taxed at the local municipal level.

## 10. Residential Property Tax Bills

For illustrative purposes, a residential property will be used in the discussion of the property tax bills in Durham Region. Other property classes (commercial, farmland, etc.) have similar property tax bills, although the actual taxes will differ as the property tax rates vary by class and subclass.

### 2026 Average Residential Home

The Region presents reassessment, taxation policy changes and budgetary impacts on the “Average Home”. The Average Home in Durham Region had a 2026 CVA (based on 2016 valuation date) of \$483,100; however, the average within each local municipality varies from a high in Pickering of almost \$600,000 to a low in Brock of just over \$300,000 (Figure 8). These values will be updated after the next reassessment.



### **2025 Average Property Tax Bill**

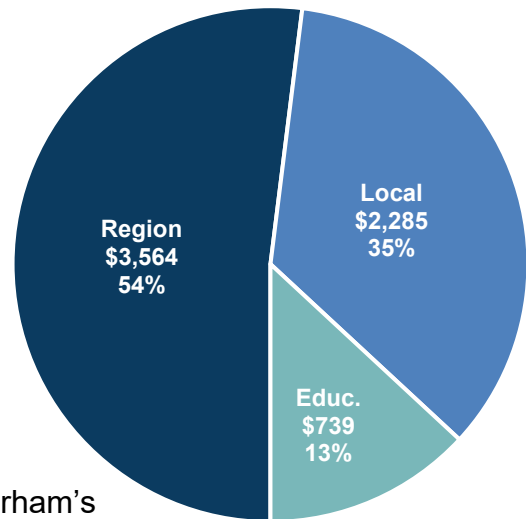
The Regional average home CVA is \$483,100 and had a total 2025 property tax bill of \$6,588 broken down as follows:

- \$3,564 (54 per cent) in Regional Municipal property taxes,
- \$2,285 (35 per cent) in Local Municipal property taxes (this varies by local municipality), and
- \$739 (11 per cent) in Provincial Education property taxes.

Excluding a small difference in solid waste management, both the Regional and Education tax rates are the same across the entirety of Durham Region. However, the local municipal tax rate varies.

As a result, the local municipal tax dollars and share represented in Figure 9 is the weighted average of Durham's constitute local municipalities and is not representative on any individual local municipality in Durham.

**Figure 9**  
**2025 Average Residential**  
**Property Tax Bill**



## **11. Other Resources**

The following are links to additional property tax resources:

- [Region of Durham Property Tax Webpage](#)
- [Municipal Property Assessment Corporation \(MPAC\)](#)
- [Municipal Property Assessment Corporation \(MPAC\) – AboutMyProperty™](#)
- [Assessment Review Board](#)
- [Municipal Act, 2001](#)
- [Assessment Act](#)