

## Taxes and Fees

In British Columbia, the only taxes that are unique in individual communities are property taxes. These are applied on the assessed value of land and improvements (buildings). There are no local taxes on payrolls, machinery and equipment, or inventory.

### MUNICIPAL PROPERTY TAXES

Fernie’s municipal property taxes are in the mid-range among a group of Kootenay communities for most types of property taxes. Fernie’s business rate is the 2nd lowest in the group.

Note that examining property tax rates in isolation can be misleading because property values also vary between communities. For example, communities with high tax rates may have offsetting lower land values.

MUNICIPAL TAX RATES BY PROPERTY CLASS, 2005 (\$ PER \$1,000 OF ASSESSED VALUE)				
	RESIDENTIAL	MAJOR INDUSTRY	LIGHT INDUSTRY	BUSINESS
Invermere	8.37592	25.56132	36.71135	23.21607
Kimberley	8.72456	13.02440	32.85510	34.34804
Golden	9.95830	41.09830	32.43430	28.49870
Sparwood	10.26420	32.86840	29.73050	24.18560
<b>FERNIE</b>	<b>10.92043</b>	<b>35.09968</b>	<b>31.96178</b>	<b>23.67223</b>
Elkford	12.80036	71.03497	9.88650	30.39912
Rossland	12.89130	13.02440	9.88650	28.41970
Cranbrook	15.15220	71.70040	40.12230	38.44490

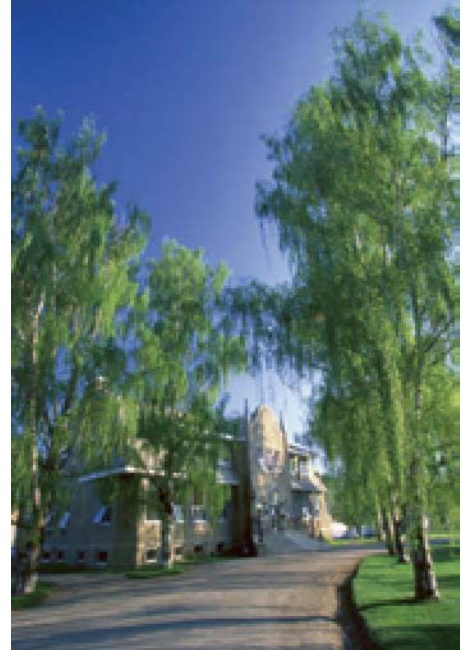
Source: BC Ministry of Community Services

### MUNICIPAL TAXES AND FEES ON A REPRESENTATIVE HOUSE

Total municipal taxes and fees include property taxes and may include user fees for services like water, sewer, and garbage. The data in the table below is directly comparable across municipalities, but takes into consideration only residential taxes. Some municipalities may have low residential taxes because their tax base is largely supported by industry, for example:

MUNICIPAL TAXES AND FEES ON A REPRESENTATIVE HOUSE			
Elkford	\$1,102	Cranbrook	\$2,395
Sparwood	\$1,450	<b>FERNIE</b>	<b>\$2,588</b>
Kimberley	\$1,562	Invermere	\$2,866
Golden	\$1,970	Rossland	\$3,285

Source: BC Ministry of Community Services



## FEDERAL AND PROVINCIAL TAXES

Canada has a 6% value-added tax called the Goods and Services Tax (GST). It is fully recoverable for all business inputs and foreign visitors can obtain a GST rebate when leaving Canada

British Columbia has a 7% sales tax. Various business inputs are exempt from the tax, including production machinery and equipment, software development, construction labour, and various materials.

CORPORATE INCOME TAX, 2005			
	SMALL BUSINESS*	MANUFACTURING	NON MANUFACTURING
Federal Rate	13.12%	22.12%	22.12%
Provincial rate	4.50%	12.00%	12.00%
Local Rate	None	None	None
<b>TOTAL</b>	<b>17.62%</b>	<b>34.12%</b>	<b>34.12%</b>

\* Small Business is defined as having less than \$200,000 CDN of net business income.

PERSONAL INCOME TAX, 2005			
	FEDERAL	PROVINCIAL	LOCAL
Capital Gains	8% - 14.5%	3.03% - 7.35%	None
Earned Income	16% - 29%	6.05% - 14.7%	None
Unearned Income (e.g. dividends)	3.33% - 19.58%	1.19% - 12%	None

Source: Material adapted from Invest BC (see [www.investbc.com](http://www.investbc.com) for more information).

## PAYROLL TAXES

Employers pay Workers Compensation, Canada Pension Plan and Employment Insurance Premiums on their company payrolls.

**Workers Compensation** premiums are determined by the type of business activity and average \$1.90 per \$100 of gross payroll for all types of businesses. The average rate for office workers is \$0.26 per \$100 of gross payroll.

**Employment Insurance** premiums are based on gross payroll up to \$39,000 per worker. The rate is 2.618% of payroll so the maximum annual cost per worker is \$1,021.

**Canada Pension Plan** premiums are paid by both employers and employees. Employer premiums are paid at a rate of 4.95% to a maximum contribution of \$1,970.10 (based on employee earnings of \$38,600).

## DEVELOPMENT COST CHARGES

The City of Fernie has implemented a Development Cost Charge bylaw as part of a broader strategy for financing municipal services impacted by new development and keeping pace with rapid growth. New developments pay for their incremental impact on existing infrastructure so that funds are available when upgrades to capacity become necessary. Fernie's bylaw provides for funding for roads, water, sanitary sewer, storm drainage and parkland.