

## Business Tax Rate

Business taxes are calculated by applying a tax levy rate against the Annual Rental Value (ARV). If applicable, a BIZ levy is also applied against the ARV.

$$\text{ARV} \times \begin{array}{l} \text{tax rate} \\ \text{set by City Council} \end{array} = \text{your business tax}$$

A BIZ levy is calculated by applying your ARV multiplied by the BIZ levy rate.

### Annual Rental Value (ARV)

The Annual Rental Value, or ARV, is the amount for which the space your business occupies will typically rent. The ARV does not necessarily equal the rent actually paid for the space; it is representative of prevailing rents for similar space in the rental market.

The ARV is equal to the net rent per square foot (derived from market transactions) plus the costs of comfortable occupancy, multiplied by the square foot area of the premises occupied. Occupancy costs include the estimated cost of providing heat and other services necessary for the comfortable use or occupancy of the premises.

### What are services necessary for the comfortable use or occupancy?

The services necessary for the comfortable use or occupancy of a premise consists of utility costs including heat, hydro, water and air conditioning where applicable. They are determined through a review of actual expenses reported by property owners as well as a review of the public utilities' reports.

### Small Business Tax Credit

City Council approved the extension of the Small Business Tax Credit (SBTC) program with the adoption of the 2022 Operating Budget.

Under the SBTC program, businesses with a business assessment (or ARV) of \$44,200 or less in 2022 will receive an offsetting credit equal to their full business taxes for 2022.

The Business Improvement Zone levies are not part of the SBTC program. If a business is located within a Business Improvement Zone, the business will be responsible for paying these levies.