

Type of Decision									
Meeting Date	Friday, January 7, 2011				Report Date	Wednesday, December 8, 2010			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction	x	Information Only			Type of Meeting	X	Open		Closed
REPORT TITLE									
Tax Free 1/3 Expenses Report #07/01/11/1001									

Subject: A by-law to retain 1/3 of Council member expenses as tax free.

RECOMMENDATION: That the by-law 2011-01 be adopted allowing that 1/3 of all moneys paid to Council be considered to be expenses (occurred in the fulfilling of their obligations) and therefore allocated tax free. This allows 1/3 of remuneration to be declared tax free for personal income tax purposes and to allow the municipality to continue to receive a GST/HST rebate as these funds are considered expenses and not simply salary or honoraria.

BACKGROUND/EXECUTIVE SUMMARY:

If the By-law is not passed, the 1/3 becomes an honorarium or salary and is not eligible for special consideration on personal income taxes. Also, the municipality will not be able to reclaim the GST/HST from those funds; a minute benefit for the municipality.

**From the Municipal Act Review**

(7) On or after December 1, 2003, a council shall review a by-law under subsection (5) at a public meeting at least once during the four-year period corresponding to the term of office of its members after a regular election. 2001, c. 25, s. 283 (7); 2002, c. 17, Sched. A, s. 46 (2); 2006, c. 9, Sched. H, s. 5 (4).”

Financial Considerations/Budget Impact: This by-law allows the municipality to reclaim HST/GST rebate from the 1/3 paid as expenses as opposed to honoraria, realizing some minute savings for the municipality. The potential benefit is for the Council member who can claim the 1/3 of their honorarium tax free for income tax purposes.

Policy Impact: None

Approved and Recommended by the Clerk

Melinda Reith,  
Municipal Clerk

*Melinda Reith*