

Request for Decision United Townships of Head, Clara & Maria Council

Type of Decision									
Meeting Date	Friday, January 9, 2015				Report Date	Tuesday, January-06-15			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction	X	Information Only			Type of Meeting	X	Open		Closed

Continuation of 1/3 Tax Free Remuneration - Report #09/01/15/1001

Subject:

A by-law to retain 1/3 of honorarium paid to Council as expenses for taxation purposes.

RECOMMENDATION:

That Council adopt the following resolution and by-law continuing the 1/3 payment of honorarium as expenses for taxation purposes. It is recommended that the one-third tax free portion be maintained as there are no additional costs associated with this option and personal and municipal tax breaks are realized.

Resolution

BE IT RESOLVED THAT By-Law 2015-01 being a by-law to retain the one-third tax-free allowance for remuneration paid to municipal councillors for the 2014-18 term be read a first time short and passed.

BACKGROUND/EXECUTIVE SUMMARY:

That the by-law 2015-01 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 allows the municipality to continue to receive a GST/HST rebate as these funds are considered expenses and not simply salary or honoraria.

Legislation changed in 2001, when the Province of Ontario amended the Municipal Act allowing municipalities to remove the one-third tax free portion included in the remuneration paid to Members of Council.

Each term, Council must review the by-law respecting the continuation of the one-third tax free provision and decide whether to maintain the tax free status or convert their remuneration to 100% taxable.

Once Council elects to eliminate this provision, it becomes effective in the subsequent year, and future Councils cannot revert back to the tax free allowance.

The by-law....

“**BEING** a by-law to retain the one-third tax-free allowance for remuneration paid to municipal councillors for the 2014-18 term.

WHEREAS under the *Municipal Act*, S.O. 2001, c. 25 and amendments, s. 283(1) provides that a municipality may pay any part of the remuneration and expenses of the members of any local board of the municipality and of the officers and employees of the local board;

AND WHEREAS the Municipality of the United Townships of Head, Clara & Maria has for the last term of Council approved that the one-third tax-free allowance be retained as specified in By-Law number 2011-01;

AND WHEREAS Subsection 283(7) of the *Municipal Act* provides that 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;

NOW THEREFORE the Council of the United Townships of Head, Clara & Maria enacts as follows:

1. **THAT** the Treasurer of the Corporation of the United Townships of Head, Clara & Maria retain the one-third tax-free allowance for remuneration paid to municipal councillors for the 2014 – 2018 term.”

Options/Discussion:

There is an option of not passing this by-law. If that is the case it can never be reinstated.

Financial Considerations/Budget Impact:

Some slight financial loss to the municipality with the loss of the HST. Not significant. At current rates the loss to individual council members would be slight as well.

Policy Impact:

Others Consulted:

Approved and Recommended by the Clerk

Melinda Reith,
Municipal Clerk