

Administrative Information Bulletin

2019 Education Property Tax Credit Changes

Manitoba Budget 2018 announced that, effective for the 2019 tax year, the calculation of the Manitoba Education Property Tax Credit (EPTC) will be based on school taxes and the \$250 deductible before the EPTC applies will be eliminated.

This measure is being implemented in the context of the Government’s commitment to budgeting only for entities that form part of its Summary Budget. School divisions are included in the Summary Budget whereas municipalities are not.

As a result of this measure, all of Manitoba’s property tax credits, including the EPTC, Seniors’ School Tax Rebate, Pensioners School Tax Assistance, and the Farmland School Tax Rebate, are based on school taxes.

The following examples illustrate municipal taxes, school taxes, and their relation to the EPTC before and after 2019.

Example 1:

A combined total of \$4,000 municipal and school tax is levied, of which the homeowner is liable for \$3,300, and the province provides a \$700 EPTC. The Budget 2018 announcement results in no change between 2018 and 2019.

The elimination of the \$250 deductible is not material in this example given the amount of school tax payable.

| | 2018 Tax Year | 2019 Tax Year | |
|------------------|---------------|---------------|----------------------------|
| School | | | |
| Gross taxes: | \$2,000 | \$2,000 | |
| EPTC: | -\$700 | -\$700 | |
| Net payable: | \$1,300 | \$1,300 | |
| Municipal | | | |
| Gross taxes: | \$2,000 | \$2,000 | |
| Net taxes: | \$2,000 | \$2,000 | |
| Totals | | | |
| Gross Taxes: | \$4,000 | \$4,000 | Tax collected |
| EPTC: | -\$700 | -\$700 | Provincial support |
| Net payable: | \$3,300 | \$3,300 | Homeowner liability |

Example 2:

In the 2018 tax year, the EPTC offsets school taxes and then further offsets municipal taxes. In the 2018 tax year, a total of \$600 of tax is collected, of which the homeowner is liable for the applicable minimum of \$250, resulting in an EPTC of \$350.

In the 2019 tax year, the EPTC offsets the school taxes of \$300 but municipal taxes are no longer eligible. In this example, the homeowner will be subject to an increase in their municipal tax liability of \$50.

| | 2018 Tax Year | 2019 Tax Year | |
|------------------|---------------|---------------|----------------------------|
| School | | | |
| Gross taxes: | \$300 | \$300 | |
| EPTC: | -\$300 | -\$300 | |
| Net payable: | \$0 | \$0 | |
| Municipal | | | |
| Gross taxes: | \$300 | \$300 | |
| EPTC*: | -\$50 | \$0 | |
| Net payable: | \$250 | \$300 | |
| Totals | | | |
| Gross taxes: | \$600 | \$600 | Tax collected |
| EPTC: | -\$350 | -\$300 | Provincial support |
| Net payable: | \$250 | \$300 | Homeowner liability |

Example 3:

In the 2018 tax year, the EPTC is first applied to offset school taxes of \$200. There is no offset to municipal taxes because at \$200, this amount is less than the \$250 deductible.

In the 2019 tax year, the removal of the \$250 minimum allows for the complete offset of school taxes, resulting in the homeowner's reduction of their school tax liability by \$50.

| | 2018 Tax Year | 2019 Tax Year | |
|------------------|---------------|---------------|----------------------------|
| School | | | |
| Gross taxes: | \$200 | \$200 | |
| EPTC: | -\$150 | -\$200 | |
| Net payable: | \$50 | \$0 | |
| Municipal | | | |
| Gross taxes: | \$200 | \$200 | |
| EPTC: | \$0 | \$0 | |
| Net payable: | \$200 | \$200 | |
| Totals | | | |
| Gross taxes: | \$400 | \$400 | Tax collected |
| EPTC: | -\$150 | -\$200 | Provincial support |
| Net payable: | \$250 | \$200 | Homeowner liability |