

NEWS RELEASE

Commercial property tax rate in Montreal four times higher than residential rate with little rationale

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For Immediate Release

MONTREAL—Throughout Quebec, but particularly in Montreal, businesses pay much higher property tax rates than residents, which can lead to businesses leaving the area or simply closing, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“When punitive commercial property taxes force businesses to leave or close, the make-up of our communities and cities can change profoundly,” said Josef Filipowicz, a senior policy analyst with the Fraser Institute and co-author *Who Bears the Burden of Property Taxes in Canada’s Largest Metropolitan Areas?*

The study analyzes the ratio of municipal property tax rates paid by residents, businesses and industries in Canada’s major urban areas.

In the Montreal area, the average commercial property tax rate was 2.6 per cent higher than the average residential property tax rate in 2018, the most recent year of comparable data.

But in the City of Montreal, the commercial property tax rate was four times that of residential properties. The property tax ratio was also high in Laval (3.9-to-1) and Longueuil (3-to-1) and slightly lower in Terrebonne (2.4-to-1).

Crucially, higher tax rates on businesses can erode competitiveness, leading to migration of businesses, reduced hiring and investment, and business closures.

“Across the Montreal area, businesses face a higher property tax burden than residents, with little justification for the higher rates,” Filipowicz said.

“Property taxes should reflect the level of services used by ratepayers, so local governments need to demonstrate how businesses in Montreal consume four times the local services that residents do.”

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