

## Property Tax for Horse Establishments

(always check with MPAC)

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**Valuation is 1<sup>st</sup>:** (This is done by MPAC assessors.)

Horses are considered livestock. Maintaining, raising, training, selling, breeding, and boarding are all considered agricultural activities and those properties will be assessed as farms. There may be boarders or they may all be your own horses or a mix. You may also give lessons on these horses and it is still assessed as a farm because you must maintain, raise and train these horses when they are not in lessons. They use your barn, pastures and paddocks. You are considered a farmer for assessment purposes. This is not so for the executive property in the country that may be 2 or 3 acres and has 1 or 2 horses on it - this is what they mean when they say the activities are for 'hobby or recreational purposes' and will not be assessed as farms. This is residential. The same applies for 1 or 2 chickens or goats.

The **Barn and Arena** will be considered **farm buildings** and then they will be valued with 50% obsolescence. For example, if the barn and arena buildings are valued at \$100,000 then they will be re-valued at \$50,000 for tax assessment purposes because they are considered farm buildings. This is done by MPAC for farm properties because when a farm sells, it is believed that we never get the real value out of the farm buildings. Everyone should make sure their arenas, in particular, are valued properly.

The **land** would be assessed and valued as farmland. The **1 acre around your house** - it will be assessed as a farm acre if you are the farmer of the property - in this example, you are.

**(Note: If you have a tenant farmer** and you are **not** operating as a farmer (non-farmer - no horse operation or other farming), the land the tenant farmer rents will be assessed as farmland. All other acreage will be assessed at a higher value - residential, including the 1 acre around your house. **If you have a tenant farmer** and you are operating as a farmer also (a horse operation, for example), all land would be assessed as farmland, including the 1 acre around your house.)

**Tax rate applied:** (This is rate is set by your municipality.)

In our example above, the **residential tax rate** will be applied to your farm buildings and land unless you qualify for the special **farm property tax rate**, then it will apply to the land and farm buildings. To confirm your eligibility or to find out more information contact OMAF at 1-800-469-2285 or [www.gov.on.ca/OMAF](http://www.gov.on.ca/OMAF) .

If you are a non-farmer but you have a **tenant farmer** who qualifies for the farm property tax rate, then the land and any farm buildings rented or occupied by that farmer will be at the farm tax rate. All other land and buildings used by you (a non-farmer) would be at a residential tax rate.

The residential tax rate is always applied to the value of your residence and the 1 acre (maybe more).

### **Lessons, trail rides, riding camps:**

**If you give lessons** in an arena or a riding ring then some portion of that arena or riding ring is expected to be at a residential rate even if you qualify for the farm tax rate. Many horse farms are 100% at the residential tax rate today and will remain as such. The big change is that the barn and arena will be assessed as farm buildings - they may not have been in the past. i.e. 50% obsolescence.

**If you qualify for the farm tax rate and you give lessons:** The partitioning needs to be discussed and worked out on an individual basis with MPAC. Example: if the arena is used 8 hours a day for training, turnout, and casual riding and then 2 hours more for lessons - (2/10) or 20% of the value of the arena would be at a residential tax rate. Note that the barn tax rate is not changed because of giving lessons. Areas in the arena used for farm storage may be a factor also - that is farm use. This same logic may be applied to trails and areas used for riding at riding camps.

**Commercial:** Tack shops, restaurants, snack bars, cafeterias, commercial race tracks and slots, grandstands, banquet halls, and areas to provide blacksmith, farrier or other retail services to the public - those areas will be commercial. For barns, arenas and pasture/paddocks, the commercial rate is gone!

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Updates: OEF- [www.horse.on.ca](http://www.horse.on.ca) Questions:1-866-296-MPAC (6722) [www.MPAC.ca](http://www.MPAC.ca) 'About MPAC'- 'Fact sheets'

If you have any commercial assessment now or you are concerned that your property is not assessed properly, **call MPAC as soon as possible**. Horse establishment calls are being handled by staff who have been trained to help us now. Trust them! **The changes are retroactive to Jan. 1, 2004.**