

Ministry of Education

Financial Analysis and
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Ministère de l'Éducation

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2020:SB05

Date: June 1, 2020

Memorandum to: Senior Business Officials

From: Med Ahmadoun
Director
Financial Analysis and Accountability Branch

Subject: **Regulation Amendment for Deferral of Education Property Taxes for 2020**

Further to the announcement made by the Minister of Finance in *Ontario's Action Plan: Responding to Covid-19 (March 2020 Economic and Fiscal Update)* to defer the quarterly (June 30, 2020) remittance of education property tax to school boards by 90 days, a new regulation under the *Education Act* titled "Extension of Instalment Due Dates" has been made to extend the due dates for the upcoming two education property tax installments:

- The June 30, 2020 installment is now due on or before September 30, 2020;
- The September 30, 2020 installment is now due on or before December 31, 2020;

To mitigate the financial impact of this deferral on school boards, the province will adjust its cash flow schedule to school boards to offset this deferral. The ministry will rebalance the School Board Operating Grant (SBOG) payments by increasing the SBOG payments in June 2020 and reducing the SBOG payments starting January 2021 until the advance payment is fully recovered.

The additional cash payments resulting from this schedule adjustment will be flowed to boards as a separate payment in June 2020. The additional amount will be equal to about 25% of the annual education property tax amount as forecasted by the school board in 2019-20 Revised

Estimates.

For the reporting in 2019-20 financial statements, boards should not report this advance payment as provincial grant. Instead, boards should accrue accounts payable to the ministry until the amount is fully recovered in 2021. Boards should also accrue the amounts due from municipalities as accounts receivable at August year end. Detail reporting instruction will be provided when the 2019-20 financial statements EFIS form is released.

Contacts

For further clarification, please contact:

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Sincerely,

Original signed by

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c: Directors of Education