

Shameless tax grab

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The Province of Manitoba loves to boast about the taxes it has reduced in the past nine years, but it's a tad shy when it comes to making any noise about the levies that have increased. The land transfer tax, for example, has shot up a whopping 358 per cent between 1997 and 2007, and it is now one of the highest among the four western provinces.

The province is entitled to charge a reasonable fee for registering the legal descriptions of property in the land titles office, an important service for ensuring the integrity of the property-ownership system in Manitoba. The fee schedule, however, is totally unreasonable and nothing more than a shameless tax grab. It is also taxation by stealth because the taxpayer is generally unaware of what awaits until the bill is calculated with the other closing costs. At that point, it is usually too late for second thoughts.

A Winnipeg family of five discovered the pain of hidden taxation earlier this year after they paid \$350,000 for a new home. They knew the purchase came with legal bills and other costs, but they were shocked to discover the province wanted \$4,650 for the land transfer tax. The fee is based on a sliding scale that rises with the price of a home.

The fee is completely inexplicable when considered against the actual cost of registering the property, which is just a fraction of the nearly \$44 million the province expects to collect this year. In the case of the Winnipeg family of five, their tax is almost as much as they will pay in net municipal and education property taxes.

Think about it: For the same price the province charged to register their property, they will pay property taxes that will cover the costs of educating their children, providing police and fire protection, building roads, parks and swimming pools, maintaining a safe water supply, snow clearing and road cleaning, and dozens of other services.

In its defence, the province cites the relief it has provided homeowners by eliminating the residential education support levy, boosting the education property tax credit, and lowering personal income taxes. It's a specious argument that does not justify the exorbitant fees for registering land titles.

The Winnipeg Realtors Association wants the province to reduce its land transfer taxes to make it easier for people to purchase homes, particularly at a time when everyone is worried about the economy. It's a legitimate point of view, but a stronger argument is that the transfer tax should be a user fee that reflects the true cost to government. It should not be a for-profit venture by the government that gouges unsuspecting homebuyers who have no alternative but to pay the ransom. If the province wants to make a profit out of its monopoly position, then it should be more open about the tax and its intent when the budget is tabled on March 25.

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