



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

Municipal Hall
1229 Esquimalt Road
Esquimalt, B.C. V9A 3P1

Staff Report

PRESENTED TO

JUL 09 2018

MUNICIPAL
COUNCIL

File #:18-296

REQUEST FOR DECISION

DATE: June 26, 2018

Report No. ADM-18-022

TO: Laurie Hurst, Chief Administrative Officer

FROM: Vicki Gannon, Director of Human Resources

SUBJECT:

Mayor and Council Remuneration Review

RECOMMENDATION:

That Council receive Staff Report ADM-18-022 for information and provide staff with direction to revise Council Remuneration Bylaw, 2014, No. 2836, and related Council Policies, effective November 1, 2018.

RELEVANT POLICY:

Council Policy ADMIN-58 Independent Review and Market Analysis of Council Remuneration
Council Policy ADMIN-62 Remuneration for Elected Officials
Council Remuneration Bylaw, 2014, No. 2836

STRATEGIC RELEVANCE:

This Report is not directly related to any specific Council priority.

BACKGROUND:

At a Special Council meeting dated May 22, 2018, a motion was moved to compensate the Mayor, effective November 1, 2018, at the median rate of 10 comparable municipalities: \$57,600, and that the Council receive 40% of that rate, based on the current Bylaw.

As a result of the changes to the tax laws being implemented in January, 2019, specifically the elimination of the 1/3 tax free allowance, Council also requested that staff provide information regarding the process for elected officials to deduct employment expenses from his or her income.

In reviewing this information with tax accountants at KPMG, it was confirmed that elected officials are deemed to be employees for tax purposes under the *Income Tax Act*; therefore, those expenses that are related to an elected official's position that are not directly reimbursed by the Township could be claimed as a deduction from income on personal tax returns using the T2200 form, *Declaration of*

Conditions of Employment.

If elected officials deduct employment expenses, the employer must complete and sign the T2200 form. The signed forms do not need to be included with the tax returns, but they must be kept in case CRA requests to see it. New T2200 forms are to be completed by the employer annually.

The deductible expenses must be directly related to the duties of an elected official, and the burden of responsibility is on the elected official to maintain supporting documentation of expenses incurred, and the business reason, should a personal CRA audit take place. There are rules regarding the claiming of expenses, as outlined in the attached 2017 CRA Guideline. In order to determine specific allowable expenses, it is recommended that the elected officials get advice from their personal tax accountants.

ISSUES:

1. Rationale for Selected Option

This report is for information and direction from Council on any revisions required to the existing Council Policies and Bylaw regarding Council remuneration.

2. Organizational Implications

There are no organizational implications.

3. Financial Implications

There are no financial implications.

4. Sustainability & Environmental Implications

There are no sustainability or environmental implications.

5. Communication & Engagement

Once Council determines the process to incorporate the elimination of the 1/3 tax free allowance, the Director of Human Resources will update Council Remuneration Bylaw, 2014, No. 2836, and any related Policies accordingly.

ALTERNATIVES:

1. That Council receive Staff Report ADM-18-022 for information and provide staff with direction to revise Council Remuneration Bylaw, 2014, No. 2836, and any related Council Policies, effective November 1, 2018.

2. That Council receive this report for information and provide further direction.