

Elimination of Federal Tax Exemption Causes Compensation Change for Morden Council

November 19, 2018, Morden, MB. // Following the lead of cities across Canada, the city of Morden is changing the way it compensates Council to make up for the loss of a federal tax exemption starting January 1, 2019.

Starting in 2019, the full annual indemnity and any per diems Council receives will be subject to income tax (federal and provincial) and additional Canada Pension Plan (CPP) premiums. This will result in a decrease in take home pay for each member of Council by an estimated 10% to 15%.

“The Canada Revenue Agency is imposing changes to tax exemption rules for elected officials making the small amount that Morden compensates its Mayor and Council even smaller,” said Mayor Brandon Burley. “Administration suggested Council follow the lead of other Canadian communities to offset the impact of that change, one reason being to ensure that compensation reflects the value and work that councils dedicate to leading our community.”

The change in compensation is based on a report brought to Council by city staff on the impact of the change along with recommendations and will take effect in the new year with the passing of a new Council Indemnity By-Law which deals with Council’s indemnities, per diems and expenses.

As a result of the new By-Law the city will spend an additional \$17,030 to cover the shortfall for all of Council which includes additional CPP premiums the city is required to pay.

“Elected officials dedicate their time in service to their community, compensating Council in even a small way helps ensure that elected office is a viable pursuit for everyone and not restricted to the more affluent in our community,” said Burley. “This decision by is a statement about preserving the accessibility of elected office.”

For questions and interview requests, please contact:
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