



## **Property Tax and Collection Policies**

### **Policy:**

The Responsibilities of the Tax Department are to:

1. Ensure proper billing of the levy for both Municipal and School taxation purposes to coincide with budgetary and legislative requirements for the year;
2. Provide prompt, efficient and courteous service to taxpayer of the Municipality;
3. Ensure that proper collection procedures are applied in reference to the following legislation;
  - The Municipal Act
  - The Municipal Affairs Act
  - Municipal By-Laws
  - The Municipal Interest and Discount Act
  - The Bailiffs Act
  - The Small Claims' Court Act
  - Any legislation governing amount to be collected in like manner as taxes
  - Assessment Act
  - Any new legislation pertaining to collection of taxes.
4. Apply such collection policies ensuring all taxpayers are treated consistently and in accordance with various governing statutes.
5. Maximize necessary controls to ensure proper allocation of payment and custody of funds for proper banking and recording procedures.
6. Minimize total taxes receivable as a percentage of total taxes levied. Higher percentages often indicate collection challenges as identified in by the Ministry of Municipal Affairs in their annual Financial Indicator Review.

### **Policy Procedures:**

The purpose of the Tax Department is to provide prompt billing of the levy and to ensure collection in order to meet the approved budgetary expenditures for the fiscal year. It is important that these obligations are carried out in a timely and consistent manner.

### **Real Property Tax:**

Real Property Tax is levied on the assessment for real property within the Municipality in accordance with Section 307(1) of the Municipal Act, RSO, 2001.

### **Standard Tax Billings:**

1. Due dates for the payment of taxes shall be dependent, in the case of the Final Bill, on the final approval of the Annual Budget by Council and the subsequent passing of a levy by-law.

Notwithstanding that there may be fluctuations in due dates as a result of budget approval, tax billings will normally be as follows:

- Interim tax billing – produced in January with installment dates in February and April
  - Final tax billing – produced in July with installment dates in August and October
2. Specific due dates will be identified in both the Interim and Final Levy By-Laws for the Municipality.
  3. **Interim Tax Billings** are produced in January based on the returned assessment roll. The tax billing will be calculated to produce a tax bill no more than fifty percent (50%) of the previous year's total taxes billed for each property in accordance with Section 317 of the Act. The tax billing may include fifty percent (50%) of any local improvement charges, area charges, business improvement area charges and any special charges levied by the municipality or required under provincial legislation. Amounts deemed to be taxes may be added to the interim billing at one hundred percent (100%).
  4. **Final Tax Billings** are produced in July based on tax rates established by by-law from the budget requirements for the Municipality and Ministry of Education. The tax billing will be calculated to produce a tax billing equal to the assessed value and the appropriate tax rate, all local improvement charges, area charges, business improvement area charges, any special charges levied by the municipality or provincial legislation. The Interim tax billing will be deducted from the total tax amount calculated in order to produce the final tax billing.

**Mailings:**

The Municipal Act, Section 343(1) requires tax billings to be post marked and mailed not later than twenty one (21) calendar days prior to the date of the first installment due date.

**Bill Format:**

The tax billing issued will meet all requirements of the provincially legislated standard tax bill. Arrears are included solely in the first installment due date amount. Installment due dates will be indicated on the payment stubs. Billing messages may be used to relay information to ratepayers.

**Supplementary Tax Billings:**

There are two sections of the Assessment Act that allow for taxation of rateable property not included in the annual revised assessment roll. They deal with omissions and additions to the roll.

**Omissions:** Section 33 of the Assessment Act allows for the taxation of real property that has been omitted from the roll. The provision allows for taxation in the current year, plus a maximum of the two preceding years.

**Additions:** Section 34 of the Assessment Act allows for taxation of assessment that has increased in value or has been added after the return of the last revised roll. These taxes apply to the current year only.

Supplementary tax bills are issued and mailed in the same manner as the Interim & Final tax bills with the exception a separate levying by-law is not required.

Penalties and interest are charged on supplementary taxes outstanding.

Whenever possible, supplementary billings will be issued on quarterly basis.

**Settlement of Accounts:**

Payment will be in the form of cash, cheques, money order, bank drafts, pre-authorized payment plans, and internet banking made payable to the Municipality of Shuniah. Post-dated cheques to the tax due date will be accepted and held by the Tax Department. Payment of taxes will be accepted at the Municipality of Shuniah office, or via mail.

Cheques that are returned NSF on a taxpayers account will be charged an administration fee. Payments of a tax account tendered in foreign fund, will be accepted at the exchange rate established by the financial institution holding the accounts of the municipality on the due date.

**Tax Collection Avenues:**

There are five basic avenues set out by legislation to promote timely payment of taxes as follows:

- Penalty/Interest
- Bailiff action
- Collection Agency
- Rent attornment
- Tax Registration/Tax Sale

**Penalty/Interest:** The rate at which penalty and interest is charged is set by the Municipal By-Law. Currently, the rate is established under the provisions of the Municipal Act Section 345. The municipality may review this rate each year, but cannot exceed the maximum percentage established at 1.25% per month. The purpose of penalty is to persuade ratepayers to pay on time. Penalty and interest shall be charged as set out in the legislation.

**Bailiff Action:** Section 349 of the Municipal Act, provides that taxes may be recovered with costs as a debt due to the municipality from the taxpayer originally assessed for them and from any subsequent owner of the assessed land or any part of it.

**Collection Agency:** Section 304 of the Municipal Act provides that if a municipality uses a registered collection agency under the Collection Agencies Act to recover a debt including taxes, the collection agency may recover their fees as long as the fees do not exceed the amount approved by the municipality.

**Rent Attornment:** Under Section 350 of the Municipal Act, the Municipality may seize the rents of an income producing rental property upon giving proper notice. It is a severe action and should only be initiated after adequate notice.

**Tax Registration/Tax Sale:** Properties that are in arrears for two years are eligible for tax registration under Part XI, Municipal Act. The property owner or interested party has one year from the date of registration in which to redeem the property for all taxes, interest and penalty outstanding plus associated legal and/or administrative costs. A contracted tax registration firm may be used to process the required statutory notices/ declaration or may be processed by the Treasurer and Tax Collector.

Registration is a last resort and should be avoided if possible by encouraging the ratepayer to either make full payment or a mutually agreed upon payment plan.

**Steps and Timing of Collection Procedure:**

Standard reminder or arrears notices are sent after each installment due date.

Any notice sent by ordinary mail is considered delivered to and received by the addressee unless the notice is returned by the Post Office or an error in the mailing address is proven. It is the taxpayer's responsibility to notify the Municipal Office of any mailing address changes. Section 343 of the Municipal Act identifies that tax bills shall be sent to the taxpayer's residence or place of business or to the premises where the taxes are payable for, unless the taxpayer directs the municipality otherwise. The direction for the delivery of tax bills continues until it is revoked in writing by the taxpayer (343(8)).

Priority of tax accounts for collection is:

- I. Tax Accounts with three or more previous years outstanding
- II. Tax Accounts with two previous years outstanding
- III. Tax Accounts with one previous year outstanding
- IV. Tax Accounts with current year only outstanding

For tax accounts which indicate taxes three years in areas, a collection letter is sent to the property owner(s) advising of the tax arrears situation and asking for a minimum payment of the longest outstanding taxes owing as well as all associated penalty charges in full or satisfactory payment arrangements to be made by a given date. The arrears letter will include 'failure to respond to this notice within 60 days of the letter date, the tax account will be forwarded to a registered collection agency and collection agency fees will also be applied'. If acceptable payment arrangements are made, the account is monitored for compliance and follow-up is done as required.

Satisfactory payment arrangements would be a commitment to make payments on prearranged dates via a series of post-dated cheques or in person.

If there is no response to the collection letter with 60 days, the property tax account will then be sent to a registered collection agency for collection.

If there is no response within 90 days of the collection agency having the tax account, any property that qualifies, the Municipality will bring the tax account back and carry on with Tax Sale proceedings.

The Treasurer and/or CAO have the authority to exercise discretion in the application of these policies where unusual circumstances are apparent in order that consistent fairness is provided to the taxpayer and municipal collection procedures are maintained in principal, in accordance with approved policies and/or where governed by legislation.

**Minimum Balance Write-off:**

In some circumstances there remains a balance owing on a taxpayers account after a payment is received, which is often a result of interest being added to the account after a payment amount was

agreed upon and mailed in. When the remaining amount is small enough that the additional cost of collection would not be deemed worthwhile, it may be expedient to write off the amount.

**Late Payment Charge Adjustments:**

Late payment charges are adjusted only in the following circumstances:

- Taxes are adjusted under Sections 354, 357, or 358 of the Municipal Act
- Taxes are adjusted following an Assessment Review Board Decision
- Taxes are adjusted in accordance with a decision of the Courts
- The interest or penalty was charged as a result of the Municipality's error or omission.