

**CORPORATION OF THE TOWNSHIP
OF SOUTH ALGONQUIN**

SUBJECT:	Property Tax and Collection Policy			
TYPE:	Finance	POLICY NO. FIN-002-00		
DATE: March 26, 2018	REVIEW DATE:	FREQUENCY: Annually	REL. BY-LAW: 18-560	PAGE #: 7
Revisions				
March 26, 2018 – New policy				

This Policy is to be implemented in accordance with the governing legislation. In the event of a contradiction between the Policy and the governing legislation, the provisions of the governing legislation will prevail.

Policy:

The Responsibilities of the Finance Department are to:

1. Ensure proper billing of the levy for Municipal and Educational Taxation purposes to coincide with budgetary and legislative requirements for the year;
2. Provide prompt, efficient and courteous service to the taxpayers 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 amounts to be collected in like (same) manner as taxes;
 - Assessment Act
 - Any new legislation pertaining to collection of taxes
4. Apply such collection policies in a consistent manner ensuring all taxpayers are treated 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.

Policy Procedures:

The purpose of the Finance 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.

1.0 Real Property Tax:

1.01 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.

2.0 Standard Tax Billings:

2.01 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 March with installment dates in March and May
- Final Tax Billing – produced in August with installment dates in August and October

2.02 The specific due dates will be identified in both the Interim and Final Levy By-laws for the Township. Where due dates are delayed as a result of factors beyond the Township's control, they shall then be set with regard to the notice provisions below.

2.03 **Interim Tax Billings** are produced in March 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 Municipal 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 (i.e. Bill 140). Amounts deemed to be taxes may be added to the interim billing at one hundred percent (100%).

2.04 **Final Tax Billings** are produced in August based on tax rates established by by-law (Section 312(2) from the budget requirements of the Municipality and the 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 (Bill 140). The Interim tax billing will be deducted from the total tax amount calculated in order to produce the final tax billing.

3.0 Mailings:

3.01 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. The Municipality will endeavor to post mark and mail the tax billing no less than twenty-five (25) calendar days prior to the first installment due date where ever possible.

4.0 Bill Format:

- 4.01 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.

5.0 Supplementary Tax Billings:

- 5.01 There are two sections of the Assessment Act that allow for taxation of rate able property not included in the annual revised assessment roll, omissions and additions to the roll.
- 5.02 **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.
- 5.03 **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.
- 5.04 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. The number of installments and due dates of the supplementary bills will be determined by the Finance Department.

Penalties and interest are charged on supplementary taxes outstanding.

6.0 Settlement of Accounts:

- 6.01 Payment will be in the form of cash, cheques, money orders, bank drafts, internet and telephone banking made payable to the Township of South Algonquin. Cheques which are post-dated to the tax due date will be accepted and held by the Finance Department. Payment of taxes will be accepted at the Township of South Algonquin Office, at all local banks, Credit Unions and Trust Company locations or via mail to:

Township of South Algonquin
7 Third Ave. P.O. Box 217
Whitney, ON
K0J 2M0

- 6.02 Third party cheques will be accepted at the discretion of the CAO/Clerk-Treasurer.
- 6.03 Change will not be returned for cheques accepted in excess of the amount due on the tax account. Should a credit appear on the tax account as a result of the payment, it will be applied to subsequent installments not yet due in the current year. However, at the written request of the taxpayer, a refund cheque will be requisitioned, after allowing sufficient time (15 business days) for the taxpayer's cheque to clear their financial institution. The minimum amount for a refund request to be processed will be \$25, unless the amount is in excess of the next tax installment that is yet to become due.
- 6.04 If two cheques are returned N.S.F. on a taxpayers account, personal cheques from that taxpayer, for any financial transaction within the municipality, will no longer be accepted unless they are certified. This restriction will be placed on the individual for a period of one year on the first restriction, and if there is a reoccurrence of two more NSF payments, cheques will no longer be accepted.
- 6.05 Should payment of a tax account be tendered in U.S. funds, it will be accepted at the exchange rate established by the financial institution holding the accounts of the municipality on the due date.

7.0 Tax Collection Avenues

- 7.01 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
- 7.02 **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 charges as set out in the legislation.
- 7.03 **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.
- 7.04 **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 its costs as long as the costs do not exceed the amount approved by the municipality.

7.05 **Rent Attornment:** Under Sections 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.

7.06 **Tax Registration/Tax Sale:** Properties that are in arrears for two years are eligible for tax registration under the 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 CAO/Clerk-Treasurer.

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.

It is imperative that the schedule for registration be adhered to. Letters and correspondence should encourage payment.

7.07 **Additional Collection Tools:** The following additional tools are available to assist in the collection of realty taxes:

- Reminder notices
- Form or personalized letters
- Telephone follow-up
- Interview
- Title Searches – Interested Party Notification
- External Collection Agencies

8.0 Steps and Timing of Collection Procedure:

8.01 Standard reminder notices are sent after Interim Levy second installment due date (June) and after Final Levy second installment due date (November). Reminder notices for less than \$5.00 are not produced.

8.02 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)).

8.03 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

- 8.04 For tax accounts which indicate taxes three years in arrears, 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. Three years arrears collection letters will be sent by regular mail in January and April. If acceptable payment arrangements are made, the account is monitored for compliance and follow-up is done as required.
- 8.05 Satisfactory payment arrangements would be a commitment to make payments on prearranged dates via a series of post-dated cheques or in person.
- 8.06 If there is no response to prior collection letters and the property legislatively qualifies, a final collection letter will be sent by registered mail in September advising of the proposed tax sale date.
- 8.07 The CAO- Clerk Treasurer 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.

9.0 **Minimum Balance Write-off**

- 9.01 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. The Township authorizes the CAO/Clerk-Treasurer to approve such write-offs for outstanding amount less than \$5.00.

10.0 **Late Payment Charge Adjustments**

- 10.01 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 Township’s error or omission.

Mayor, Jane A.E. Dumas

CAO/Clerk-Treasurer, Holly Hayes

Date

Date