



## PROPERTY TAX COLLECTION POLICY

### **BACKGROUND**

Section 286 of the Municipal Act, 2001, states that the Treasurer is responsible for the invoicing, collection, and reconciliation for all accounts receivable in the Township as follows:

“A municipality shall appoint a treasurer who is responsible for handling all of the financial affairs of the municipality on behalf of and in the manner directed by the council of the municipality, including, a) collecting money payable to the municipality and issuing receipts for those payments; b) depositing all money received on behalf of the municipality in a financial institution designated by the municipality; c) paying all debts of the municipality and other expenditures authorized by the municipality; d) maintaining accurate records and accounts of the financial affairs of the municipality;...”

### **1. PURPOSE**

The purpose of this policy is to ensure proper billings of the tax levy for local, upper tier and educational tax purposes to coincide with budgetary and legislative requirements for the year.

It shall provide prompt, efficient and courteous service to the taxpayers of the Municipality.

It will ensure that proper collection procedures are applied about 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
- Bill 68, Modernizing Ontario's Municipal Legislation Act, 2017
- Any new legislation pertaining to collection of taxes

It shall apply such collection policies in a consistent manner ensuring all taxpayers are treated equally and in accordance with various governing statutes while maximizing necessary controls to ensure proper allocation of payment and custody of funds for proper banking and recording procedures.

This policy does not relate to the Township of North Glengarry's Water and Waste Water billings as this is handled in another policy.

## 2. DEFINITIONS

**MPAC** – Municipal Property Assessment Corporation, responsible for the assessment values of properties in Ontario.

**Tax Collector** – Individual for tax processing such as bills, adjustments, collections.

**Township** – refers to the Township of North Glengarry

**Treasurer** – the Director of Finance/Treasurer of the Township or Deputy Treasurer in their absence.

## 3. POLICY APPLICATION AND EXCLUSIONS

This policy applies to the billing and collection of taxes. It does not apply to the billing and collection of Water/Waste Water as that is covered in a separate policy.

## 4. REAL PROPERTY TAX

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

## 5. STANDARD BILLINGS

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 bylaw. Notwithstanding that there may be fluctuations in due dates because 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 June with installment dates in July and September

The specific dates will be identified in the Final Levy Bylaw for the Township. Where due dates are delayed because of factors beyond the Township's control, they shall be set by the notice provisions below.

**5.1 Interim Tax Billings** are 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%).

**5.2 Final Tax Billings** are based on tax rates established by Bylaw from the budget requirements of the Municipality of North Glengarry, The County of Stormont, Dundas and Glengarry, 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 (Bill 140). The Interim tax billing will be deducted from the total tax amount calculated to produce the final tax billing.

## **6. 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. The Municipality will endeavor to post mark and mail the tax billing no less than thirty (30) calendar days prior to the first installment due date where ever possible.

## **7. 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.

## **8. SUPPLEMENTAY TAX BILLINGS**

There are two sections of the Assessment Act that allow for taxation of rateable property not included in the revised assessment roll. The provision allows for taxation in the current year, plus a maximum of the two preceding years.

- 8.1 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.
- 8.2 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.
- 8.3 Supplementary Tax Bills** are issued and mailed in the same manner as the Interim and Final tax bills with the exception that a separate levying Bylaw is not required. The number of installments and due date of the supplementary bills will be determined by the Director of Finance.
- 8.4 Penalties and Interest** are charged on supplementary taxes outstanding.

## **9. SETTLEMENT OF ACCOUNTS**

- 9.1** Payment will be in the form of cash, cheques, money orders, bank drafts, debit card payments, pre-authorized payment plans, internet and telephone banking made payable to the Township of North Glengarry. Credit cards will not be accepted. Cheques which are post-dated to the tax due date will be accepted and held by the Tax Department. Payment of taxes will be accepted at the Township of North Glengarry municipal office, at all local banks, Credit Unions and Trust Company locations or via mail to:

The Township of North Glengarry  
90 Main Street South  
Alexandria, Ontario K0C 1A0

**9.2** Change will not be returned for cheques accepted that are more than the amount due on the tax account. Should a credit appear on the tax account because 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 more than the next tax installment that is yet to become due.

**9.3** If two cheques are returned as non-sufficient funds (NSF) 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 more NSF payments after the one year period, cheques will no longer be accepted.

**9.4** Should payment of a tax account be tendered in United States (US) funds, it will be accepted at the exchange rate established by the financial institution holding the accounts of the municipality on the due date.

**9.5** At year end, tax accounts that have balances of \$5.00 or less will be written off.

**9.6** Any tax account with a minimum of \$200 shall be refunded to the owner at their request.

**9.7** Any assessment changes made by MPAC which cause excessive credits on the tax accounts, shall be returned to the property owner at the discretion of the Director of Finance or Tax Collector.

## **10. TAX COLLECTION AVENUES**

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

- Penalty/interest
- Bailiff action
- Collection Agency
- Rental attornment
- Tax Registration/Tax Sale

**10.2 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.

**10.3 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

**10.4 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 if the costs do not exceed the amount approved by the municipality.

**10.5 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.

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

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

- Reminder notices
- Personalized letters
- Telephone follow up
- Interview
- Title Searches – Interested party Notification
- External Collection Agencies

## **11. STEPS AND TIMING OF COLLECTION PROCEDURES**

**11.1** Standard reminder or arrears notices are sent after the second installment due date. Reminder notices for less than \$5.00 are not produced as they are subject to small balance write-offs.

**11.2** 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 in writing. 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)).

**11.3** Priority of tax accounts for collection is:

- Tax Accounts with three or more previous years outstanding
- Tax Accounts with two previous years outstanding
- Tax Accounts with one previous year outstanding
- Tax Accounts with current year only outstanding

**11.4** For tax accounts which indicate taxes two 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 by a given date. If acceptable payment arrangements are made, the account is monitored for compliance and follow-up is done as required.

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

**11.6** If there is no response to the collection letter and the property legislatively qualifies, the property information will be forwarded to RealTax (contracted service), who will proceed with Tax Sale proceedings.

**11.7** The Tax Collector and/or Treasurer appointed by the Township 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.

## **12. LATE PAYMENT CHARGES**

**12.1** 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 or Municipal Property Assessment Corporation's (MPAC's) Minutes of Settlement
- Taxes are adjusted in accordance with a decision of the Courts
- The interest or penalty was charged because of the Township's error or omission

**Revision Date: March 23, 2021**