**Township of Schreiber**
**Policy Statement F-2017-1**

# TAX COLLECTION POLICY AND PROCEDURES

## I. OBJECTIVES

1. To ensure taxes are collected in a timely fashion.
2. To provide mechanisms to be initiated to collect taxes in arrears.
3. To set out procedures to be followed to register Certificates of Tax Arrears on properties which meet the appropriate criteria.
4. To set out procedures to be followed to direct tenants of properties with taxes in arrears to pay rents to the Township.
5. To provide procedures to write off taxes when it is apparent that they are uncollectible.
6. To establish guidelines for providing timely and appropriate information to Council as to the status of tax collections in order that Council can be informed as to the effectiveness of the collection policies and practices.

## II. PRINCIPLES

The following principles shall govern the implementation of the practices and procedures set out in this policy.

- Subject to the following, procedures for the collection of taxes shall be applied universally, uniformly and consistently.
- That notwithstanding, the Treasurer may exercise a degree of judgement including the extending of a certain amount of understanding and clemency to the taxpayer provided that such would be in furtherance of the achievement of the objectives as stated.
- The Treasurer may use any means provided by the *Municipal Act, 2001*, as amended in order to maximize collections while keeping administration and legal costs to a minimum.

## III. DEFINITION OF TERMS

In this policy, the following shall have the meanings as indicated.

Property Tax: Taxes which are levied upon the whole of the assessment for real property.

Arrears: Any portion of property taxes which remain unpaid after the date upon which they are due.

## IV. ISSUING OF TAX BILLS

1. Tax bills will be issued as expediently as possible.
2. Interim tax bills will be due and payable in two installments.
3. Final tax bills will be due and payable in two installments.
4. In accordance with the *Municipal Act, 2001*, as amended tax bills shall be issued not fewer than twenty-one (21) days prior to the due date of the first installment thereof.

## V. METHODS OF PAYMENT

- Payments may be made at the Municipal Office, through financial institutions, telephone banking, and internet banking.
- Payments will be in the form of cash, cheques, or electronically in the instance of telephone or internet payments.
- Payments through Interac are acceptable at the Municipal Office only.
- The receipted date at the Municipal Office will be the official date of payment.
- If payment is received after what is considered to be normal business hours that payment will be treated as having been received on the next business day. For electronic payments, the effective date of payment as per the bank remittance notice is the date used to determine if payment was received prior to normal business hours.
- Cheques that are post-dated to the installment due date will be accepted at the Municipal Office and held by the Treasurer. If a customer submits two (2) N.S.F. (non-sufficient funds) cheques for tax payments, personal cheques will no longer be accepted unless the cheques have been "certified". No third party cheques will be accepted.

## VI. PENALTIES FOR NON PAYMENT

Penalties will be applied to taxes in arrears at the maximum rate allowable under the *Municipal Act, 2001*, as amended on the first day of the month following the month in which the taxes were due and on the first day of each month thereafter while the taxes remain unpaid.

Interest and Penalty will be adjusted only in accordance with:

1. Tax adjustments made under Section 354 of the *Municipal Act, 2001*, as amended.
2. Assessment Review Board Decisions.
3. Payments that have been received before the end of the month, but which have not been processed through the cashier prior to the penalty levy.
4. Gross or manifest clerical errors as approved by the Treasurer.

## VII. COLLECTION PROCEDURES FOR TAXES IN ARREARS

Taxes are in arrears when all or a portion of the taxes remain unpaid on the day immediately following that upon which payment was due.

The following actions may be taken when taxes on any property are in arrears.

1. Sending of Past Due Notices
   Past due notices shall be sent within 21 days following the due date for the second installment for each tax billing.

2. Follow-up Letters
   In addition to past due notices, letters as deemed suitable by the Treasurer, may be issued.

3. Payment Agreements
   At any time before a Certificate of Tax Arrears is registered on title to a property, the Treasurer may accept a written undertaking from the owner to pay the taxes and upon acceptance of such, the Treasurer will forego or forestall the registration of a Certificate.

   Any such payment arrangements must be agreed to in writing by the property owner(s) and accepted by the Treasurer (or designate) and must be such that the monthly payments made are sufficient to pay, within thirty-six (36) months of the date established for the submission of the initial payment required by the agreement, all amounts owing, including current taxes levied during the term of the agreement.

   A property owner shall be considered in default of a payment agreement if a required payment is not made by the due date for that payment. The Treasurer shall notify the owner of the default and shall proceed with or resume other collection actions as set out in this policy including the registration of a Certificate of Tax Arrears.

4. Use of a Collection Agency
   If a taxpayer does not respond to notices or does not make a reasonable attempt to enter into a suitable payment arrangement, the Treasurer may engage the services of a collection agency appointed by the Treasurer to attempt the collection of the taxes.

5. Seizure of Personal Property
   The Treasurer may seize the personal property belonging to or in the possession of the taxpayer in accordance with Section 351 (1) and (2) of the *Municipal Act, 2001*, as amended.

   In making a determination to act under this provision the Treasurer shall carefully assess the possibility of ultimately securing full payment through the sale of the property and will be guided or assisted by legal counsel if it is determined by the Treasurer that such counsel is desirable.

## VIII. COLLECTION OF PROPERTY TAXES BY TAX SALE

1. Tax registration should only be considered after all reasonable means of collection have been exhausted. Every effort to work with the taxpayer to make suitable arrangements prior to this step should be attempted.

   i) The collection of taxes by means of the Tax Sale procedures as set out in the *Municipal Act, 2001*, as amended will be pursued when any part of tax arrears are owing on the 1st day of January in the second year following that in which the property taxes become owing, and

   ii) A suitable payment agreement has not been entered into and adhered to by the owner.

2. Except if and as otherwise directed by Council, the Treasurer or an agent acting on direction of the Treasurer shall proceed with the registration of certificates on all eligible properties in accordance with the *Municipal Act, 2001*, as amended.

3. At any time during the year in which tax registration has been commenced on a property, the property owner may request in writing an extension to the time afforded to pay the taxes and other amounts owing. The Treasurer shall bring these requests forward to Council with a recommendation and Council may, by bylaw, authorize an agreement between the owner and the municipality setting out the terms and conditions of the extension.

## IX. COLLECTION OF TENANTS RENTS WHERE LANDLORD HAS TAX ARREARS

1. Under Section 350(1) of the *Municipal Act, 2001*, as amended where taxes are due upon any land occupied by a tenant, the Municipality may give the tenant notice in writing requiring the tenant to pay the rent as it becomes due to the Municipality until the taxes are satisfied.

2. After taxes have been in arrears for one year and the procedures under Section VII of this policy have been unsuccessful, a notice will be sent to the taxpayer informing him of our intention to proceed with rent collection and allowing the taxpayer a final opportunity to make suitable payment arrangements within fourteen (14) days.

3. If taxes remain unpaid after the 14 day grace period, the tenants of the rental property will be informed by letter to direct their rental payments to the Municipality. A copy will be sent to the land owner.

4. Rents will continue to be collected until such time as all penalties, interest, and taxes have been collected or an alternate arrangement has been negotiated between the property owner and the Municipality.

## X. COLLECTION THROUGH THE COURTS

Section 349 of the *Municipal Act, 2001*, as amended provides that "Taxes may be recovered with costs as a debt due to the municipality from the owner originally assessed for them and from any subsequent owner of the assessed land or any part of it".

Therefore, it is the policy of the Township and the obligation of the Treasurer, where deemed appropriate and in the interests of the municipality, to pursue the collection of such debt through court action. Such action shall be taken in accordance with the advice of or within the framework of direction provided by legal counsel and with the prior authorization by Council.

## XI. WRITING OFF TAXES WHEN DEEMED UNCOLLECTIBLE

1. Where the Tax Collector or designate ascertains that certain taxes are uncollectible as per the *Municipal Act, 2001*, as amended, a list shall be prepared for Council's consideration. This list will be prepared no later than December 15th in the year. Council will then direct the Treasurer or designate to strike the uncollectible taxes from the roll.

## XII. NOTES ON COLLECTION OF TAXES

1. All arrangements for payment must be approved by the Treasurer.

2. All actions will be clearly documented.

3. Any deviation from procedures will be immediately brought to the attention of the Treasurer.

4. All form letters must be reviewed and approved by the Treasurer.

5. All collection letters must be personally signed.