
Subject:	Tax Collection	Policy Number:	TOB-2009-001 TAX
Date Approved:	November 4, 2009	Date Modified:	
Lead Department:	Administration and Finance	Branch:	Taxation

PURPOSE

1. This policy will provide direction to staff in the Tax Branch of the Administration and Finance Department regarding the timely and efficient billing and collection of property tax levies.
2. The Town of Bracebridge will follow a prescribed policy for the billing and collection of property tax levies. This policy will conform to current legislation and the *Municipal Act, 2001*. In the case where current legislation differs from this policy, legislation shall be followed.
3. This policy will also provide an open and transparent framework for the tax billing and tax collection process, and will provide a reference document for municipal staff and Council in their communications with taxpayers.
4. The tax billing and collection process is an important activity for the Town of Bracebridge. This Policy will help to:
 - 4.3. streamline activities and eliminate questions as to the appropriate steps required for collection;
 - 4.4. set out consistent guidelines with regard to collection of property tax payments to the Town;
 - 4.5. establish a written policy outlining the procedures to be followed by staff in the Taxation Branch of the Administration and Finance Department; and
 - 4.6. ensure all activities conform to current legislation.

GUIDELINES FOR TAX BILLING

5. The following guidelines are followed to ensure timely billing of property tax levies:

Real Property Tax

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

Standard Tax Billings

- 5.4. The following guidelines apply to the issuance of property tax bills:
- 5.4.1. Interim Tax Bills will be issued in February and will be due on the date specified in the by-law passed annually to provide for an Interim Levy. The preferred due date is March 31st. The amount billed is calculated as no more than fifty percent (50%) of the previous year's total taxes and may include fifty percent (50%) of any Local Improvement, Business Improvement Area charge or other special charge as required under provincial legislation. Amounts deemed to be taxes may be billed at one hundred percent (100%).
 - 5.4.2. Final Tax Bills will be issued in July and will be due the date specified in the by-law passed annually to establish due dates for taxes. The preferred due date is August 31st. The amount billed will be calculated based on the assessment value on the returned assessment roll and the final tax levy as approved by Council through the Annual Budget and the by-law passed in accordance with Section 312(2) of the *Municipal Act, 2001*.
 - 5.4.3. Due Dates will be clearly identified on the tax bill in accordance with the levying by-law passed by Council.
 - 5.4.4. Tax bills will contain all required information as set out in Section 343(2) of the *Municipal Act, 2001*.

Mailing

- 5.5. The *Municipal Act, 2001* Section 343 (1) requires tax billings to be post marked and mailed no less than twenty-one (21) calendar days prior to the due date. When possible, the Town will mail the bills at least thirty (30) days before the due date. A copy of the Statement of Mailing from Canada Post will be retained for viewing if requested.

Supplementary Tax Billings

- 5.6. There are two sections of the *Assessment Act* that allow for taxation of rateable property not included in the annual assessment roll. They deal with Omissions and Additions to the roll as follows:
- 5.6.1. **Omissions** - Section 33 of the *Assessment Act* allows for the taxation of real property that has been omitted from the roll. This provision allows for taxation in the current year, plus a maximum of two preceding years.
 - 5.6.2. **Additions** - Section 34 the *Assessment Act* allows for the taxation of assessment that has increased in value or has been added to the return of the last revised roll. These taxes apply only to the current taxation year.
- 5.7. Supplementary tax bills will be generated as soon as possible after each Supplementary Roll is received from MPAC, and mailed in the same manner as Interim and Final tax bills. The due date will be the last day of the month following the date of issue unless the tax bill has not been issued at least 21 days prior to the end of the month in which case the due date shall be the end of the following month. Supplementary bills will be issued to the current owner of the property at the time the bill is generated.

APPLICATION OF PAYMENTS

6. Section 347 (1) of the *Municipal Act, 2001* outlines how payments are applied to outstanding balances:
 - 6.3. *The payment shall first be applied against late payment charges owing in respect of those taxes according to the length of time the charges have been owing, with the charges imposed earlier being discharged before charges imposed later.*
 - 6.4. *The payment shall then be applied against the taxes owing according to the length of time they have been owing, with the taxes imposed earlier being discharged before taxes imposed later.*
 - 6.5. Part payment will not be accepted on a tax account where a tax arrears certificate has been registered against the property unless an extension agreement has been granted.

ACCEPTED PAYMENT METHODS

7. Payments are payable to The Corporation of the Town of Bracebridge, 1000 Taylor Court, Bracebridge, ON, P1L 1R6. The following methods will be accepted for payment of taxes:
 - 7.3. Telephone or internet banking;
 - 7.4. Cheques may be delivered in person; placed in the after hours drop-box at the front of the Town Hall; or sent by mail. The date payment is received in the Taxation Branch office will be considered to be the date of payment. Post-dated cheques will be accepted and held until the negotiable date;
 - 7.5. Payments may be made at most financial institutions. The date of tellers stamp is considered to be the date of payment;
 - 7.6. Monthly pre-authorized ten-payment plan;
 - 7.7. Installment pre-authorized two-payment plan;
 - 7.8. Payments made by a mortgage company or financial institution on behalf of a taxpayer; and
 - 7.9. Payment tendered in US funds will be accepted based on the exchange rate established by the bank on the day of deposit.
8. Third-party cheques will not be accepted.

GENERAL PROCEDURES

9. At the discretion of the Municipal Treasurer, documented procedures or work instructions may be implemented to provide detailed instructions on specific processes and tasks within the Taxation Branch. These procedures may be updated from time to time to reflect current legislation, continuous improvement objectives or technology changes. The Municipal Treasurer will review all procedures prior to circulation.

GENERAL FOLLOW-UP METHODS

10. Review of all past due accounts will be done on a regular basis. An updated Arrears Report will be generated at least three times per year. There are a number of additional tools that will be used to assist in collection of property tax accounts before proceeding to tax registration and sales.
11. Arrears Notices are mailed three times per year, after each billing is due and after the end of each tax year. The preferred dates are the first day of January, May and October. The first two notices are mailed only to taxpayers with a balance of over \$20.00. The third notice is mailed to all taxpayers with a balance of over \$10.00.
12. Form or personalized letters are sent out after the final tax due date to all property owners with outstanding balances over two years old. The letter will request payment or response by a specific date. If compliance is not forthcoming, an additional letter will be mailed after the interim tax due date.
13. When possible, telephone contact will be made to taxpayers with large past due balances. All calls will be documented on the account file.
14. Meeting with the taxpayer at the Town Hall may be appropriate in certain circumstances.
15. The Municipal Treasurer and/or Tax Collector will encourage property owners in tax arrears to establish a monthly payment plan to repay outstanding taxes in a timely manner.

COLLECTION REMEDIES

16. There are four basic remedies set out by legislation used by the Town to enforce payment of property taxes owing:
 - 16.3. **Penalty / Interest** – Penalty at the rate of 1.25% will be added to all outstanding accounts on the first day following the due date. Interest will be added to all outstanding tax accounts on the first day of each following month at a rate of 1.25% in accordance with the *Municipal Act, 2001*, Section 345(2). Penalty and Interest charges are not compounded.
 - 16.4. **Rent Attornment** - Rent attornment is an option for tenant occupied properties. The *Municipal Act, 2001* Section 350 (1) states: *Where taxes are owed in respect of any land occupied by a tenant, the treasurer may give the tenant notice in writing requiring the tenant to pay the rent in respect of the land to the treasurer as it becomes due up to the amount of the taxes due and unpaid plus costs, and the tenant shall comply with the notice.* This option will be carefully considered before imposing as it may cause undo hardship on the property owner by making it difficult to meet other expense commitments such as mortgage payments or utilities.
 - 16.5. **Bailiff Action** – Bailiff action may be used as provided for in Section 349 of the *Municipal Act, 2001*. Taxes may be recovered 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.

- 16.6. **Tax Registration / Tax Sale** – Tax registration and sale falls under Part XI of the *Municipal Act, 2001* and applies to properties that are in arrears for the preceding three years. 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 all required statutory notices/declarations or the notices may be processed by the Municipal Treasurer and/or Tax Collector. Tax registration and sale is a last resort and will be avoided where possible by encouraging the taxpayer to either make full payment or a mutually agreed upon payment plan. The schedule for registration will be adhered to and it is only after all other methods have been unsuccessful that the Town will proceed to tax registration.

STEPS AND TIMING OF COLLECTION PROCESS

17. Priority of tax accounts for collection is as follows:
- 17.3. Tax Accounts with three or more previous years outstanding;
 - 17.4. Tax Accounts with two previous years outstanding;
 - 17.5. Tax Accounts with one previous year outstanding; and
 - 17.6. Tax Accounts with current year only outstanding.
18. 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 Town of Bracebridge of any mailing address changes. Section 343 (6) of the *Municipal Act, 2001* 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.
19. For tax accounts with three years in arrears, a collection letter will be sent to the property owner(s) advising of the tax arrears situation and requesting, as a minimum, full payment or satisfactory payment arrangements of the longest outstanding taxes owing including all associated penalty and charges. If acceptable payment arrangements are made, the account is monitored for compliance and follow-up is done as required.
20. Satisfactory payment arrangements would include a commitment to make specific payments on prearranged dates via a series of post-dated cheques or enrollment in the Arrears PAP Program. Interest will continue to accrue during all such agreements until full payment on the account has been made.
21. If there is no response to the collection letter, a final notice will be mailed to the taxpayer and the appropriate fee will be added to the tax roll in accordance with the current fees by-law. The notice will communicate that the property legislatively qualifies for Tax Registration proceedings and the Town will initiate these proceedings without further notice.
22. The Municipal Treasurer and/or Tax Collector 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

23. 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 Municipal Treasurer and/or Tax Collector are authorized to approve such write-offs for outstanding amount less than \$10.00.

LATE PAYMENT CHARGE ADJUSTMENTS

24. Late payment charges are adjusted only in the following circumstances:
- 24.3. Taxes are adjusted under Sections 354, 357, or 358 of the *Municipal Act, 2001*;
 - 24.4. Taxes are adjusted following an Assessment Review Board Decision;
 - 24.5. Taxes are adjusted in accordance with a decision of the Courts;
 - 24.6. The interest or penalty was charged as a result of the Town's error or omission; or
 - 24.7. Circumstances deemed appropriate as determined by the Municipal Treasurer and/or Tax Collector.

LEGISLATION CHANGES

25. As legislation is always evolving and changes are frequent, current legislation will take precedence over any section of this policy that becomes obsolete. Every effort will be made to update and re-distribute this policy as substantial changes occur. Specific changes or enhancements to property tax collection may be addressed in the annual By-law to Levy and Collect Municipal Taxes.