THE CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

POLICY MANUAL

POLICY TITLE:	SUBJECT:
Tax Collection	Property Taxes
POLICY SECTION:	POLICY NO:
T	4
EFFECTIVE DATE: March 28, 2018	ENACTED BY: Resolution

Purpose of Policy: This policy is designed to outline the procedures to be undertaken for the effective collection of property taxes within the Township of the North Shore as specified in the *Municipal Act, 2001 and the Modernizing Ontario's Municipal Legislation Act, 2017,*

Objectives: To ensure the fair treatment of all ratepayers with respect to tax arrears, to ensure Conformity to Statutory Requirements and to establish guidelines to be adhered to for the effective collection of property taxes within the Township of the North Shore.

Introduction:

Real Property Tax is levied against all taxable real property assessment within the Township of the North Shore within the definition of Section 307 (1) of the Municipal Act.

Tax arrears is defined as "any taxes outstanding following the due date for which they have been levied" and includes late payment charges or other charges added to the tax roll.

The policy of the Township of the North Shore is to:

- Provide prompt, courteous and efficient services to the ratepayers of the Township of the North Shore
- Ensure proper billing of the tax levy to coincide with budgetary considerations during the fiscal year
- Interest revenue on outstanding tax payments will be maximized by using proper banking and investment procedures
- Ensure proper collection procedures are adhered to in reference to the Municipal Act
- Maintain a target collection rate of 83% (2013) against taxes levied by the Township, with the intent of improving this rate over time.

Standard Tax Billing Procedures

There are typically two billings of property taxes produced each year, with two installments per billing. Billings are produced based on the returned assessment roll for the municipality.

The interim tax billing is produced in February, with installment due dates at the end of months March and May. This billing will be calculated to produce a tax bill no greater than fifty (50) percent of the *previous* year's total taxes (less policing fee) billed for each property in accordance with Section 317 of the municipal act. Any local improvement charges, area charges, business improvement area charges and/or special charges levied by the Township may be included to a maximum of fifty (50) percent of the annual levy.

The final tax billing is produced following the passage of the annual operating/capital budgets of the Township. Typically, this bill is generated in July/August with installment due dates at the end of August and October.

The tax rates established by by-law from these budget requirements will be applied to the current assessed property value as returned in the assessment roll to determine the outstanding real property tax for every property within the Township. The amount of the interim tax billing will be deducted from the total tax amount calculated in order to produce the final tax billing.

The passage of a levying by-law by Council is required.

The Municipal Act, Section 343 (1) requires tax billings to be postmarked and mailed not later than twenty-one (21) days prior to the first installment due date. Outstanding property taxes levied are subject to penalty and interest charges as outlined in Section 4 (a).

As per Section 343 (6) of the Municipal Act, 2001, it is the responsibility of the taxpayer and/or designate to provide the Township with the correct mailing address for the distribution of the tax billings. Failure to receive a tax bill does not excuse the prompt payment of the bill by the property owner. Tax bills issued by the Township of the North Shore will meet all the requirements of the provincially legislated standard tax bill, as outlined in O. Reg. 75/01.

Supplementary Tax Billings

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

Errors: Section 32 of the Assessment Act allows the Municipal Property Assessment Corporation (MPAC) to make alterations to the annual assessment roll to

correct any defects, errors, omissions or misstatements. Upon receipt of such alterations from the Assessment Corporation, the Township will deliver an amended tax bill to the assessed ratepayer.(Subject to municipal appeal to the Assessment Review Board)

Omissions: Section 33 of the Assessment Act allows for the taxation of any real property that may have been omitted from the tax roll upon notification of such omissions being received from MPAC. The Municipality will collect taxation in the current year, and a maximum of two preceding years where applicable.

Additions: Section 34 of the Assessment Act allows for the taxation of property that has shown an increase in value as determined by MPAC, or is an addition following the return of the last revision of the annual assessment roll. Such taxes apply for the current year only.

Non-Tax Debt

As per Section 398 (1) of the *Municipal Act, 2001*, identifies debt as "fees and charges imposed by a municipality or local board on a person constitute a debt of the person to the municipality or local board, respectively".

Section 398 (2) states that non-tax debt can be added to the tax roll and collected in the same manner as municipal taxes.

Section 398 (2) Amount owing added to tax roll – "The treasurer of a local municipality may, and upon the request of its upper-tier municipality, if any, or of a local board whose area of jurisdiction includes any part of the municipality shall, add fees and charges imposed by the municipality, upper-tier municipality or local board, respectively, to the tax roll for the following property in the local municipality and collect them in the same manner as municipal taxes:

1. In the case of fees and charges for the supply of a public utility, the property to which the public utility was supplied.

2. In all other cases, any property for which all of the owners are responsible for paying the fees and charges."

Procedure:

a) if an invoice remains unpaid for a period of 60 days or more, a reminder letter will be generated. A deadline for payment will be applied and notification that the unpaid invoice will be added to the tax roll if it remains unpaid past the deadline.

b) if the invoice remains unpaid after the imposed deadline as stated in the reminder letter, the charge along with all penalty accrued to date will be removed from the Accounts Receivable system and added to the tax roll for collection.

The scope of fees and charges will be added to the tax roll if unpaid include but are not limited to the following:

- Returned Cheque Fees
- Water On/Off Charges
- Water/Sewer Connection Fees
- Water/Sewer User Fees
- Capital Project Charges
- Property Standards By-Law Clean Up Orders
- Cemetery Fees
- Landfill Tipping Fees
- Culvert Replacement Charges
- Tax Registration Legal Fees
- Commercial Garbage Bin Collection Fees

Payment Incentives:

a) Penalty/Interest Charges:

The rates of penalty and interest charged by the Township of the North Shore, as set out by municipal by-law, renewed annually, is 1.25 percent per month (or the maximum 15% annually) on unpaid balances.

Penalty and interest are charged pursuant to the requirements set out in the legislation, with penalty on unpaid balances typically applied on the first business day of the month following the installment due date, and interest on the first business day of each month thereafter.

Interest is adjusted only in accordance with:

- Tax adjustments under section 357 and 358 of the Municipal Act Including cancellation, reduction or refund of overcharges
- Assessment Review Board decisions
- Approval of the Treasurer in cases of gross or manifest clerical errors

b) Rent Attornment:

Under Section 350 (1) and (2) of the Municipal Act, the Township has the right to seize the rents of an income-producing property, whether commercial or residential, upon giving proper notice to the property owner and tenant. This is a severe action, as it causes the property owner to lose valuable income, and will only be initiated after other avenues have proven unsuccessful.

c) Bailiff Action:

Under Section 351 of the Municipal Act, the Township may issue a warrant to seize personal property of a taxpayer towards the payment of property taxes if the taxes remain unpaid after the installment due date. The Township will only utilize a bailiff in situations where other means of procuring payment have been unsuccessful over a prolonged period of time.

d) Tax Registration/Tax Sale:

MOMLA (Mondernizing Ontario's Municipal Legislation Act 2017 S. 55(1) states that when any tax arrears date back two years with respect to a parcel of land in a municipality, the Treasurer may prepare and register a tax arrears certificate against the title of the land. The property owner has one year from the date of registration to redeem the property of all taxes, penalty, interest and associated legal and administrative costs, or the property may then be sold by the Township to recoup the unpaid taxes and any associated costs.

Registration is a last resort and will be avoided by encouraging the ratepayer to either pay the outstanding taxes in full, or to undertake a mutually agreeable payment plan to clear up the arrears.

Additional Collection Tools

a) Reminder notices:

In those months of the year in which no notices of taxation are delivered, a Past Due Reminder notice will be generated to the individual taxpayers whose accounts are in arrears. No reminder notices will be generated for accounts with a minimum balance outstanding of $25.00 or less.

The Reminder Notice is intended to bring the current delinquent situation with respect to taxation to the attention of the property owner. An additional benefit is the use of the reminder notice to determine if any discrepancies exist within the account that may require follow-up actions.

b) Form or personalized letters:

If taxes remain in arrears for more than 2 years following the issuance of subsequent reminder notices, the Tax Collector will attempt to contact the property owner through a form or personalized letter designed to draw the arrears situation to their attention.

c) Interviews:

Once contact has been established with the property owner, the Tax Collector will arrange a meeting at the Township office to discuss the arrears and attempt to establish a mutually agreed upon payment plan. Alternatively, payment arrangements may be made

by telephone, in which case the Tax Collector will then send a follow-up letter confirming the arrangements that have been made.

d) External Collection Agencies:

The use of collection agencies or Credit Bureaus are other options available to the Tax Collector as a means of recovering the outstanding taxes.

Steps and Timing of Collection Policies

a) Interim Tax Notices are sent in February, and Final Tax Notices are typically mailed by the end of July. Tax arrears outstanding at the time of the billings are included on the tax notices.

b) Tax payments are due no later than the last business day of the month. For the convenience of the taxpayer, the following methods of payment are available:

- Cash, cheque or money order at the front counter
- Cheque payments through Canada Post
- Post-dated cheques
- Telephone or internet banking
- Mortgage company payments

c) Penalty and interest (1.25%) is charged according to Township by-laws passed annually (penalty – the first business day of the month following the installment due date, and interest on the first business day of each month thereafter).

d) Standard reminder notices are mailed during each month. Reminder notices will not be generated for accounts with an outstanding balance of $25,00 or less.

e) All notices sent by Canada Post are considered delivered to and received by the addressee even if they are returned by Canada Post. The actual mailing of the notices is certified by the Treasurer on the Collectors Roll. Failure by the ratepayer to notify the Township of an address change in writing, as per the Municipal Act, is not an error on behalf of the Township.

f) A collection letter is sent to the property owner advising of the possibility of registration of the property for tax sale when the property taxes are two years in arrears, requesting payment in full or payment arrangements satisfactory to both the Township and the owner. These arrangements are to be arranged by a given date. If acceptable payment arrangements can be made, the tax account will be monitored to ensure compliance. If follow-up is required, it may be done in the form of written notice or telephone conversation.

g) Satisfactory payment arrangements would consist of payment in full, or a series of post-dated cheques. Penalty and interest charges will continue to accrue during the payment period and remain payable during or upon completion of payment arrangements.

h) If no reply is received for item f) above, a final letter will be sent stating that failure to reply will result in further action being undertaken to collect the outstanding taxes (title search and notification to interested parties).

i) Should other means of collection prove unsuccessful, the Tax Collector will initiate a title search against the property. This will determine if other interested parties (for example, mortgage holders) are willing to take action to pay the tax arrears on the property to protect the interested party's financial interest.

j) If no reply or payment arrangements are received from the interested parties, the use of a bailiff to seize chattels may be undertaken. Notification to the property owner by registered mail that the tax account will be assigned to a bailiff and that additional costs will be incurred is recommended.

k) If all efforts to collect the tax arrears have failed, a report will be made to Council advising of proceedings with tax registration in accordance with the Municipal Act, and a Tax Arrears Certificate will be registered.

l) The Township will use the services of an outside Agency to register the Tax Arrears Certificate and subsequent Notices thereafter.

m) All costs incurred for collection are payable by the property owner and are added to the tax account. These costs may include, but are not limited to:

- All title search fees
- All corporate search fees
- Registered mail
- Bailiff fees
- Collection Agency fees
- Legal Fees
- Property Valuations
- Environmental investigations

n) The Tax Collector and/or the Treasurer will have the authority to exercise discretion in the application of these policies where unusual circumstances are apparent, in order that consistency and fairness are provided to the taxpayer and municipal collection procedures are maintained in principal, pursuant with approved policies and/or where governed by provincial legislation.