



Parry Sound Corporate Policy and Procedure Manual

Section:	06 – Finance
Subject:	Property Tax Collection Policy
Policy Number:	
Date Issued/Approved:	August 8, 2017
Resolution/By-law:	By-law 2017-6761
Date Last Revised:	
Resolution/By-law:	

Policy:

Section 286 of the Municipal Act, 2001, states that the Treasurer is responsible for the invoicing, collection, reconciliation for all accounts receivable in the Town 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;...”*

Use of the terms Treasurer and Director of Finance and POA Court Services are interchangeable for the purposes of this policy. As approved by By-law, the Revenue and Taxation Supervisor has been delegated authorities of the Treasurer with regard to tax collection. Reference to the Revenue and Taxation Supervisor provides the same responsibility to the Treasurer where appropriate.

Purpose:

The purpose of this policy is to establish the responsibilities, internal controls, authorizations and procedures for the accurate and timely preparation and collection of property taxes.

Procedure:

The following guidelines are followed to ensure timely billing of tax levies and other accounts receivable:

General

1. This policy provides direction to staff in the Finance and POA Department regarding the timely and efficient billing and collection of property tax levies.
2. The Town of Parry Sound 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. Where this policy contradicts legislation of the Province of Ontario or the Government of Canada, the legislation shall be followed.
3. This policy does not relate to the Town of Parry Sound Water and Wastewater billing. These utilities are covered under the Water and Wastewater By-law. When and if outstanding water and wastewater balances are transferred to the tax roll, at that point this policy shall take effect for said balance.
4. This policy will provide an open, transparent and consistent framework for the billing and collection process. Municipal staff and Council shall reference this document when communicating with the public regarding property taxes.
5. As tax billing and collection is the primary source of revenue for the Town of Parry Sound, this policy will help to:

- a) Streamline activities and eliminate questions as to the appropriate steps required for collection;
 - b) Set out consistent guidelines to be followed with regard to collection of property tax payments to the Town;
 - c) Establish a written policy outlining the procedures to be followed by staff in the Finance and POA Department; and
6. Ensure all activities conform to the current legislation. Real property tax is levied on the assessment for real property within the Town of Parry Sound in accordance with Section 307(1) of the Municipal Act, 2001

Issuance of Property Tax Bills

7. The following guidelines apply to the issuance of property tax bills:
- a) Taxes are deemed to be levied and become due on January 1 of the taxation year to which they apply, except where otherwise required by law
 - b) Interim Tax Bills will be issued in February as specified in the annual by-law passed to establish the interim levy.
 - c) The amount billed will be no more than fifty percent (50%) of the previous year's total taxes and may include up to fifty percent (50%) of any Local Improvement, Business Improvement Area (ie. The Downtown Business Association) charge or other special charge as required under provincial legislation.
 - d) Amounts deemed to be taxes, or items with priority lien status will be included on the interim bill at one hundred percent (100%). These items may include, but are not limited to, outstanding water and wastewater fees, and Provincial Offences Act fines.
 - e) Final Tax Bills will be issued in July as specified in the annual by-law passed to establish the final tax rates.
 - f) Taxes due may be paid in four installments without interest or penalties as follows:
 - 50% of interim bill on the last Friday of March;
 - 50% of interim bill on the last Friday of May;
 - 50% of final bill on the fourth Friday of August;
 - 50% of final bill on the fourth Friday of October;

- g) Where an installment date identified above falls on a statutory holiday, the installment date shall be following business day.
- h) The amount billed will be calculated based on the assessment value on the returned assessment roll and the final levy as approved by Council through the Annual budget and the associated by-law passed in accordance with Section 312(2) of the Municipal Act, 2001.
- i) Tax bills will contain all required information as set out in Section 343(2) of the Municipal Act, 2001 and any other information deemed necessary by the Director of Finance.

Mailing

- 8. Where allowed by legislation, and where available, provision of tax bills, arrears notices, and other related correspondence may be provided electronically.
- 9. 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) calendar days before the due date.

Supplementary Tax Billings

- 10. **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 an additional two preceding years. These will be taxed at the appropriate rate for the effective years.
- 11. **Additions** – Section 34 of 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.
- 12. Supplementary tax bills will be generated as soon as possible after each Supplementary Roll is received from MPAC, however will not be before July. The bills will be processed and mailed in the same manner as the interim and final tax bills. The due date shall be set no earlier than 21 calendar days after the date of the tax bill.

Application of Payments

13. Section 347(1) of the Municipal Act, 2001 outlines how payments are applied to outstanding balances:

- a) 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 (ie. Longest outstanding interest or late payment charges first).
- b) After all outstanding late payment charges, the payment shall be applied against taxes owing according to the length of time they have been owing, with taxes imposed earlier being discharged before taxes imposed later.
- c) 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 by Council.

14. Section 341 of the Municipal Act, 2001 provides that a municipality may apply refunds from appeals to the current tax liability. The Town will apply any refund resulting from an appeal, request for reconsideration, or other legislative reduction first to the taxpayers account. A taxpayer may request a refund of a credit balance in writing after the final tax bills have been issued.

Accepted Payment Methods

15. Payments are payable to the Corporation of the Town of Parry Sound, 52 Seguin St.
Parry Sound, ON, P2A 1B4

16. The following payment methods are accepted for property taxes:

- a) Cash payments may be received in person (Monday to Friday between 8:30am and 4:30pm) at the reception desk of the Municipal Building.
- b) Telephone or internet banking;
- c) Cheques may be delivered in person (Monday to Friday between 8:30am and 4:30 pm), dropped in the after-hours mailbox at the front of the Municipal Building, or mailed. The date of the payment must be no later than the installment date in order to avoid interest and penalties;

- d) Payments may be made at most Canadian financial institutions. The date of the tellers stamp is considered to be the date of payment;
- e) The Town offers a monthly pre-authorized payment plan over 10 ten months;
- f) Payments made by a mortgage company or financial institution on behalf of a taxpayer; and
- g) Payments may be made via credit card, where and when accepted by the Town.

17. Payment tendered in US funds will be accepted based on the exchange rate established by the Town's bank on the day of the deposit.

18. Third party cheques will not be accepted

19. An individual who has had two (2) payments returned within a 12 month period is no longer eligible for PAP. Any cheques would also then have to be certified.

Outstanding Taxes General Procedures

20. Review of all past due accounts will be done on a monthly basis. An updated Arrears Report will be generated at least three (3) times per year.

21. Arrears notices are mailed after each installment date (March, May, August, October) and in the month of December. The first four notices are mailed only to taxpayers with a balance of \$20.00. The December notice is mailed to all taxpayers with a balance of over \$10.00

22. Form or personalized letters are sent out after the final tax due date to all property owners with outstanding balances over one year old. The letter will request payment or response by a specific date. An additional letter will be mailed after the interim tax due date if no response is received.

23. When possible, telephone contact will be made to taxpayers with large past due balances, or balances which are one year and six months in arrears.

24. The Revenue and Taxation Supervisor will encourage property owners in tax arrears to establish a monthly payment plan to repay outstanding taxes in a timely manner.

25. Payment plans shall be designed to ensure that arrears in second year are repaid within six months.

Collection Methods

26. There are four basic remedies used by the Town to enforce payment of property taxes owing:

- a) Penalty / Interest – Interest shall be assessed at the rate of 1.25%, or the highest rate allowed under the Municipal Act, and will be added to all outstanding accounts on the first day of the month following the due date. Penalty and interest will not be compounded.
- b) Rent Attornment – Rent attornment is only available for tenant occupied properties only. 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 taxes due. This option will be carefully considered as it may impose undue hardship on the property owner making it hard for them to meet their other financial obligations
- c) 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.
- d) 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 two 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. The Town may use a tax registration firm to process all required statutory notices, or they may use a local legal services firm. The use of tax registration and tax sale is a last resort and will be avoided where possible through the establishment of a repayment plan.

27. 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.

28. It is the taxpayer's responsibility to notify the Town of Parry Sound 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 otherwise. The direction by the taxpayer continues until it is revoked in writing by the taxpayer.

29. For tax accounts approaching two years in arrears in January of the following year, a collection letter will be sent out in December to the property owner(s) advising of the tax arrears situation and requesting, as a minimum, full payment or satisfactory payment arrangements of the amounts subject to tax registration.
30. If there is no response to the collection letter, a final notice will be mailed on the first week of January indicating that no further partial payments will be received and that the property legislatively qualifies for the Tax Registration process and the Town has initiated these proceedings.
31. Where a taxpayer has a balance in second year arrears and breaches a payment plan, the Revenue & Taxation Supervisor shall immediately inform the taxpayer that no further partial payment will be received and forward the file for tax registration.
32. Where a taxpayer has breached payment arrangements in the preceding two years, the Town will not enter into a payment arrangement unless 50% of the taxes outstanding are paid as a good faith payment.
33. The Director of Finance and/or Revenue and Taxation Supervisor have the authority to exercise discretion in the application of these policies where unusual circumstances are apparent. The guiding principles for this discretion shall be ensuring legislative requirements are met, ensuring fairness to all taxpayers, and the overall best interests of the Corporation are met.
34. In some circumstances, there remains a balance owing on a taxpayer's 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. When the remaining amount is small enough that it is not cost effective to incur the costs of collection, it may be expedient to write off the amount. The Director of Finance and POA Court Services shall approve such write-offs for outstanding amounts less than \$10.00
35. Late payment charges are adjusted only in the following circumstances:
 - a) Taxes are adjusted under Sections 354, 357, 358 of the Municipal Act, 2001;
 - b) Taxes are adjusted following an Assessment Review Board decision;

- c) Taxes are adjusted in accordance with a decision of the Courts;
- d) The interest or penalty was charged as a result of error or omission; or
- e) Circumstances deemed appropriate by the Director of Finance and POA Court Services and / or the Revenue and Taxation Supervisor

36. This policy shall be reviewed at least every four years, or as legislation changes.