



**The Corporation of the Town of Erin  
Property Tax & Collection Policy**



## Property Tax & Collection Policy

Section: Finance

Policy#: F2024-01

Date Approved:

Property Tax & Collection Policy

Revision Date:

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### 1. PURPOSE:

- 1.1 To establish a policy that provides guidelines for applicable staff for efficient and effective processing of billing and collection of property taxes on behalf of the Town, County of Wellington and the area school boards.
- 1.2 To ensure that all taxpayers are treated in a fair and equitable manner with respect to the collection of their property tax.
- 1.3 This policy is designed to follow the current legislation, Municipal Act, 2001 (hereinafter referred to as "the Act") and related Ontario regulations made under the act and applicable Town by-laws, as revised from time to time.

### 2. SCOPE

This policy is in the scope of all billing and collection of tax in arrears and any other amounts added as tax for collection in accordance with the current legislation and the Act. All procedures relating to a Municipal Tax Sale are carried out in accordance with Ontario Regulation 181/03.

### 3. DEFINITIONS

For the purpose of this policy:

- 3.1 "**Cancellation Price**" means an amount equal to all tax arrears, together with the current taxes owing, penalties and interest and costs incurred by the Town after the registration of a Tax Arrears Certificate under Section 375 of the Act.
- 3.2 "**Collection Costs**" means all costs incurred by the Town to obtain information for collection purposes and/or collect tax arrears including, but not limited to, title search fees, corporate search fees, registered or certified mail, administrative charges, legal costs and tax sale costs.
- 3.3 "**Due Date**" is the date that property tax bill (interim, final and supplementary) installments are due to be paid to the Town. These may also include pre-authorized tax payment plan due dates as outlined on the tax bills of property owners that have opted into those payment programs.
- 3.4 "**Extension Agreement**" means a contract between the Town and the owner, spouse of the owner, a mortgage or a tenant in occupation to extend the period of time in which the Cancellation Price is to be paid. The contract is entered into after the registration of a Tax Arrears Certificate and before the expiry of the one-year period following the registration date.
- 3.5 "**Municipal Property Assessment Corporation (MPAC)**" means an independent nonprofit corporation accountable to the province, funded by municipalities to administer property assessment and appeals.

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- 3.6 **“Municipal Tax Sale”** means the sale of land for tax arrears according to proceedings prescribed by the Act and Ontario Regulation 181/03.
- 3.7 **“Penalties and Interest”** means amounts applied by the Town to unpaid property taxes, in accordance with Section 345 of the Act and applicable Town by-laws.
- 3.8 **“Property Taxes”** means the total amount of taxes for municipal; county and school board purposes levied on a property and includes other amounts added to the tax roll as may be permitted by applicable Provincial legislation.
- 3.9 **“Tax Arrears”** means any portion of property tax that remains unpaid after the date on which they are due.
- 3.10 **“Tax Arrears Certificate (T.A.C.)”** means a document that is registered on title, indicating the described property will be sold by public sale if all property taxes are not paid to the Town within one year of the registration of the certificate.
- 3.11 **“Tax Sale Registration (T.S.R.)”** is the process outlined in the Municipal Act, 2001, Part XI – Sale of Land for Tax Arrears where the Town follows a legislated process for dealing with the sale of land for tax arrears.

#### **4. RESPONSIBILITIES**

- 4.1 The Finance Department is responsible to ensure that the property tax collection processes as outlined are followed as well as applicable legislation.
- 4.2 The Finance Department is responsible to ensure that the policy:
  - Remains consistent with the current legislation;
  - Applicable staff are made aware of the policy and trained thereof;
  - Assess overdue property tax consistently to ensure tax collection processes are performed in accordance with the policy outlined;
  - Ensuring where appropriate that the value assessment of properties as determined by MPAC are correct.
- 4.3 The property owner is responsible for:
  - Ensuring where appropriate that the value assessment of properties as determined by MPAC are correct;
  - Ensuring the mailing address is up to date and correct;
  - Ensuring that the bills are paid by the due dates;
  - Ensuring the assessment roll is in alignment with MPAC.

#### **5. DELIVERY OF TAX BILLS**



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- 5.1 Property tax bills and notices are mailed to the address of the property by default as shown on the tax roll unless otherwise advised.
- 5.2 A taxpayer is responsible to notify the Town of a change in mailing address or for an alternative mailing address in writing. Use of the alternative mailing address will continue until revoked in writing or ownership changes. Failure to notify the Town of a change in mailing address in writing is not an error on behalf of the Town.
- 5.3 Any bill/notice sent by letter mail will be considered as delivered to and received by the addressee unless the notice is returned by Canada Post.
- 5.4 Where allowed by legislation, provision of tax bills, arrears notice, and other related notices may be provided electronically by request.
- 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.

### 6. TAX BILL FORMAT – M.A. (S. 344)

Tax Levying By-laws passed by Council are required in advance of Interim and Final tax billings. The specific due dates will be identified in both the Interim and Final Levy By-Laws for the Town. Tax billings will normally be as follows:

- Interim Tax Billing - Issued in March with instalment dates in March and May;
- Final Tax Billing – Issued in August with instalment dates in September and November

### 7. INTERIM TAX BILLING – M.A. (S. 316)

- 7.1 As stated in the Act, each property owner identified on the returned assessment roll, shall be sent an interim tax notice.
- 7.2 The interim tax billing will be issued in March based on fifty percent (50%) of the annualized taxes of the property for the previous calendar year.
- 7.3 It may also include fifty percent (50%) of any local improvement, business improvement area charge or any other special charge as required under provincial legislation.
- 7.4 Amounts deemed to be taxes may be added to the interim billing at one hundred percent (100%). Any and all arrears are only included in the first interim instalment period.

### 8. FINAL BILLING – M.A. (S. 343)

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- 8.1 Final Tax Bills will be issued in August as specified in the annual by-law passed to establish the final tax rates.
- 8.2 The final tax billing will be the billed taxes for the year less interim bill and be payable in two installments.
- 8.3 Arrears are to be included only in the first instalment due date. The final tax billing will include all of the local improvement charges and business improvement area charges plus any special charges billed by the Town or Province.
- 8.4 If taxpayer is enrolled in the pre-authorized payment plan they will receive a final tax notice. The final tax bill notate that the owner is enrolled in the pre-authorized payment plan (PAP).

**9. SUPPLEMENTARY BILLINGS – M.A. (S. 341)**

- 9.1 Section 33 of the Assessment Act, 1990 allows for the taxation of property that was not included in the assessment roll. This provision allows for taxation of the current year and two prior years.
- 9.2 Section 34 of the Assessment Act, 1990 allows for the taxation of property that has increased in value or has been added after the return of the last updated roll. These taxes only apply to the current year.
- 9.3 Supplemental tax billings are a separate billing where by-law is not applied. They are produced as soon as possible after the receipt of the omitted rolls through Municipal Property Assessment Corporation and are mailed in the same manner as Interim and Final Tax bills.
- 9.4 All participants of pre-authorized payment plans will be provided a tax notice stating the supplemental billing and it is due separately from the authorized payment plan. If the taxpayer wishes, they can recalculate their monthly amount to take into consideration the supplemental by contacting the Town.

**10. ADDITIONAL TAXED FEES**

In addition to the outstanding amounts, the Town may also add the following fees to the tax roll:

- Dog Tags;
- Parks and Recreation Fees;
- Agreement Fees;
- Utility Accounts;
- Other Charges per the Municipal Act.



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### 11. PAYMENTS

- 11.1 Payments can be received in the form of cash, debit cards, cheques, money orders, bank drafts, pre-authorized payment plans, internet, telephone banking made payable to the Town of Erin and payment by a mortgage holder on the behalf of the owner. Cheques that are post-dated to the tax due date will be accepted and held by the finance department unless otherwise requested in writing.
- 11.2 A payment is made once the funds have been received or documented by the Town. Online payment can take up to 3-5 business days to process and be received. Taxpayers are responsible for any charges incurred when making payments.
- 11.3 Receipts will be provided upon request for all cash payments and upon request for additional forms of payment. Receipts are provided for monthly pre-authorized payment plan holders upon request regarding their adjusted monthly withdrawal.
- 11.4 In accordance with Municipal Act, 2001 Section 347:
- 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. Payment will be applied to the oldest penalties/charges first;
  - Once the oldest penalties have been paid the payment shall be applied to the oldest property taxes owed to the Town.
- 11.5 Should the property owner require a statement of account, the property owner will be charged in accordance with the Town of Erin's fee schedule by-law.

### 12. INTEREST AND PENALTIES

Tax arrears are subject to late payment charges, the current year is imposed penalties, while the previous years are imposed interest. A penalty is imposed on the unpaid levies the first business day of each month the levies remain unpaid. In addition, as long as the property taxes remain unpaid, interest will be added on the first business day of each month thereafter. Penalty and interest charges cannot be waived, except where a Town error has occurred.

### 13. TAX ROLLING – M.A.

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- 13.1 Ontario legislation provides multiple avenues for the collection of delinquent receivables whose area of jurisdiction includes any part of the Town of Erin. Tax rolling is often referred to as property tax lien or transfers to tax.
- 13.2 Delinquent charges are transferred over to property tax accounts in compliance with applicable provisions or Town of Erin policy. The transferred charges are treated as taxes and must be treated as such according to the legislative provision with regards to its property lien status. Each delinquent charge added to the tax roll will be issued a Notice of Added Charge mailed to the property owner which will provide an update on the tax account balance and what charges were tax rolled.
- 13.3 Once tax rolling has occurred the item will be treated as property tax in the case of tax collection.

**14. TAX COLLECTION AVENUES**

- 14.1 Realty taxes are a secured special lien on land in priority to any other claim, except as a claim by the Crown. Taxes may be recovered with costs as a debt due to the Town from the property owner and/or any other subsequent owners of the property. The Town may and will use the following methods to collect property tax in arrears:
  - Verbal Communication;
  - Tax Arrears Statement;
  - Annual Auditor Verification Letters;
  - Creation of a satisfactory payment plan to significantly reduce the previous and current taxes;
  - Municipal Tax Sale Proceedings
- 14.2 To remind property owners of their tax account in arrears, the Finance Department shall send a reminder notice when the account is over one hundred dollars (\$100) in arrears. This shall take place at the beginning of the calendar year, April, June, October and December. The Town will identify properties approaching two (2) years in arrears and notify the owner of the required amount to be paid to stop the tax sale proceedings. If the letter is a final notice a date will accompany the letter notifying the deadline date to stop the tax sale proceedings.

**15. PAYMENT ARRANGEMENTS**

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- 15.1 A property owner in tax arrears may arrange a payment schedule with the Treasurer prior to commencement of the proceedings under the Municipal Tax Sales Act, 1990.
- 15.2 A property owner or a spouse of the owner in Arrears may arrange an Extension Agreement to extend the period of time in which the cancellation price is to be paid.
- 15.3 The payment arrangement must be sufficient enough to pay off all tax arrears, current taxes, accruing estimates of future taxes and penalties accrued to ensure payment in full is realized within a reasonable time frame.
- 15.4 Notwithstanding any payment arrangements made with the Town, penalties and interest will continue to accrue until full payment has been received by the Town.
- 15.5 If a satisfactory arrangement has been reached, the account shall be monitored for compliance to the agreement. If two consecutive payments or two payments within 6 months are returned, the payment arrangement will be deemed void and immediate payment in full will be required or the commencement of the tax sale proceedings will begin.
- 15.6 The Treasurer will only have the authority to arrange a 12 month payment agreement with the property owner to bring the taxes in arrears owing to the current year outstanding.

**16. MUNICIPAL TAX SALE**

- 16.1 If an acceptable payment arrangement or extension agreement are not reached prior to the deadline date provided in the final notice, all properties in arrears for two (2) years are subject to be processed under the Municipality Tax Sale Process.
- 16.2 Bailiff Action under Section 349 of the Municipal Act, provides that accounts that fail to respond to the Final notice due date and have tax arrears greater than hundred dollars (\$100) may be issued to the Bailiff for collection. Once a tax warrant is issued the property will make outstanding payments directly to the Bailiff.
- 16.3 If the Bailiff fails to collect the outstanding amount and taxes in arrears become three (3) years outstanding, the account will be transferred back to the Town for the commencement of Municipality Tax Sale.
- 16.4 A letter informing the property owner of potential Tax Arrears registration shall be mailed in advance of initiating any further procedures.





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16.5 Under the Municipal Tax Sales Act, 1990 if a Tax Arrears Certificate has been registered against a property, only the full cancellation price will be allowed which includes all taxes, penalties and interest outstanding any fees incurred by the Municipality during the collection process and no partial payment will be accepted.

16.6 Once the Tax Arrears Certificate has been registered only a full payment will be accepted within one (1) year of the registration and failure to do so will result in the property being eligible to be sold by the municipality.

16.7 Registration of a Tax Arrears Certificate should be avoided and only used when no other collection method is left for the tax in arrears. The taxpayer should be encouraged to either make a full payment or a payment arrangement.

### 17. MINIMUM BALANCE WRITE OFF

17.1 A balance owing less than \$5.00 on an account after payments are received may be written off on the last business day of the month end.

17.2 Pursuing the payment of such balances are uneconomical for the Town.

### 18. DISCRETION

In order to ensure that all taxpayers are treated fairly and equitable, the Treasurer, or his/her designate, has the authority to exercise discretion in the application of this policy where unusual circumstances are apparent, provided such discretion is in accordance with all applicable legislation.

### 19. REFUND OF CREDIT BALANCES ON ACCOUNTS

19.1 From time to time property tax accounts may experience credit balances for various reasons such as:

- Payment error
- Reduction in assessment
- Tax Class Change
- Duplicate Payment
- Mortgage Company overpays or Owner and Mortgage Company both pay an instalment. – The mortgage company must request in writing for a refund in the case of an overpayment.

19.2 The taxpayer may request for a refund of the credit balance in writing after final bills have been issued.



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### 20. REPORTING

REPORT	DESCRIPTION
Section 357/358 Tax Reductions for Council Notification	Report will include roll numbers, reason for exemption, the section of the Act, the tax year to which the tax reduction in assessment and the amount of total tax reduction and the municipal tax portion.
Accounts in Arrears – Tax Sale Registration Report	Lists all properties against which a Tax Arrears Certificate have been registered, identifying the amount of arrears and redemption date of each and details of any Extension Agreements in place.
Age Analysis Report	Lists all properties with a balance owing broken down by levy year, penalties and interest.
Tax Accounts in Arrears >\$25,000 Report	Lists all properties where balance owing is greater than \$25,000.