



POLICY:	PROPERTY TAX COLLECTION
Committee:	Finance Services
Effective Date:	February 8, 2016
Most Recent Revision:	February 8, 2016

SCOPE

This policy outlines the responsibilities of the Tax Department for the Town of Mattawa.

POLICY

The Responsibilities of the Tax Department are to:

1. Ensure proper billing of the levy for local and educational taxation purposes to coincide with budgetary and legislative requirements for the year.
2. Provide prompt, efficient and courteous service to the taxpayers of the Municipality.
3. Ensure that proper collection procedures are applied in reference to the following legislation:
 - The Municipal Act
 - The Municipal Affairs Act
 - Municipal By-Laws
 - The Municipal Interest and Discount Act
 - Any legislation governing amounts to be collected in like (same) manner as taxes;
 - Assessment Act
 - Any new legislation pertaining to this area
4. Apply such collection policies in a consistent manner ensuring all taxpayers are treated in the same manner;
5. Maximize necessary controls to ensure proper allocation of payment and custody of funds for proper banking and recording procedures.

PROCEDURE

The purpose of the Tax Department is to provide prompt billing of the levy and to ensure collection in order to meet the budgetary expenditures for the fiscal year. It is important that both the timing and consistency with which we initiate and treat each account is correct. Both areas will be discussed separately within the following topics:

- Billings
- Incentives

Real Property Tax

Real Property Tax is levied on all taxable real property assessment within the municipality within the definition of Section 307(1) of the Municipal Act, 2001.

Standard Tax Billings

There are typically two billings produced each year with a total of four installment payments as follows:

- Interim Tax Billing – produced in the first week of February with installment dates at the end of February and April
- Final Tax Billing – produced in the first week of July with installment dates at the end of July and September

A levying by-law passed by Council is required in advance of both the Interim and Final tax billings.

Interim Tax Billings are produced in February based on the returned assessment roll. The tax billing will be calculated to produce a tax bill no more than fifty percent of the previous year's total taxes billed for each property in accordance with Section 317 of the Municipal Act, 2001. Outstanding water arrears and water related invoices will be added to the Interim billing at one hundred percent as per municipal policy.

Final Tax Billings are produced in July based on tax rates established by by-law. The tax billing will be calculated to produce a tax billing equal to the current market value and the appropriate tax rate, all local improvement charges and if applicable any special charges levied by the municipality or provincial legislation (Bill 140). The Interim tax billing will be deducted from the total tax amount calculated in order to produce the Final tax billing.

Supplementary Tax Billings

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

Omissions

Section 33 of the Assessment Act allows for the taxation of real property that has been omitted from the roll. The provision allows for taxation in the current year, plus a maximum of the two preceding years.

Additions

Section 34 of the Assessment Act allows for taxation of assessment that has increased in value or has been added after the return of the last revised roll. These taxes apply to the current year only.

Supplementary tax bills are issued and mailed in the same manner as the Interim & Final tax bills with the exception a separate levying by-law is not required. Additional information such as the reason for the increase in the assessment and the effective date must be indicated on the bill. Penalties and interest are charged on supplementary taxes outstanding.

General Procedures

Mailings

Section 343(1) of the Municipal Act, 2001 requires tax billings be post marked and mailed not later than twenty one calendar days from the date of the first installment due date. Penalties and interest are applied in advance to outstanding tax balances to accommodate the latter mailing parameters.

Property tax bills and notices are mailed to the address of the property as shown on the tax roll unless the taxpayer advises the municipality, in writing, of an alternate mailing address. Use of the alternate mailing address continues until it is revoked in writing or ownership of the property changes.

Any bill or notice sent by standard letter mail is considered delivered to and received by the addressee unless the notice is returned by Canada Post and an error in the mailing address is evident. Taxpayers are responsible to notify the municipality of any changes to a mailing address(es). Failure to notify the municipality of an address change in writing is not an error on behalf of the municipality.

Mortgage Company/Financial Institution

A mortgage listing of roll numbers, taxes due and owing and the due dates, in standard format will be provided to each mortgage company who has provided the municipality with notification that they hold an interest in a particular property.

Bill Format

The tax billing issued will meet all requirements of the provincially legislated standard tax bill. Arrears are included solely in the first installment due date amount. Installment due dates will be indicated on the payment stubs. Billing messages may be used to relay information to ratepayers.

Accepted Payment Methods

The following methods will be accepted for payment of taxes:

- In person at the municipal office (160 Water Street) by way of cash, cheque, post-dated cheque, debit, Visa or MasterCard;
- By telephone (705-744-5611) by way of Visa or MasterCard provided a credit card authorization form is submitted. Form is available on the municipal website and via email, fax or in person (Appendix I);
- Telephone or Internet Banking – using the nineteen digit roll number as the account number (available through Scotiabank and Caisse Populaire);
- Pre-authorized payment plans (Appendix II and III);
- Mail by way of cheque, post-dated cheque or credit card with signed credit card authorization form. The date payment is received in the municipal office will be considered to be the date of payment; and/or
- Payments made by a mortgage company or financial institution on behalf of the taxpayer.

Collection – Payment Incentives

There are basic incentives set out by legislation to promote timely payment of taxes. The following incentives will be used to enforce payment of property taxes owing:

Penalty/Interest

The rate at which penalty and interest is charged is set by the Municipal By-Law. Currently the rate is established under the provisions of Sections 345 (2) and (3) of the Municipal Act, 2001. The municipality may review this rate each year, but cannot exceed the maximum percentage established at 1.25% per month. The purpose of penalty is to persuade ratepayers to pay on time. Penalty and interest is charged pursuant to the requirements set out in the legislation, being penalty charged the day after the default of an installment payment, and interest the first of each month thereafter.

Tax Registration/Tax Sale

Properties that are in arrears for three years are eligible for tax registration under the Municipal Act, 2001. 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 solicitor will be used to process the required statutory notices/declarations.

Registration is a last resort and should be avoided if possible by encouraging the ratepayer 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 collection methods have been unsuccessful that the municipality will proceed to tax registration.

Additional Collection Tools

The following additional tools are available to assist in the collection of property taxes:

- Reminder notices
- Form or personalized letters
- Telephone follow-up
- Interviews
- Title Searches – Interested Party Notification

Steps and Timing of Collection Policies

1. Interim Tax Notices are sent in February and Final Tax Notices are sent in July. Tax arrears owing at the time of the billing are included on each tax notice.
2. Penalty and interest are charged according to Municipal by-laws (penalty – first day of default of an installment and interest the first day of each month thereafter for the current year, interest is charged on the first day of each month for all arrears at the prevailing rate.)
3. Standard reminder or arrears notices are sent on a monthly basis. Time constraints during tax billing periods may result in no reminder notice being issued, however arrears will be

included on the tax billing. Reminder notices for \$10.00 or less are not produced as they are subject to small balance write-offs.

4. 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. Failure to notify the municipal office of an address change in writing is not an error on behalf of the municipality.
5. Priority of tax accounts for collection is:
 - (i) Tax Accounts with three or more previous years outstanding
 - (ii) Tax Accounts with two previous years outstanding
 - (iii) Tax Accounts with one previous year outstanding
 - (iv) Tax Accounts with current year only outstanding
6. For tax accounts which indicate previous years taxes owing, a registered collection letter is sent, in the first quarter of the current year to the property owner (s) advising of the tax arrears situation and asking for payment in full or satisfactory payment arrangements to be made by a given date. If acceptable payment arrangements are made, the account is monitored for compliance and follow-up is done by telephone or in writing as required. Where a collection letter is required at a time other than the first quarter of the year, timing will be consistent with all collection policies. (Example: if a collection letter is issued in September under this section the balance of procedures will be applied as indicated in section 8 to 15).
7. Satisfactory payment arrangements would be a series of post-dated cheques or other arrangements that are satisfactory to the Tax and Treasury Departments. Penalty/Interest will accrue during such period and are payable during the completion of payment arrangements.
8. If no reply is received from item 6 above, a final letter is sent stating that failure to remit payment will result in further action in the form of notification for the start of legal proceedings.
9. If there is no reply to the final letter, the municipal solicitor will be contacted. The municipal solicitor shall send one final letter, advising the client that he/she has 15 days to make suitable arrangements with the municipality for payment or tax sale proceedings will be started.
10. If no reply or satisfactory arrangements are made with the municipality, the solicitor will be directed to start tax sale proceedings.
11. It is the policy of the municipality that upon applications for items such as but not limited to building permits zoning, committee of adjustment, and planning applications that all property taxes owing against the property are up to date or have satisfactory payment arrangements on file. Failing such, applications will not be processed until taxes are current or satisfactory arrangements have been made as outlined in item 6.

12. All costs incurred for collection to obtain information and/or collect tax arrears 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
- administrative charges
- legal fees

13. The Tax and Treasury Departments 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, pursuant with approved policies and/or where governed by legislation.