



Policy

Department/Section Finance	Policy # POL-FIN-010
Subject Property Tax Collection Policy	Enacted by Council: December 9, 2020
	Motion # C201209-13

1. Purpose

This policy will provide direction to staff in the Finance Department regarding the timely and efficient billing and collection of property tax levies.

The Township of Oro-Medonte 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.

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 the public regarding property taxes. As tax billing and collection is the primary source of revenue for the Township of Oro-Medonte, this policy will assist to:

- Streamline activities and reduce questions as to the appropriate steps required for collection;
- Establish consistent guidelines to be followed with regard to collection of property tax payments to the Township;
- Create a written policy outlining the procedures to be followed by Finance Department staff; and
- Ensure all activities conform to the current legislation. Property taxes are levied on the assessment for real property within the Township of Oro-Medonte in accordance with Section 307(1) of the Municipal Act, 2001

2. Scope

This policy establishes key aspects of the collection process and identifies the responsibilities for tax billing and collection in accordance with:

- Township of Oro-Medonte By-laws
- *The Municipal Act, 2001*
- *The Assessment Act*
- *The Municipal Affairs Act*

3. Definitions

Cancellation price – is the amount equal to all the tax arrears owing at a given point in time together with all the current property taxes owing, including all penalties and interest, Township administrative charges, and all associated legal costs incurred.

Due Date – is the date that property tax bill (interim, final and supplementary) installments are due to be paid to the Township. Due dates are the last banking day of the month.

Extension Agreement – is an agreement between the Township and the taxpayer (or party of interest) to extend the period of time in which the cancellation price is to expire. This agreement freezes the tax registration process.

Interest – is the amount added to unpaid levies from prior years

Penalties – are the amount added to unpaid levies from current year

Property Taxes – are the total amount of levies calculated for Township, County and School Board purposes and includes all amounts added to the tax roll as permitted by the Municipal Act, 2001.

Tax Arrears – are the unpaid property taxes that remain unpaid after the due date has passed.

Tax Arrears Certificate Registration and Tax Sale - is the process outlined in the Municipal Act, 2001, Part XI – Sale of Land for Tax Arrears where the Township follows a legislated process for dealing with the sale of land for tax arrears.

4. Policy

Billing

Property taxes will be billed by interim and final tax billings as established by the Township by-law annually. Tax bills will contain all required information as set out in Section 342(2) of the Municipal Act, 2001.

Property tax bills are mailed to the address of the property tax account as shown on the tax roll unless the taxpayer has submitted a written request to the Township requesting that the bill be sent to an alternate address and/or be sent electronically (future offering). Bills are sent by standard letter mail and are considered delivered and received by the addressee unless the mailing is returned to sender by Canada Post. It is the taxpayer's responsibility:

- To advise the Township in writing of any changes to the mailing address to ensure that the mailing address on account is correct and current;
- To ensure they receive their Interim, Final and Supplementary (if applicable) bills and to notify the Township finance department if a bill has not been received

1) Interim billing

- Based on 50% of the previous year's total taxes
- Does not include local improvement or special charges levied (if applicable)

2) Final billing

- Based on the assessment value on the returned assessment provided by MPAC and the final tax levy as approved by Council and the by-law passed in accordance with Section 312(2) of the Municipal Act, 2001

3) Supplementary tax billing

- Issued and mailed in the same manner as interim and final tax bills
- Generated as soon as possible after each Supplementary roll is received from MPAC, however will not be before July
- To be paid in two instalments with the first instalment not due before 21 days after the date of the tax bill
- Omissions = Section 33 of the Assessment Act allows for the taxation of real property that has been omitted from the roll – this provision permits for taxation in the current year, plus a maximum of two preceding years
- 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

Mail Cycle

	Tax Bills Issued			Due Dates			Notices Issued		
	Interim	Final	Supplementary	Interim	Final	Supplementary	Arrears	Pre-final collection	Final collection
January	√								
February				√					√
March							√		
April				√					
May							√		
June		√							
July			√		√				
August			√			√	√		
September			√		√	√			
October			√			√	√		
November			√			√			
December						√		√	

Tax billings will be post marked and mailed no less than twenty-one (21) days prior to the due date, as required by Section 343(1) of the Municipal Act, 2001. When possible, the Township will mail the bills as least thirty (30) days before the due date.

Payment Methods

Payments are payable to the Township of Oro-Medonte, 148 Line 7 South, Oro-Medonte, ON, L0L 2E0. The following methods will be accepted for payment of property taxes:

- Telephone banking or internet banking;
- Payments may be made at most financial institutions. The date of the teller’s stamp is considered to be the date of payment;
- Pre-authorized monthly payment (PAPM) ten-month plan (January-October);
- Pre-authorized instalment due date payment plan (PAPI) (February, April, July & September);
- Pre-authorized arrears payment plan (PAPA) twelve-month plan (January-December)
- Cheques may be delivered in person (Monday to Friday between 8:30am and 4:30pm at the Cashier counter of the Administration Building), dropped in the after-hours mailbox at

the front of the Administration Building, or mailed. The date payment is received in the Finance Department will be considered to be the date of payment. Post-dated cheques will be accepted and held until the negotiable date;

- Although cash and debit payments may be received in person (Monday to Friday between 8:30am and 4:30pm) at the Cashier counter of the Administration Building, our offices are currently closed (unless by appointment) due to the COVID-19 pandemic.
- Payments made by a mortgage company or financial institution on behalf of a taxpayer;

Third-party cheques will not be accepted.

Late payment charges (interest and penalties) are adjusted only in the following circumstances:

- Taxes are adjusted under Sections 354, 357, 358 of the Municipal Act, 2001;
- Taxes are adjusted following an Assessment Review Board decision;
- Taxes are adjusted in accordance with a decision of the Courts;
- The interest or penalty was charged as a result of error or omission; or
- Circumstances deemed appropriate by the Treasurer or Deputy Treasurer

Application of Payments

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

- *“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 charges imposed earlier being discharged before charges imposed later”*
- *“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”*

Interest and penalty

Interest and penalty shall be assessed at the rate of 1.25% per month in accordance with the Municipal Act, 2001, Section 345(2) and added to all outstanding tax accounts on the second business day of the month following the due date. Interest and penalty will not be compounded. It is the taxpayer’s responsibility to ensure that the Township receives payments by due dates.

Tax Collection Methods and Processes

The Township will use the following methods to collect tax arrears:

- Verbal communication
- Arrear notices
- Payment arrangements
- Pre-collection notice and final collection notice letters before registration of a tax arrears certificate against the title to that land – Section 373(1) of the Municipal Act, 2001
- Tax sale process following registration of a tax arrears certificate

Review of all past due accounts will be done on a monthly basis. An updated Arrears Report will be generated at least four times per year. Priority of tax accounts for collection is as follows:

- Tax accounts with three or more previous years outstanding;
- Tax accounts with two previous years outstanding;
- Tax accounts with one year previous year outstanding;
- Tax accounts with current year only outstanding

Arrear notices are mailed four times per year, after each instalment due date and only to taxpayers with a balance over \$25.00

Phase 1 – Focus on 3rd Year Arrears

a) Pre-final collection notices – December 2020

- Will be sent out in December to all property owners with outstanding balances two years old and older (taxes in arrears for 2018 and prior). The letter will specify that the account will be three years in arrears come January 1, 2021
- Will request payment or response by the taxpayer within sixty days of the date of the notice
- If acceptable payment arrangements are made, interest and penalty will continue to accrue on outstanding overdue balances until paid in full, and the account will be monitored for compliance and follow-up done as required. As long as there is no breach to an acceptable payment arrangement, no final collection letter will be sent to the taxpayer
- An acceptable payment arrangement will require the tax account to be set up for pre-authorized monthly payments over a twelve month period (PAPA)
- Any breach of a payment arrangement will result in the sending of a final collection letter

- Failure to respond to the notice within sixty days will result in the sending of a final collection letter

b) Final collection notices – February 2021

- Will be sent out in February to all property owners with outstanding balances three years old and older (taxes in arrears for 2018 and prior)
- The three year threshold is consistent with both our past approach and the approach of other Simcoe County Townships
- Will advise owners of the tax arrears situation and request, as a minimum, full payment or satisfactory payment arrangements of the longest taxes owing (3rd year arrears and prior) including all associated penalty and interest charges, within sixty days of the date of this final notice.
- Failure to respond to the notice within sixty days will result in registering a tax arrears certificate against the property
- If acceptable payment arrangements are made, interest and penalty will continue to accrue on outstanding overdue balances until paid in full, and the account will be monitored for compliance and follow-up done as required
- An acceptable payment arrangement will require the tax account to be set up for pre-authorized monthly payments over a twelve month period (PAPA)
- The first NSF processed with respect to an acceptable payment arrangement will be followed by a letter specifying as to when a replacement payment must be received by the Township. A second NSF processed with respect to an acceptable payment arrangement will result in the automatic registration of a tax arrears certificate against the property

Phase 2 – Focus on 2nd Year Arrears

a) Pre-final collection notices – December 2021 and beyond

- Will be sent out each December to all property owners with outstanding balances one year old and older. The letter will specify that the account will be two years in arrears come January 1st of the following year
- Will request payment or response by the taxpayer within sixty days of the date of the notice
- If acceptable payment arrangements are made, interest and penalty will continue to accrue on outstanding overdue balances until paid in full, and the account will be monitored for compliance and follow-up done as required. As long as there is no breach to an acceptable payment arrangement, no final collection letter will be sent to the taxpayer

- An acceptable payment arrangement will require the tax account to be set up for pre-authorized monthly payments over a twelve month period (PAPA)
- Any breach of a payment arrangement will result in the sending of a final collection letter
- Failure to respond to the notice within sixty days will result in the sending of a final collection letter

b) Final collection notices – February 2022 and beyond

- Will be sent out in February to all property owners with outstanding balances two years old and older
- Will advise owners of the tax arrears situation and request, as a minimum, full payment or satisfactory payment arrangements of the longest taxes owing (2nd year arrears and prior) including all associated penalty and interest charges, within sixty days of the date of this final notice.
- Failure to respond to the notice within sixty days will result in registering a tax arrears certificate against the property
- If acceptable payment arrangements are made, interest and penalty will continue to accrue on outstanding overdue balances until paid in full, and the account will be monitored for compliance and follow-up done as required
- An acceptable payment arrangement will require the tax account to be set up for pre-authorized monthly payments over a twelve month period (PAPA)
- The first NSF processed with respect to an acceptable payment arrangement will be followed by a letter specifying as to when a replacement payment must be received by the Township. A second NSF processed with respect to an acceptable payment arrangement will result in the automatic registration of a tax arrears certificate against the property

Tax Arrears Certificate Registration / Tax Sale

- Properties that are in arrears for two years are eligible for Tax Arrears Certificate Registration
- A contracted tax registration firm will be used to process all required statutory notices and declarations
- The property owner or interested party has one year from the date of registration of the Tax Arrears Certificate to pay the cancellation price in full. Once the Tax Arrears Certificate has been registered, partial payments cannot be accepted unless there is an Extension Agreement in place
- An Extension Agreement must be approved by Council prior to the expiry of the one year period from the time of registration of the Tax Arrears Certificate. If there is a breach of

this agreement, the tax sale process continues from the point in time at which the Extension Agreement was agreed upon

- In the event of the cancellation price not being paid in full within one year of registration, the Township will proceed with a municipal tax sale that includes advertisement of the property for public sale including publication of the minimum bid
- Tax arrears certificate registration and tax 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 strictly adhered to and it is only after all other methods have been unsuccessful that the Township will proceed to tax arrears certificate registration