

<b>Town of Perth</b>			
<b>Property Tax Collection Policy</b>		<b>Effective:</b>	June 18, 2024
		<b>Replaces:</b>	N/A
<b>Issued by:</b>	Director of Corporate Services/Treasurer	<b>Approval:</b>	By-law No. 5157
<b>Applicable Policy and Legislation</b>	Municipal Act, 2001, S.O. 2001, c.25 Assessment Act, R.S.O. 1990, c.A.31		

**1. Purpose:**

To establish fair and equitable processes for the purpose of billing and collection of Property Taxes and to outline how payments on Property Tax accounts shall be applied.

**2. Policy:**

This policy provides direction to staff of the Town regarding the timely and efficient billing and collection of Property Taxes.

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 Town staff and Council in their communications with Owners.

The tax billing and collection process is an important activity for the Town as it is the primary source of revenue. This policy will help to:

- a) Establish a written policy outlining the procedures to be followed by Town staff;
- b) Set out consistent guidelines with regard to collection of property tax payments to the Town;
- c) Streamline activities and eliminate questions as to the appropriate steps required for collection; and,
- d) Ensure all activities conform to current legislation

### 3. Authority:

This policy has been created under the general authority of the Municipal Act, 2001, S.O. 2001 c.25, as amended and the Assessment Act, R.S.O. 1990, c. A.31.

### 4. Definitions for the purpose of this policy:

**“Cancellation Price”** shall mean an amount owing equal to all tax arrears, together with all current taxes owing, late payment charges and other costs incurred by the Town after the registration of a Tax Arrears Certificate under Section 373 of the Municipal Act, 2001.

**“Collection Costs”** shall mean 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 scale of costs.

**“Council”** shall mean the elected Town Council, the role of which is to evaluate and approve the policies and programs of the Town.

**“Extension Agreement”** shall mean a contract between the Town and the Owner, spouse of the Owner or a mortgagee to extend the period of time in which the outstanding taxes are to be paid. The contract is entered prior to registration of a tax arrears certificate.

**“Late Payment Charges”** shall mean penalties and interest applied by the Town to unpaid Property Tax accounts, in accordance with Section 345 of the Municipal Act, 2001 and applicable Town By-laws.

**“MPAC”** shall mean the Municipal Property Assessment Corporation, a legislated corporation that is responsible for providing property values and classes to all forms of municipal government in Ontario.

**“Municipal Tax Sale”** shall mean the sale of land for tax arrears according to proceedings prescribed by the Municipal Act, 2001 and Ontario Regulation 181/03.

**“Owner”** shall mean the registered Owner of the property, and for the purpose of this By-law (or policy), includes a lessee or tenant, occupant or any person having an interest, whether equitable or legal, in a property subject to Property Taxes.

**“Property Taxes”** shall mean the total amount of taxes for municipal, regional and school purposes, levies for the Downtown Heritage BIA, levied on a property and includes other amounts added to the tax roll as may be permitted by applicable Provincial legislation, including but not limited to outstanding fines under the Provincial Offences Act; charges pursuant to the Property Standards Bylaw with authority provided by the Building Code Act; and fee and charges related to false alarms and outstanding Utilities under the Municipal Act, 2001.

“**Tax Account**” shall mean a summary of charges and payments generally organized by the roll number issued by MPAC.

“**Tax Arrears**” shall mean any portion of property taxes that remain unpaid after the date on which they are due and includes late payment charges or other charges added to the tax roll.

“**Tax Arrears Certificate**” shall mean 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.

“**Town**” shall mean The Corporation of the Town of Perth.

“**Treasurer**” shall mean the individual who is responsible for handling all of the financial affairs of a municipality on behalf of and in a manner directed by the Council of a municipality per the Municipal Act, 2001 C.25 s. 286 (1) or his/her designate, including but not limited to an Accounting Clerk or Deputy Treasurer.

## 5. Tax Billing:

Real Property Tax is levied on the assessment determined by MPAC for real property within the Town in accordance with Section 307(1) of the Municipal Act, 2001.

The following guidelines apply to the issuance of property tax bills:

- a) **Interim Property Tax bills** will be issued prior to the end of January of each year and will be due on the date specified in the by-law passed annually to provide for an interim levy. The interim levy shall have two (2) installments with due dates on the last working day of February and April. The interim amount billed is calculated as no more than fifty percent (50%) of the previous year’s total taxes (annualized taxes).
- b) **Final Property Tax bills** will be issued prior to the end of June of each year. The bill will be due on the date specified in the tax rate by-law passed annually. The final levy shall have two (2) installments with due dates on the last working day of July and September. The interim tax billing amount will be deducted from the total yearly amount calculated on the final tax bill to produce final billing instalment amounts.
  - The amount billed will be calculated based on the assessment value on the returned assessment roll and the final tax levy as approved by Council through the annual budget and the by-law passed in accordance with Section 312(2) of the Municipal Act, 2001. It may include one hundred percent (100%) of any Local Improvement, Business Improvement Area charge or other special charge as required under legislation.

- Due dates will be clearly identified on the tax bill in accordance with the levying by-law passed by Council.
- Tax bills will contain all required information as set out in Section 343(2) of the *Ontario Municipal Act, 2001*.

c) **Supplementary/Omitted tax billings:**

There are two sections of the Assessment Act that allow for taxation of property not included in the annual assessment roll. They deal with omitted and supplementary assessment:

- i. **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 a maximum of two preceding years.
- ii. **Supplementary** - Section 34 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.

Supplementary/Omitted tax bills will be generated between the months of July and December or as soon as possible after each Supplementary Roll is received from MPAC and mailed in the same manner as Interim and Final tax bills. The due date will be at least 21 days following the mailing date. Supplementary bills will be issued to the current Owner of the property at the time the bill is generated and shall be billed in one (1) installment.

**6. Delivery of Property Tax Bills:**

- a) *The Municipal Act, 2001* Section 343 (1) requires tax billings to be post marked and sent no less than twenty-one (21) calendar days prior to the due date.
- b) 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.
- c) Proof of delivery: Immediately after sending a tax bill, town staff shall create a record of the date on which it was sent and this record is, in the absence of evidence to the contrary, proof that the tax bill was sent on that date in accordance with Section 343(9) of the *Municipal Act, 2001*.
- d) It is the Owner's responsibility to notify the Town of Perth of any mailing address changes. Section 343(6) of the *Municipal Act, 2001* identifies that tax bills shall be sent to the Owner's residence or place of business or to the premises where the taxes are payable for, unless the Owner directs the Town otherwise. Upon the

purchase of a property the mailing address registered on file is the one registered during the sale of the property and being registered on title. Failure to notify the Town of any mailing address changes does not absolve the Owner from paying the taxes and charges.

- e) When mail is returned to the Town, efforts will be made to find the proper mailing address such as a preliminary search using 411, Google, etc. Returned mail will be noted on the roll (electronically) but the physical mail will not be kept longer than six months.
- f) As per Section 343(6.1) of the Municipal Act, 2001 a Treasurer may send tax bills electronically if the Owner has chosen to receive their tax bill in this manner.
- g) A mortgage listing of roll numbers, taxes due and owing, and the due dates will be provided to each mortgage company who has provided the Town with notification that they hold an interest in a particular property and will be paying the Property Taxes on behalf of the assessed Owner(s).

#### **7. Minimum Balance Write-Off:**

In some circumstances, there remains a balance owing on an Owner's account after a payment is received, which is often a result of interest being added to the account. When the balance of an account is small enough that the additional cost of collection would not be deemed worthwhile, it may be expedient to write off the amount. Staff are authorized to write off amounts of \$10.00 and under on each Tax Account

#### **8. Late Payment Charges and Collection Costs:**

All tax arrears are subject to late payment charges. A penalty at a rate established by by-law is added to the unpaid amount of a tax instalment on the first day after the instalment due date. In addition, as long as the Property Taxes remain unpaid, interest at a rate established by by-law is added on the first day of each month thereafter.

All collection costs incurred by the Town are payable by the Owner and are added to the Tax Account.

#### **9. Late Payment Charge Adjustments:**

Late payment charges and/or interest are adjusted only in the following circumstances:

- a) Taxes are adjusted under Sections 354, 357, or 358 of the Municipal Act, 2001 or other legislation.
- 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 a gross or manifest clerical error or omission.

## **10. Application of Payments:**

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.
- b) 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.

## **11. Accepted Payment Methods:**

Payments are payable to the Town of Perth, 80 Gore St. E, Perth, ON K7H 1H9. All payments made will be dated the day they are received excluding post-dated cheques which will be dated when deposited. The following methods will be accepted for payment of taxes:

- a) Cheques, cash or debit card may be accepted in person at the Town Hall during normal working hours.
- b) Cheques may be placed in the after-hours drop-box at the front of the Town Hall or sent by mail. Post-dated cheques will be accepted and deposited not earlier than the cheque date.
- c) Payments may be made at most Canadian Financial Institutions.
- d) Pre-Authorized Payment Plan (PAP) where funds are withdrawn on a monthly (generally starting in November of the previous year for 11 months) or set date (4 Due Dates) basis.
- e) Payments may be made by a mortgage company or financial institution on behalf of the Owner.
- f) Other methods may become available through changes in technology and accordingly, the Treasurer may add additional payment methods.
- g) Payments must be processed in Canadian Funds. Payment tendered in a foreign currency will be entered based on the exchange rate established by the Town's financial institution on the day of the deposit.

If three cheques are returned by a financial institution on an Owner's account, personal cheques from the Owner will no longer be accepted for a period of one year, unless they are certified. If three pre-authorized payments are returned by a financial institution on an Owner's account, the Owner will be removed from the pre-authorized payment plan.

## **12. Refund of Overpayment:**

The Town will generally only issue refunds for overpayment or credit balances when a request is received from the Owner in writing. In the case of what appears to be a duplicate payment, refunds are processed once all postings have occurred and the request has been provided.

### **13. Processing of Returned Payments (NSF):**

Returned payments are subject to an administrative fee in accordance with the Town's current Fees & Charges By-law.

### **14. Changes to Property Assessment:**

Changes to taxable property may result in a partial or full year of assessment changes. MPAC is responsible for all assessment changes, however the Town can provide forms as needed. Examples include:

- Request for Reconsideration
- Section 357 (fire, demolition, change in use, etc.)
- Section 358 (gross or manifest error)

For Section 357 & 358 of the Municipal Act, 2001, applications must be made to the Treasurer on or before the last business day of February of the year following the year of the change to the property. Application may be made by the Owner of the land or person(s) having interest in the land.

As per Section 358 of the Municipal Act, 2001, Council may cancel, reduce or refund all or part of the taxes levied on land in one or both of the two years preceding the year in which an application is made in relation to a gross or manifest error in the preparation of the assessment roll. The error must be clerical or factual in nature including the transposition of figures, a typographical error or similar errors, but not an error in judgment in assessing the property. It can also relate to a similar error under Section 33 or 34 of the Assessment Act.

### **15. Delegation of Authority:**

Council designates the Treasurer or his/her designate the authority to cancel, refund, reduce, or increase taxes under Sections 354, 357, 358 and 359 of the Municipal Act, 2001 and the apportionment of unpaid taxes in accordance with Section 356 of the Municipal Act, 2001.

The Owner retains the right to appeal any decision by staff to Council through the Delegation process as well as to the Assessment Review Board should they disagree with staff decision and adjustment.

## **16. Collection Steps:**

### **Arrears notices**

If a Tax Account is in arrears, notices will be sent two (2) times per year in May and October. If in the judgement of the Treasurer, a third notice is required, it will be sent in December. Notices are mailed to all accounts with a minimum balance of \$10.00.

### **Collection Letters**

Collection letters are sent (May and November) to all Owners with arrears in the current and previous years. The letter advises Owner(s) of the tax arrears and asks 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. Telephone contact is only used when the Owner has provided the Town with a telephone number. Penalty and interest charges will continue to accrue during the payment period and remain payable during or upon completion of payment arrangements.

### **Payment Arrangements**

Staff may enter payment arrangements at any time prior to the registration of a tax arrears certificate. Payment arrangements must include all tax arrears, current taxes, accruing estimates of future taxes and late payment charges and be sufficient to ensure payment in full is realized within a reasonable period of time. Late payment charges will continue to accrue during all such payment arrangements until full payment on the account has been made. If acceptable, payment arrangements are negotiated, and the account is monitored for compliance. Follow-up with the Owner is done by telephone or in writing, as required.

Once a payment arrangement has been established, if there is missed or returned payments, the payment arrangement is deemed void and the Owner is advised that payment in full, by certified funds or money order, is required or the next collection step will be taken.

## **17. Sale of Land for Tax Arrears:**

The Municipal Act, 2001, Section 373 states:

“Where any part of tax arrears is owing with respect to land in a municipality on January 1 in the second year following that in which the real property taxes become owing, the treasurer of the municipality, unless otherwise directed by the municipality, may prepare and register a tax arrears certificate against the title to that land.”

“A tax arrears certificate registered under this section shall indicate that the land described in the certificate will be sold by public sale if the cancellation price is not



paid within one year following the date of the registration of the tax arrears certificate.”

In compliance with the Municipal Act, 2001, the Tax Sale Process for the Town is as follows:

Prior to registration of the Tax Arrears Certificate, a notice will be sent by Registered Mail to the Owner. The notice advises that they have thirty (30) days to pay the taxes or enter into a firm, suitable payment arrangement with the Town or the property will be Registered for Tax Sale.

If within the 30 days, the Town has been unable to secure payment of the tax arrears or a firm, suitable repayment plan, the Town will work with a contracted professional firm as the agent to process all required statutory notices and declarations.

The agent will send a Notice of Registration of Tax Arrears Certificate (Form 1) to the Owner and all interested parties on behalf of the Town.

Once the property has been registered, only full payments of the Cancellation Price will be accepted.

If at the end of the one-year period following the date of registration, the Cancellation Price remains unpaid and there is no extension agreement, the agent will issue a Final Notice (Form 3) to the Owner and all interested parties. Form 3 specifies the date on which the property will be advertised for public sale.

The property shall be offered for sale by public auction or public tender, as the Treasurer shall decide.

The sale will be advertised by way of:

- Ontario Gazette
- Local Newspaper(s)
- Town Website
- Town Social Media

## **18. Severability:**

Notwithstanding that any section of sections of this policy, or any part, or any part thereof, may be found by any court of law to be invalid or beyond the power of the Council to enact, such clause, schedule or parts thereof shall be deemed to be severable, and all other clauses and schedules of this policy or parts thereof, are separate and independent therefrom and enacted as such.

## **19. Legislation Changes:**

As legislation is always evolving and changes are frequent, current legislation will take precedence over any section of this policy that becomes obsolete. Every effort will be made to update and re-distribute this policy as substantial changes occur.