

CORPORATION OF THE TOWNSHIP OF GILLIES TAX COLLECTION POLICY AND PROCEDURE

PURPOSE

Tax revenues constitute approximately 50% of the Township's total revenues. Delays in tax collection cause the Township to increase its short-term borrowings to supplement cash flow. This has the effect of increasing the Township's borrowing costs.

In the current interest rate regime, the penalties charged on overdue taxes more that offset the cost of borrowing. However, these penalties, when added to the tax arrears, add significantly to the difficulty the taxpayer may experience in paying the taxes and ultimately can increase the level of taxes which become uncollectible.

The use of this policy and the procedures contained in this document will ensure the prompt, effective and efficient collection of all realty taxes due to the Corporation of the Township of Gillies.

This document outlines the timetable necessary to affect action and give credence to the wishes of the Council of the Township of Gillies and to ensure that all ratepayers are being treated in a fair and equitable fashion with respect to tax arrears.

OBJECTIVES

Council has endorsed this policy to be adhered to with respect to tax collection for the Corporation of the Township of Gillies.

The objectives of this tax collection policy are as follows:

- to ensure taxes are collected in a timely fashion;
- to provide mechanisms to be initiated to collect taxes in arrears;
- to set out procedures to be followed to register Certificates of Tax Arrears on properties which meet the appropriate criteria;
- to provide procedures to write off taxes when it is apparent they are not collectable; and
- to establish guidelines for providing timely and appropriate information to Council as to the status of tax collections in order that Council can be informed as to the effectiveness of the collection policies and practices.

GOVERNING PRINCIPLES

The following principles shall govern the implementation of the practices and procedures set out in this policy.

- Subject to the following, procedure for the collection of taxes shall be applied universally, uniformly and consistently.

- That notwithstanding, the Treasurer may exercise a degree of judgement including the extending of a certain amount of understanding and clemency to the taxpayer that such would be in furtherance of the achievement of the objectives as stated.
- The Treasurer may use any means provided by the *Municipal Act*, in order to maximize collections while keeping administration and legal costs to a minimum.
- At all times and in all proceedings as set out in this policy, all reasonable care shall be taken to respect and to protect the interest of the taxpayer as well as those of the municipality including respect for the taxpayers rights to privacy and confidentiality.

DEFINITION OF TERMS

In this policy the following shall have the meanings as indicated.

Property tax shall mean taxes which are levied upon the whole of the assessment for real property.

Arrears shall mean any portion of property taxes which remain unpaid after the date on which they are due.

BILLING AND COLLECTION PROCEDURES

I Issuing of Tax Bills

- 1) Except as otherwise directed by Council, tax bills are to be issued no later than the dates as follows:
 - i) interim tax bills are to issued no later than February 28 for the current tax year; and
 - ii) final tax bills are to be issued no later than July 31 for the current tax year
- 2) Except as otherwise directed by Council, tax instalments are due and payable no later than the dates as follows:
 - i) for interim tax bills, the instalment will be due and payable no later than March 31 of the current tax year; and
 - ii) for final tax bills, the instalment will be due and payable no later than September 30 of the current tax year.
- 3) In accordance with the *Municipal Act*, tax bills shall be issued no less than 21 days prior to the due date of the instalment thereof.

II Penalties for Non-Payment

Penalties as set out in the governing by-law will be applied to taxes in arrears at the maximum rate allowable under the *Municipal Act*. A penalty at the rate of 1.25% shall be applied on the first day of the month following the month in which the taxes were due and interest shall be charged at the rate of 1.25% on the first day of each month thereafter on the balance of unpaid taxes.

III Collection Procedures for Taxes in Arrears

Taxes are in arrears when all or a portion of the taxes remain unpaid on the day immediately following that upon which payment thereof was due.

The following actions shall be taken when taxes on any property are in arrears.

1) Sending of Past Due Notices

Past due notices shall be sent within 21 days following the due dates for each tax billing.

2) Follow-up Letters

In addition to past due notices, personal letters in the forms as set out in Appendix "A" or as otherwise deemed suitable by the Treasurer, shall be issued not less often than twice yearly. The first letter being issued not later than the tenth day of December of the year in which any taxes on the property are in arrears.

3) Direct Contact (in person or by telephone)

Direct contact with the taxpayer by the Treasurer, or designate, will be attempted not less frequently than once annually if taxes on a property are in arrears for one year and twice annually if taxes are in arrears for two or more years unless suitable payment arrangements have been established.

4) Payment Agreements

At any time before a Certificate of Tax Arrears is registered on title to a property, the Treasurer may accept a written undertaking from the property owner to pay the taxes and upon acceptance of such, the Treasurer will forego or forestall the registration of a Certificate.

Any such payment arrangements must be agreed to in writing by the property owner(s) and accepted by the Treasurer, or designate, and must be such that the monthly payments made are sufficient to pay, within

thirty-six (36) months of the date established for the submission of the initial payment required by the agreement, all amounts owing, including current taxes levied during the term of the agreement.

A property owner shall be considered in default of a payment agreement if a required payment is not made within ten days of the due date for that payment. The Treasurer shall, forthwith thereafter notify the owner of the default and shall, failing a suitable response within 30 days of the date of default, proceed with or resume other collection actions as set out in this policy including the registration of a Certificate of Tax Arrears except as otherwise directed by a resolution of Council.

5) Use of a Collection Agency

If a taxpayer does not respond to notice or does not make a reasonable attempt to enter into a suitable payment arrangement and if there is a possibility that taxes may not be ultimately be, or have been determined not to be collectable by tax sale or by another method, the Treasurer may proceed to engage the services of a collection agency appointed by the Township to attempt the collection of taxes.

6) Seizure of Personal Property

In accordance with Sections 351, subsections (1) and (2) of the *Municipal Act*, the Treasurer may, if taxes remain unpaid after the due date, or in accordance with subsection (2) prior to the due date, seize the personal property belonging to or in possession of the taxpayer.

IV Collection of Property Taxes by Tax Sale

- 1) Tax registration should only be considered after all reasonable means of collection have been exhausted. Every effort to work with the taxpayer to make suitable arrangement prior to this step should be attempted.

The collection of taxes by means of the Tax Sale procedures as set out in the *Municipal Act* will be pursued when:

- i) any part of tax arrears are owing in the 1st day of January in the third year following that in which the property taxes become owing; and
 - ii) a suitable payment agreement has not been entered into and adhered to by the owner.
- 2) A list shall be prepared by the Treasurer no later than February 28th of each year indicating those properties which meet the above criteria. The Treasurer will

forward a letter to the affected property owners indicating their status and stating a March 31st deadline to make suitable payment arrangements.

- 3) At the first regular Council meeting in April, the Treasurer will present a list of properties which are eligible for the registration of a Certificate of Tax Arrears against the title. The list shall accompany a report recommending the registration of Certificates on some or all of the properties. The list will be all inclusive with no exception and shall indicate whether the owner is in compliance with the payment arrangement or otherwise.
- 4) Except if and as otherwise directed by Council, the Treasurer or an agent appointed by the Municipality shall then proceed with the registration of certificates on the properties as recommended and shall thereafter proceed in accordance with the procedures outlined in the *Municipal Act*, up to and including the sale or vesting of the property except when deemed not to be in the interest of the Township to so proceed.
- 5) At any time during the year in which tax registration has been commenced on a property, the property owner may request an extension to the time afforded to pay the taxes and other amount owing. The Treasurer shall bring these requests forward to the Township Council with a recommendation and the Council may, by by-law, authorize an agreement between the owner and the municipality setting out the terms and conditions of the extension.

V Collection Through the Courts

The *Municipal Act*, Section 349 provides that "Taxes may be recovered with costs as a debt due to the municipality from the owner originally assessed for them and from any subsequent owner of the assessed land or any part of it".

Therefore, it is the policy of the Township and the obligation of the Treasurer, where deemed appropriate and in the interests of the municipality, to pursue the collection of such debt through court action. Such action shall be taken in accordance with the advice of or within the framework of direction provided by legal counsel and with the prior authorization of Council.

WRITING OFF TAXES WHEN DEEMED UNCOLLECTIBLE

- 1) When the Treasurer ascertains that certain taxes are uncollectible, a list shall be prepared for Council's consideration. This list will be prepared by no later than December 15th in the year. Council will then direct the Treasurer to strike the uncollectible taxes from the roll.
- 2) Taxes may also be struck from the roll as the result of a decision of a judge of any court.

REPORTING

In addition to the report referenced in Clause 3 of Section IV above, the Treasurer shall in each year provide no fewer than two additional reports as to the status of the Taxes receivable including the status of negotiated payment agreements. The first of these additional reports shall be provided not later than the last regular Council Meeting in June and the second not later than the last regular Council Meeting in October.