

THE CORPORATION OF THE TOWNSHIP OF LAIRD

By-Law No. 1078-23

BEING A BY-LAW TO FORMALLY ADOPT A TAX COLLECTION POLICY FOR THE MUNICIPALITY OF THE TOWNSHIP OF LAIRD

WHEREAS the Municipal Act, 2001 is the governing legislation that sets out tax billing and collection processes and procedures.

NOW THEREFORE the Council of the Corporation of the Municipality of the Township of Laird hereby enacts as follows that:

1. **THAT** the Tax Collection Policy attached as Schedule 'A' forms part of this by-law;
2. **THAT** this policy will provide guidance to both Council and Staff and will provide a basis for decision-making relating to tax billing and tax collection procedures for all ratepayers in the municipality;
3. **THAT** this policy is designed to be implemented in accordance with the governing legislation. Should there be any incongruences between the policy and the governing legislation, the provisions of the governing legislation will prevail;
4. **THAT** former Tax Collection Policy that was approved by Motion No. 58-18 be hereby repealed; and
5. **THAT** this By-law shall become effective upon passing.

ENACTED and **PASSED** in Open Meeting this 19th day of January 2023.

Mayor _____
Shawn Evoy

Seal

Clerk _____
Jennifer Errington

TOWNSHIP OF LAIRD TAX COLLECTION POLICY

Municipality of Township of Laird

Policy Type: **Finance**

Policy Number: **FIN-02**

Policy Title: **Property Tax Collection**

Policy Approval Date: March 16, 2023

This Policy will provide direction to staff in the timely and efficient billing and collection of property tax levies.

The Municipality of Laird Township 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 ratepayers.

Purpose

The purpose of this policy is to ensure that the municipality is in a position to manage its accounts receivable effectively and to ensure timely collection to minimize outstanding amounts owing to the municipality. This policy will assist with the ongoing success of administration, more specifically; it will ensure prompt, efficient, courteous and consistent service to all ratepayers of the municipality.

Scope

This policy applies to the Treasury Department. The Treasurer shall report to Council on the status of Tax Collection twice a year and will make recommendations to Council at the time of budgeting.

These procedures may be updated from time to time to reflect current legislation, continuous improvement objectives, or technological changes. The Treasurer will review all procedures prior to implementation and notify council of updates.

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Responsibility

The Treasurer is responsible for ensuring that all tax collection procedures conform to legislation and this policy.

Definitions

"Tax Arrears" – any taxes outstanding following the due date for which they have been levied.

Guidelines For Tax Billing

Real Property Tax is levied on the assessment for real property within the Municipality in accordance with Section 307 of the *Municipal Act, 2001*.

Standard Tax Billings

Interim Tax Bills will be issued in January and will be due on the dates specified in the by-law passed annually to provide for an Interim Levy. The preferred due dates shall be the middle of the month of February and the middle of the month of April. The amount billed is calculated as no more than fifty percent of the previous year's total tax levy.

Final Tax Bills will be issued in June and will be due on the dates specified in the by-law passed annually to adopt the budget, set the tax rate and establish due dates for taxes. The preferred due dates shall be the middle of the month of July and the middle of the month of September. The amount billed will be calculated based on assessment value on the returned assessment roll and the final tax levy as approved by Council through the Annual Budget in accordance with Subsection 312(2) of the *Municipal Act, 2001*.

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 Subsection 343(2) of the *Municipal Act, 2001*.

MAILING

The *Municipal Act, 2001* Subsection 343(1) requires tax billing to be postmarked and mailed no less than 21 calendar days prior to the due date.

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Supplementary Tax Billings

There are two sections of the *Assessment Act, 1990* that allow for taxation of ratable property not included in the annual assessment roll. They deal with Omissions and Additions to the roll as follows:

Omissions – Section 33 of the *Assessment Act, 1990* 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.

Additions – Section 34 of the *Assessment Act, 1990* allows for the taxation of real property 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 Tax Bills will be generated 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 for a credit amount will be the date the bill is issued. The due date for taxes owing will be the end of the month providing that date is not less than 21 days from the date the bill is issued, or the end of the following month.

Application Of Payments

Section 347 of the *Municipal Act, 2001* outlines how payments are applied to outstanding balances:

First, the payment shall be applied against late payment charges owing in respect of those taxes according to the length of time the charges have owed, with the charges imposed earlier being discharged before charges imposed later.

Secondly, the payment shall then be applied against the taxes owing according to the length of time they have been owed, with the taxes imposed earlier being discharged before taxes imposed later.

Partial payment will NOT be accepted on a tax account where a tax arrears certificate has been registered against the property unless an extension agreement has been granted.

It is the policy of the Municipality, not to issue a refund of overpayment or as a result of adjustments. The Treasurer may at his/her discretion issue a refund in extenuating

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circumstances when the ratepayer insists on and sends a written request. Otherwise, adjustments are credited to the tax account.

Accepted Payment Methods

Payments are payable to The Corporation of the Township of Laird, R. R. #4, 3 Pumpkin Point Road West, Echo Bay, Ontario, P0S 1C0, in the following methods:

Interac (debit) or cash in person at the office.

Cheque – delivered in person, in the drop box after hours, or by mail. The date the cheque is received in the office will be considered the date of the payment. Postdated cheques will be accepted and held until the negotiable date.

Interac e-Transfer Autodeposit using online banking or a mobile app using the email address info@lairdtownship.ca.

Payments made by Mortgage companies or financial institutions on behalf of taxpayers. The date received in the office will be considered the day the payment was made.

Telephone or Internet Banking.

Payments made at a financial institution will be considered received upon notification from the institute that a payment was made.

Monthly Payment Plans may be established to address arrears via a Tax Arrears Payment Agreement (TPA).

Payments tendered in US funds (cheques only) will be accepted based on the exchange rate established by the Municipality's bank on the day of the deposit.

Third party cheques will NOT be accepted.

Tax Collection Procedures

Review of all past-due accounts will be done on a regular basis. An updated Arrears Report will be generated monthly. There are a number of additional aids that will be used to assist in collection of property tax accounts before proceeding to tax registration and sales. Arrears will be managed by the Treasurer to ensure collection and with regard to the impact on the budget.

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Arrears Notices are mailed a minimum of four times per year, after each billing due date. The first three notices are mailed only to those taxpayers with a minimum balance selected by the Treasurer. The fourth and final notice is mailed to all those taxpayers with a balance greater than \$10.00.

Personalized letters are sent out at the discretion of the Treasurer as part of their duties to manage and collect Arrears. Such letters shall request a payment or a response by a specified date. If compliance is not forthcoming, an additional letter will be mailed. A copy of all correspondence shall be placed in the Roll File for that property.

When possible, telephone contact will be made to taxpayers with large past due balances. All calls will be documented on the roll in the "Notes" Section of TMM, the tax program for the municipality.

The Municipal Treasurer shall encourage property owners in tax arrears to establish a monthly payment plan to repay outstanding taxes in a timely manner, to avoid tax sale registration.

Collection Remedies

Penalty and Interest – Penalty at a rate of 1.25% will be calculated on all outstanding accounts at month end and added on the first day of the following month. Interest will be added to all outstanding tax accounts as soon as possible on the first day of each following month at a rate of 1.25% in accordance with the *Municipal Act, 2001*, Subsections 345(2) and 345(3).

Penalty and Interest charges are not compounded.

Interest is only adjusted in accordance with:

Tax adjustments under Sections 357 and 358 of the *Municipal Act, 2001*.

At the direction of Council.

Approved by the Treasurer as gross or manifest clerical errors.

Rent Attornment – Rent Attornment is an option for a tenant occupied property. The *Municipal Act, 2001* Subsections 350(1) and 350(2). This option should be carefully considered before imposing as it may cause undue hardship on the property owner.

Bailiff Action – Bailiff Action may be used as provided for in Section 349 of the *Municipal Act, 2001*. Taxes may be recovered as a debt due to the Municipality from the taxpayer originally assessed for them and from any subsequent owner of the assessed land or any part of it.

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Collection Agency – If a taxpayer does not respond to notices or does not make a reasonable attempt to enter into a suitable payment arrangement, and if there is a possibility that taxes may not 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 Municipality to attempt the collection of the taxes. Collection agencies charge a commission on the amounts that they collect. Section 304 of the *Municipal Act, 2001*, S.O. 2001, c.25 allows Municipalities to recover the commission charged for the recovery of debt including taxes.

Tax Registration – Tax Registration and sale falls under Part XI 'Sale of Land for Tax Arrears'. The Municipality will only consider Tax Registration for properties that are in arrears for more than the preceding two years. The property owner or interested party has one year from the date of registration in which to redeem the property for all taxes; all interest and penalties; all outstanding associated legal costs; all tax registration associated costs and all administrative costs. It is recommended that a tax registration firm be used to process all required statutory notices and declarations. Tax registration and sale is a last resort and will be avoided where possible by encouraging the taxpayer to either make full payment or establish a mutually agreed upon payment plan.

Collection Process

Priority is given to properties that are two or more years in arrears.

Any Notice sent by ordinary mail is considered delivered to and received by the addressee within five days of mailing, unless the notice is returned by the Post Office or an error in the mailing address is proven. It is the taxpayers' responsibility to notify the Municipality of any mailing address changes, Subsection 343(6) of the *Municipal Act, 2001*.

For tax accounts two years in arrears or more, a collection letter will be sent to the designated primary property owner listed in the Roll Book, advising of the tax arrears situation and requesting, as a minimum, full payment or satisfactory payment arrangements of the longest outstanding taxes owing, including all associated interest and penalties.

If there is no response to the collection letter; at the discretion of the Treasurer a second letter or a phone call may be issued. The Treasurer also has the option of issuing a Third and Final Notice and with no further communication, initiate Tax Registration.

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At any point in the collection process the property owner(s) can enter into a Tax Arrears Payment Arrangement – “TPA”. Satisfactory TPA’s would include a commitment to make specific payments on prearranged dates. Interest and penalties will continue to accrue during all such agreements until full payment on the account has been made.

If a TPA is agreed upon, the account is monitored for compliance and follow-up is done as required. The Municipal Tax Collector has the full authority of Council to execute and monitor compliance of TPA’s.

Violation of any agreed TPA will cause the agreement to become null and void and will result in the continuation of the collection process described above. At the discretion of the Treasurer, he/she may immediately place the property in the process of collection of taxes by Tax Registration.

The Treasurer has authority and a duty to exercise discretion fairly in the application of this policy. Where unusual circumstances are apparent in order that consistent fairness is provided to the taxpayer and municipal collection procedures are maintained in principle.

Reporting

The Treasurer shall report to Council at the time of budgeting, the following matters:

The allowance for doubtful accounts including outstanding taxes, penalty and interest;

The status of tax collection efforts.

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 maintain this policy as substantial changes occur.

Approval Date:	March 16, 2023	Approved by:	53-23
1.Amendment Date:		Approved by:	
2.Amendment Date:		Approved by:	
3.Amendment Date:		Approved by:	