

	Finance Department Policies & Procedures	Section X
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Property Tax Billing and Collection Policy

Date Endorsed by Council: October 4, 2021	Repealed:	Next Review Date: Date
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1. Purpose:

To establish fair and equitable processes for the purpose of billing and collection of municipal property taxes and to outline how payments shall be applied.

2. Policy:

The Township of Scugog collects taxes on behalf of the Municipality (Township), Region of Durham, the school boards and the local business improvement area. The Municipality is responsible to ensure all overdue taxes are collected.

2.1 This policy covers all aspects of the collection of overdue property taxes, up to the initiation of Municipal Tax Sale proceedings. All procedures related to a Municipal Tax Sale are carried out in accordance with Regulation 181/03 and are not detailed in this policy.

2.2 This policy excludes collection of payments-in-lieu of taxes.

2.3 This policy is written in compliance with the Municipal Act, 2001, (the Act), related Ontario Regulations made under the Act and applicable Municipal by-laws, as amended from time to time.

3. Definitions

For the purpose of this policy:

“Bailiff” means a duly appointed agent under contract with the Township to recover outstanding property taxes.

“Cancellation Price” means an amount owing equal to all tax arrears, together with all current taxes owing, late payment charges and other costs incurred by the Township after the registration of a Tax Arrears Certificate under section 373 of the Act.

“Collection Costs” means all costs incurred by the Township 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.

“Extension Agreement” means a contract between the Township and the owner, spouse of the owner, a mortgagee or a tenant in occupation to extend the period of time in which the cancellation price is to be paid. The contract is entered into after the registration of a tax arrears certificate and before the expiry of the one-year period following the registration date.

“Late Payment Charges” means penalties and interest applied by the Township to unpaid property tax accounts, in accordance with section 345 of the Act and applicable Township of Scugog by-laws.

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

“Property Taxes” means the total amount of taxes for municipal, regional and school purposes 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 By-laws with authority provided by the Building Code Act; and fees and charges related to false alarms and/or grow operations.

“Tax Arrears” means 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” means 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 Township within one year of the registration of the certificate.

4. Procedures:

4.1 Tax Billing

A levying by-law passed by Council is required in advance of either an interim or final tax billing.

Interim tax billings shall be produced in January based on not more than 50% of the annualized taxes of the property for the previous calendar year. The tax billing may include local improvement charges, area charges, and any special charges levied by the Township or Provincial government. Outstanding charges authorized by legislation shall be added to the interim billing at 100%.

Final bills are produced subsequent to the passing of the annual Township and Region budgets and are based on tax rates established by by-law from the budget requirements of the Township, Region and the Ministry of Education. The tax billing will be calculated to produce a tax billing equal to the current assessment and the appropriate tax rate, all local improvement charges, area changes and any special charges levied by the Township or Provincial government. The interim tax billing amount will be deducted from the total yearly amount calculated in order to produce final billing instalment amounts.

The tax bill will comply with the standardized tax bill format as defined by legislation.

Arrears are reflected in the first instalment due date amount.

4.2 Due Dates

The first instalment due date must be at least twenty-one (21) days after the date of mailing the tax bill in accordance with section 343(1) of the Act. Due dates will be clearly identified on the tax bill in accordance with the levying by-laws passed by Council.

Due dates for the payment of taxes are traditionally in the following months:

Interim Bill: February and April

Final Bill: June and September

Where due dates are delayed as a result of factors beyond the Township's control, they shall then be set with regard to the notice provision above.

4.3 Supplementary / Omitted Tax Billings

The Municipal Property Assessment Corporation (MPAC) regularly provides additional assessment data on properties necessitating a supplementary billing in accordance with section 341 of the Act. The Township will bill for these additional assessments as soon as practical after receipt of the supplementary assessment rolls from MPAC.

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

Section 33 of the *Assessment Act* allows for the assessment of property that has been omitted from the roll. Omitted assessments can be added for the current year and, if applicable, for any part or all of the previous two years.

Section 34 of the *Assessment Act* allows for the assessment of property that has increased in value due to an addition, renovation or construction during the current year. A supplementary assessment can also be issued when there has been a change in use since the return of the last revised roll. Supplementary assessments can be added for all or part of the current year.

Supplementary and omitted tax billings will provide for two instalment dates when possible. The first due date must be at least twenty-one (21) days after the date of mailing.

4.4 Delivery of Tax Bills

Property tax bills and notices are mailed to the address of the property as shown on the tax roll unless the property owner advises the Township 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 Township of any changes to a mailing addresses. Failure to notify the Township of an address change in writing is not an error on behalf of the Township.

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 Township 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).

4.5 Settlement of Accounts

The following methods will be accepted for tax payments:

- Township of Scugog pre-authorized payment plans
- Through a financial institution by internet, telephone or in person
- Cheque payments through Canada Post
- In person by cash, cheque, money order or debit at the property tax counter at
- 181 Perry Street, Port Perry
- By credit card online using a third party payment service provider

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- Mortgage company payments

Post-dated cheques will be accepted and held by the Township.

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

Should payment of a tax account be tendered in U.S. funds, it will be accepted at the exchange rate established by the bank on the processing date.

4.6 Application of Payments

Property Tax payments are applied as follows:

1. The payment is first applied against any late payment charges according to the length of time the charges have been outstanding, with the charges that have been outstanding the longest being discharged first.
2. The payment is then applied to the amount outstanding by year for the other charges that have been added to the property, i.e. service charges and property taxes owing. The oldest year for each is cleared, then the next oldest year.

Note: Partial payment is not accepted where a tax arrears certificate has been registered against a property, except where the Township has entered into an extension agreement. If a partial payment is received, it will be returned or refunded, as appropriate.

4.7 Late Payment Charges and Collection Costs

All tax arrears are subject to late payment charges. A penalty at a rate established by bylaw 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. Penalty and interest charges cannot be waived.

All collection costs incurred by the Township are payable by the property owner and are added to the tax account, with the exception of Bailiff fees, which are charged and collected by the Bailiff directly.

4.8 Tax Arrears Collection

Property taxes are a secured special lien on land in priority to any other claim, except a claim by the Crown. Taxes may be recovered with costs as a debt due to the Township from the original owner and/or any subsequent owner of the property.

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The Township will primarily use the following methods to collect Tax Arrears:

- Reminder notices
- Verbal communication
- Send the taxpayer a form or personalized letter(s)
- Issue overdue notices and final notices
- Arrange terms of payment
- Issue notices and or letters to interested parties
- Bailiff services
- Rent attornment
- Collection agency
- Legal action, and
- Municipal tax sale

4.9 Collection Steps:

1. Reminder Notices

Reminder notices are sent out a minimum of six times per year. Reminder notices for balances of \$10.00 or less are not produced, as it is not cost efficient.

2. Collection Letters

Collection letters are sent to all owners with arrears in the current and previous years. The letter advises property owner(s) of the tax arrears situation 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 taxpayer has provided the Township 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.

3. Payment Arrangements

Staff may enter into 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, the account is monitored for compliance. Follow-up with the taxpayer is done by telephone or in writing, as required.

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Notwithstanding any such arrangements, no third party payments will be refused for payment on account (e.g. payment from a mortgagee).

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

4. Escalation if Two Years in Arrears

In addition to issuing overdue collection letters each year, the following actions will be taken once a residential property owner is two years in arrears:

- Final Notice-Prior to Tax Sale
- Notice to Interested Parties
- Final Notice-Prior to Tax Arrears Certificate Registration
- Tax Arrears Certificate Registration

(a) Final Notice Prior to Tax Sale

Final Notices Prior to Tax Sale are mailed to those property owners approaching two years of property taxes in arrears. The Final Notice Prior to Tax Sale advises that they have thirty (30) days to pay the taxes or enter into a firm, suitable payment arrangement with the Township.

(b) Notice to Interested Parties

If a residential property owner fails to respond to the Final Notice Prior to Tax Sale, a property title search is carried out by an agent engaged of the Township in order to identify all parties with a financial interest in the property. The identified parties are then notified of the tax arrears. The Notice to Interested Parties advises that the Township intends to proceed with a Municipal Tax Sale and provides interested parties with an opportunity to pay the arrears in order to protect their interest in the property.

(c) Final Notice Prior to Tax Arrears Certificate Registration

If neither the property owner nor interested parties respond to the previous notices, a Final Notice Prior to Tax Arrears Certificate Registration is issued by the engaged agent as one last notification to the property owner of their outstanding balance prior to proceeding with a Municipal Tax Sale. The Final Notice Prior to Tax Arrears Certificate Registration advises the property owner that they have 30 days to pay their taxes or enter into a firm, suitable arrangement with the Township. Otherwise, the Township will register a Tax Arrears Certificate against their property.

A Notice of Intent to Realize on Security that asks if the taxpayer is currently engaged in farming for commercial purposes and as required by the Farm Debt Mediation Act, is sent with the Final Notice Prior to Tax Arrears Certificate Registration.

(d) Tax Arrears Certificate Registration

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Municipal Tax Sale proceedings can begin once taxes have been in arrears for at least two years. Once all other collection efforts are exhausted and the Township has been unable to secure payment of the tax arrears or a firm, suitable repayment plan, the Township commences Municipal Tax Sale proceedings. This is done through an agent engaged of the Township, by registering a Tax Arrears Certificate against the property. The agent sends a Notice of Registration of Tax Arrears Certificate (Form 1) to the property owner and all interested parties on behalf of the Township.

(e)Property Sale

If full payment is not received within 280 days of registration of the Tax Arrears Certificate, the agent issues a Final Notice (Form 3) to the property owner and all interested parties within 30 days after the expiry of the 280-day period. Form 3 specifies the date on which the property will be advertised for public sale if the tax arrears are not paid or unless there has been an extension agreement between the owner and the Township. If the Township does not receive a response, the account may be sent to the Bailiff or By-Law Department to perform a site visit and advise the property owner, mortgage company, lawyer or interested parties of the pending sale of the property and attempt collection. Once a Tax Arrears Certificate has been registered, only full payment of the cancellation price will be accepted unless an extension agreement has been entered into. Full payment will be accepted up to the date of transfer of the property following a sale. In the event of non-payment, the Township will proceed with a Municipal Tax Sale.

4.10 Collection Steps – Crown Tenants

When Crown property is leased to or occupied by a taxable tenant, the land is assessed as if the tenant is the owner and the tenant is then responsible for the payment of property taxes. The Municipal Tax Sale provisions of the Act do not apply to Crown property.

In addition to issuing overdue notices, once a Crown tenant's current year's taxes are in arrears the following actions will be taken:

- Final Notice-Pre-Bailiff
- Bailiff Action
- Legal Action
- Application to Crown

1. Final Notice-Pre-Bailiff

Following the last tax instalment date of the year, a Final Notice-Pre-Bailiff is mailed to every Crown tenant with an outstanding balance greater than \$100, advising the tenant that they have 30 days to pay their taxes or enter into a firm, suitable payment arrangement with the Township.

Otherwise, their account will be issued to a Bailiff for collection. The costs of the Bailiff

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services are the full responsibility of the Crown tenant.

2. Bailiff Action

If a Crown tenant fails to respond to the Final Notice-Pre-Bailiff, the Township issues a Tax Warrant to the Bailiff to collect the outstanding taxes. Once a Tax Warrant is issued, the Crown tenant makes payments on the outstanding amount directly to the Bailiff.

Bailiff tax recovery actions include:

- Serving a Warrant to Distrain for Taxes (Warrant) to the assessed address advising the Crown tenant of such outstanding taxes, Late Payment Charges and lawful costs of said distress
 - Mailing notices to the Crown tenant advising that a Warrant has been issued and the amount of the Warrant
 - Telephone contact with the Crown tenant
 - Site visits
 - Attornment of Rent(s) - if the property is sub-leased by the Crown tenant, the Bailiff can direct the sub-tenant to submit rent payments to the Bailiff. Attornment of Rent(s) are then applied against the outstanding property taxes
 - Issuing a Warrant to Seize Goods/Chattels. The Bailiff can physically seize and remove goods/chattels from the property and ultimately sell items seized to recover the tax arrears;
 - Issuing a Warrant to Distrain Goods/Property. The Bailiff can register a common law lien against goods/property located in or on a tenant's property

3. Legal Action

If the Bailiff is unable to collect the overdue amount or secure a payment arrangement within six months of the assignment date, the account is returned to the Township.

4. Application to the Crown

If all collection steps are exhausted, the Township shall make application to the Crown for payment of the tenant's tax arrears.

4.11 Cancellations & Write-Offs

Cancellation of Late Payment Charge

Late Payment Charges are cancelled only in the following circumstances:

- Taxes are adjusted under section 357 or 358 of the Act, including cancellation, reduction or refund of overcharges;
- Assessment Review Board Decisions

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- Penalty and/or interest were charged as a result of the Municipality's error or omission

The amount of late payment charges cancelled is limited to the amount related to the tax reduction associated with a tax adjustment, or Municipality error or omission.

Minimum Balance Write-off

A balance owing of less than \$4.00 on an account at December 31st each year will automatically be written off, as it is uneconomical for the Township to pursue collection of these amounts.

Municipal Treasurer Write-offs

In accordance with section 354 of the Act, uncollectible taxes may be approved for writeoff by Council on the recommendation of the Municipal Treasurer.

4.12 Miscellaneous

Bankruptcy

When a property owner files for bankruptcy, the Municipality is a secured creditor, as the tax debt is a charge against the real property. The Municipality ranks in preference and priority to any other claims, except those of the Provincial and Federal government. A letter is forwarded to the trustee advising them of the Municipality's claim and that it is assumed property taxes will be paid once the property is sold.

Applications and Settlement of Accounts

Applications for items such as, but not limited to, building permits, lot grading, zoning, planning, require that all property taxes owing are up to date or have satisfactory payment arrangements on file before such applications will be processed.

Accounts payable by the Township to any local supplier of goods and/or services may be applied against any outstanding property taxes owing to the Township. Written notice will be given to the supplier in advance of the application of the payment towards the property taxes owing.

Contaminated Property

Council shall approve any tax sale proceedings where it is suspected that a property is environmentally contaminated.

5. Responsibilities and Authorities:

In order to ensure that all taxpayers are treated fairly and equitably, the Municipal Clerk or his/her designate, in coordination with the Tax Collector and/or the

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Treasurer have the authority to exercise discretion in the application of this policy where unusual circumstances are apparent, provided such discretion is in accordance with all applicable legislation.