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## PROPERTY TAX COLLECTION POLICY

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**WHEAREAS** the Municipality aims 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.

**AND WHEREAS** 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.

**AND WHEREAS** Real Property Tax is levied on the assessment for real property within the Municipality in accordance with section 307(1) of the Municipal Act, RSO, 2001.

**NOW THEREFORE** the following shall be the property tax collection policy and procedures for the Municipality of Mississippi Mills:

### SCOPE

This policy provides direction to staff of the municipality 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 municipality staff and Council in their communications with Owners. The tax billing and collection process is an important activity for the municipality 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 municipality staff;
- b) Set out consistent guidelines with regard to collection of property tax payments to the municipality;
- c) Streamline activities and eliminate questions as to the appropriate steps required for collection; and,
- d) Ensure all activities conform to current legislation

### DEFINITIONS

**“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 Municipality 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 municipality 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 municipal Council, the role of which is to evaluate and approve the policies and programs of the municipality.

**“Extension Agreement”** shall mean a contract between the Municipality 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”** shall mean penalties and interest applied by the municipality to unpaid Property Tax accounts, in accordance with Section 345 of the Municipal Act, 2001 and applicable municipal By-laws.

**“Mailing”** shall mean the distribution of tax billings whether sent via the postal service or distributed electronically (i.e. email).

**“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.

**“Municipality”** shall mean The Corporation of the Municipality of Mississippi Mills.

**“Notice of Vesting”** shall mean a notice required by clause 379 (5) (b) and subsection 379 (6) of the Municipal Act which contains the information prescribed in Schedule 4 of O. Reg. 181/03 whereby the Municipality takes the ownership and the official rights of the title on a property.

**“Overdue Taxes”** 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.

**“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 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 January 1 in the second year following that in which the real property taxes become owing and includes late payment charges or other charges added to the tax roll.

**“Treasurer”** shall mean the individual who is responsible for handling 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 a Deputy Treasurer or Tax Clerk.

## **ADMINISTRATION AND ACCOUNTABILITY**

### **Billing**

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

Tax bills will be prepared in a format that complies with legislated requirements under Section 343(2) of the Municipal Act, 2001.

Any outstanding arrears will be included in each tax billing’s first installment due date amount. Installment due dates will be indicated on the payment stubs attached to the tax bill.

### **Interim Billing**

Interim property tax bills shall be mailed at least 21 days prior to the due date. The interim levy shall have one (1) installment with the due date on the second last business day of February or as otherwise determined in the by-law passed annually to provide for an interim levy. The interim amount billed is calculated as no more than forty percent (40%) of the previous year’s annualized taxes.

### Final Billing

Final property tax bills shall be mailed at least 21 days prior to the due date of the first installment. The final levy shall have two (2) installments with due dates on the second-last business days of July and September or as otherwise determined in the by-law passed annually to provide for levy due dates. 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, or other special charge as required under legislation.

### Supplementary/Omitted Assessments:

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 two (2) installments when possible.

Supplementary tax bills for participants in the monthly pre-authorized payment program are payable separately than their monthly payment amount by the specified due date.

### Severances

Property owners may apply for severances of their properties under the authority of The Planning Act. If granted, the assessment values must be split between all the parcels of land. As part of their legislated services, MPAC divides the assessment information.

Under the authority of The Municipal Act Section 356, the Treasurer may divide the assessment roll into the parcels being severed and direct the property taxes accordingly.

As severed portions of the land are often sold, the Municipality will not recalculate the property taxes for a part year. It is understood that the seller's and buyer's lawyers would address who owes what as part of the property sale process.

### Consolidations

The Planning Act stipulates that abutting lands with common ownership automatically become one parcel unless the lands have been subjects of a Land Division Committee of Adjustment consent or are whole lots/blocks in a registered plan of subdivision. Complying with the Planning Act is an operation of law. The request or consent of the owner is not required.

Consolidations are processed by MPAC and Property owners should contact MPAC directly with questions related to consolidations.

### Rebates and Other Adjustments

The Municipality periodically receives notifications of changes in assessment or tax classes from MPAC. Some of the types of assessment applications and notifications that may affect the assessment value on a property which may result in a reduction in taxes are:

- Applications For Reduction in Assessment - under Section 357 & 358 of the Municipal Act
- Request for Reconsideration (RfR) – under Section 39.1 of the Assessment Act
- Assessment Review Board (ARB) Decision – under Assessment Act
- Minutes of Settlement (MOS) – under Section 40 of the Assessment Act
- Post Roll Assessment Notice (PRAN) – under the Assessment Act
- Advisory Notice of Adjustment (ANA) – under the Assessment Act

For Section 357 & 358 of the Municipal Act, 2001, applications must be made to the Treasurer on or before the last day of February of the year following the year in respect of which the application is made. Application may be made by the Owner of the land or person(s) having interest in the land. Completed applications are reviewed by the Treasurer and are sent to MPAC for their recommendation of assessment value and/or tax class change.

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.

If MPAC revises the assessed value, the Municipality will recalculate the taxes for the affected year(s) and issue a supplementary credit adjustment.

### **Delivery**

It is the Owner's responsibility to notify the municipality 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 Municipality otherwise in writing. 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 Municipality of any mailing address changes does not absolve the Owner from paying the taxes and late payment charges.

Any bill or notice sent by mail is considered delivered to and received by the addressee unless the notice is returned by the Post Office and an error in the mailing address is evident. When mail is returned to the municipality, a one-time effort 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 for longer than six months.

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.

Immediately after sending a tax bill, municipal 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.

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 Municipality 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).

Tax bills for properties that are paid by the mortgage holder will have a note on the bill that their taxes are paid by mortgage company and that the bill is for information purposes only.

### **Recalculation of Property Taxes at Time of Sale**

Property taxes are assessed on the property, irrespective of the owner. The Municipality will not recalculate the annual property taxes for a part of a year on the date of sale of a property. The property taxes for a property being sold are adjusted on the Statement of Adjustments prepared by the seller's/purchaser's lawyer. Any questions regarding the calculation of the allocation of property taxes in the case of an ownership change on the sale/purchase of a property should be directed to the lawyers involved in the sale.

## **Collection**

### **Payment Options**

Payment of taxes must be received in the Municipality's administrative office (3131 Old Perth Road), on or before the due date otherwise it will be subject to penalties and interest. See Late Payment Charges and Collection Costs section for more information.

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) Pre-Authorized Payment Plan (PAPP) - funds are withdrawn monthly on the 25<sup>th</sup> or following business day.
- b) Telebanking/Online Banking – using the nineteen-digit roll number as account number. It is the responsibility of the payor to make themselves familiar with the payment processing times for their financial institution, daily cut-off times, and/or turnaround time for payments made on weekends or holidays.
- c) At most Canadian Financial Institutions
- d) In person at the Municipal Office during business hours (cash, cheque, debit) or after-hour drop-box (cheque only)
- e) By mortgage holder or financial institution

Cheques should be made payable to: The Corporation of the Municipality of Mississippi Mills, 3131 Old Perth Road, PO Box 400, Almonte, ON K0A 1A0

Other methods may become available through changes in technology and accordingly, the Treasurer may add additional payment methods.

Payments must be processed in Canadian Funds. Payment tendered in a foreign currency will be entered based on the exchange rate established by the Municipality's financial institution on the day of the deposit.

Taxpayers assume responsibility for the late arrival of the payment when payments are made by mail, telephone/internet banking, and payments made at financial institutions.

In accordance with Section 347 of the Municipal Act payments shall be applied as follows:

- 1) First to the oldest and all penalties and interest
- 2) Then to the taxes starting with the oldest taxes up to the current, and other amounts deemed to be taxes that have been added to the roll

Partial payment is not accepted where a Tax Arrears Certificate has been registered against a property, except where the Municipality has entered into an Extension Agreement.

### Pre-Authorized Payment Plan

Pre-authorized payment plans have been implemented to assist taxpayers with their personal budgeting and to ease the possible financial strain of making full installment payments. Properties enrolled in the pre-authorized payment plans are not subject to any late payment charges.

Tax bills for properties on a pre-authorized payment plan will have a note on the bill that they are a participant in a preauthorized payment plan and that the bill is for information purposes only.

Taxpayers whose property is fully assessed and their account is in good standing may participate in the PAPP which provides for a withdrawal from the property owner's bank account on the 25<sup>th</sup> of each month (or the following business day) of an amount sufficient enough to ensure that all taxes billed are paid within the current year.

The dollar amount to be withdrawn from the participants account shall be recalculated twice a year:

- 1) In October, calculating a monthly amount based on the current year's taxes averaged over twelve payments, to take effect on October 25<sup>th</sup>
- 2) After the calculation of the final bill, calculating a monthly amount based on the final levy less amounts paid, divided by the remaining 3 months, to take effect on July 25<sup>th</sup>.

In both cases the property owner shall receive written notification as to the dollar amount change at least ten (10) business days prior to the scheduled payment withdrawal date.

To enroll in PAPP, applicants must submit an application in writing on the Municipality's prescribed form and submit it five (5) business days prior to the payment withdrawal date. Payments for new participants will be based on calculations above divided over the remaining months.

Participants in the program wishing to make changes to their application (for example banking information), or cancel their participation in the program must do so in writing five (5) business days prior to the scheduled payment withdrawal date.

### Dishonoured Items and Communication

All payments applied to a tax account that are returned from a financial institution for any reason will be removed from the applicable tax account. An administrative fee shall be charged in accordance with the Municipality's Fees and Charges By-law with the exception of items returned "post-dated" and "account holder deceased". The payer shall be advised of the returned payment, administrative fee, and the current balance due on their account.

If two (2) cheques are returned by a financial institution on an Owner's account within a twelve (12) month period, personal cheques from the Owner will no longer be accepted for a period of one year, unless they are certified.

If a property owner's pre-authorized payment fails to clear the bank two (2) times within a twelve (12) month period, enrollment in the pre-authorized payment plan may be terminated. The property owner may re-apply after a period of one (1) year and if the account is in good standing.

#### Late Payment Charges and Collection Costs

All overdue taxes are subject to late payment charges. A penalty at a rate established via by-law is added to the unpaid amount of a tax instalment on the first business day of the month 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 business day of each month thereafter. All collection costs incurred by the municipality are payable by the Owner and are added to the Tax Account.

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.

As per Section 345(6) and 345(7) of the Municipal Act, if penalty and interest that has accrued on a property tax account as the result of nonpayment, and a write-off of taxes has occurred as a result of one of the legislation tax reduction methods; the penalty and interest shall be reversed as though the taxes had originally been billed correctly.

#### Refund of Overpayments

From time-to-time property tax accounts may experience credit balances for various reasons, such as:

- a) Duplicate payment made on an account
- b) A reduction in assessed value resulting in a supplementary credit bill issued or change in tax class
- c) Pre-authorized Payments made in advance of an instalment being due

Credit balances will be refunded by cheque or Electronic Funds Transfer (EFT) under the following conditions:

- 1) Duplicate payment of a tax instalment – The overpayment will be refunded on the written direction of the property owner after ten (10) business days to allow sufficient time for the payment to clear
- 2) Mortgage company overpays or property owner also pays an instalment – The property owner must request in writing to have the overpayment refunded, and direct who the overpayment is to be returned to. No overpayment will be refunded unless all instalments billed have been cleared
- 3) Prior to refunding any credits from the property tax account, the Municipality will verify that all other debts with the Municipality (utilities and miscellaneous accounts receivables, etc.) have been cleared prior to releasing a credit refund. The Municipality reserves the right to refuse a refund of property tax accounts when there are associated accounts with other debt
- 4) Credit balances on account that arise in whole or in part from an assessment reduction or tax class change will be refunded, but only after the last instalment billed has been cleared.

Credit balances being refunded will be issued to the property owner of record at the time the cheque is issued. Property owners selling properties who have outstanding application(s) should ensure that their solicitors are aware of possible tax reductions. The Municipality will not divide credit balances between previous and current owners as the result of a tax reduction. The Municipality does not have knowledge of, nor wish to negotiate legal agreements that may or may not be in place between the seller and the purchaser

Interest is not paid to account holders that have credit balances.

**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 after a payment amount was sent by the Owner(s). 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.

**Tax Arrears Management**

**Overdue Tax Payment Notices**

The Tax Clerk shall send a reminder notice to each property owner, whose account is over fifteen dollars (\$15.00) in arrears. Arrears Notices shall be sent to the property owner on or before the fifteenth (15th) day of each month following a due date that the account is in arrears (March, August, October).

In October, a first warning notice shall be sent to each property which will be two (2) years in arrears on the first day of January in the following year. The notice advises Owner(s) of tax sale proceedings should the taxes remain unpaid.

### Year End Statement of Taxes

The Municipal Act requires that the Treasurer send a statement on or before February 28th of each year to any property owner who has arrears on their respective tax accounts. The statement must be the balance at December 31st.

### Payment Arrangements

The Treasurer may enter into a payment arrangement agreement with Owner(s) 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 determined by the Treasurer. Late payment charges will continue to accrue during all such payment arrangements until full payment on the account has been made.

Accepted method of payment for payment arrangements is the Arrears Pre-Authorized Payment Plan or a series of post-dated cheques.

Once a payment arrangement has been established, payments must adhere to the approved schedule. Follow-up with the Owner is done by telephone, email, or in writing, as required. If there are two (2) consecutive returned payments or two (2) payments are returned within six months, 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.

### Registration/Tax Sale

In accordance with Section 373(1) of the Municipal Act, a property tax account that has any part of two years or more of outstanding taxes as of January 1 of the current year is eligible for tax registration and tax sale proceedings.

In February (or as close to) each year, the Treasurer shall review the Property Tax Aged Trial Balance for properties whose taxes are two years in arrears and are eligible for tax sale.

If acceptable payment arrangements are not negotiated, then recovery of all properties with taxes outstanding of two or more years shall be pursued via the Municipal Tax Sale process.

In addition to issuing notices outlined above, a final warning notice is sent by registered mail to the Owner(s) advising them they have thirty (30) days to pay the minimum or full amount, or enter into a firm, suitable payment arrangement with the Municipality or the property will be registered for tax sale.

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

The Treasurer and staff, shall keep a separate file for each registered property, and in it include all documentation, correspondence, and a register of all important dates as may be necessary for future reference.

Any and all costs associated with arrears management including costs incurred by the contracted tax registration and sale firm are billed back to the property and are the responsibility of the property owner.

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 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)
- Municipal Website
- Municipal Social Media

The cancellation price may be paid by the former owner any time before title has been transferred from a tax sale, even in a case where there has been a successful tax sale transaction by tender or by auction.

#### No Successful Purchaser

Where there is no successful purchase, the Municipality has several options including issuing a Notice of Vesting, re-advertise the property again under the tax sale process or write-off all or part of the taxes. Such final sale or vesting shall be at the discretion of Council.

#### Miscellaneous

##### Privacy of Information

The Municipality maintains the physical register of properties referred to as the returned tax roll. The physical roll records are available to view by anyone in the public and contain the following information:

- roll number
- location and description of the property
- assessed property value
- name of the legal owner(s)
- tenants (if provided by property owner or tenant) and
- school support Information about a specific property owner's tax account is generally confidential.

Details may be shared as follows based on the circumstance:

- a) Registered Property owners – may have access to assessment and tax information on their property including assessment, taxes levied and arrears.
- b) Non-property owners, including lawyers, real estate agents and brokers, appraisers – May access the information contained in the public roll book only, unless written authorization is provided by the registered property owner:
  - a. Assessment
  - b. Lot size
  - c. Legal description
  - d. Annual taxes
- c) Third party inquiries – may have access to the Assessment Roll book only
- d) Mortgage companies – may request in writing the taxes levied and arrears on properties they collect taxes through a landowner’s mortgage. If the mortgage company does not hold an interest in the landowner’s property taxes, tax information will only be given at the property owner’s request.

Property owners can provide written notices to the Municipality to authorize other individuals access to their account information.

### Bankruptcy

When a property owner files for bankruptcy, the Municipality remains a secured creditor in a priority position, as any tax arrears is a debt charge against the real property. The Municipality ranks in preference and priority to any other claims, except those of the Provincial and Federal government.

### Amounts Added to the Tax Roll

Section 398(2) of the Municipal Act allows municipalities to add unpaid balances of other types to the tax roll for collection. The amounts that can be added include property-related types of billings including utilities, water or wastewater balances, property standards, Building Code related items or any other type of charge related to the property or incurred by the property owner. It is the Municipality’s intention to utilize this section as needed and will, without notice, transfer amounts to the property roll that are past due for the purposes of collection. These amounts, once transferred, are then treated the same as property taxes for the purposes of collection, arrears, and tax sale proceedings.

The Municipality may also choose to add amounts not described as above to the tax roll for collection purposes and acknowledges that if the amount was not related to the property, that ultimately the collection of the amount outstanding may not be recoverable using this method.

### **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.

**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.

**POLICY REVIEW**

This policy will be reviewed every five years, or upon the direction of Council, or if staff identify an issue requiring a revision to occur.