

Category: Property Tax Billing
and Collection Policy
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Property Tax Billing and Collection Policy

Purpose:

The Municipality of Middlesex Centre recognizes the importance of having a written billing and collection policy for property tax accounts. This policy incorporates the statutory requirements of the Municipal Act, good customer service and acceptable business practices, and promotes consistency and fairness to its taxpayers.

Scope:

The Property Tax Billing and Collection Policy applies to all property tax accounts within the geographic boundaries of the municipality.

Objectives:

This policy is written to provide good customer service and provide effective and consistent interactions between Middlesex Centre staff and taxpayers.

Definitions:

For the purposes of this policy:

“Cancellation Price” means an amount equal to all the tax arrears owing at any time in respect of land together with all current real property taxes owing, interest and penalties thereon and all reasonable costs incurred by the municipality, after the Treasurer becomes entitled to register a tax arrears certificate. The cancellation price will be calculated as of the date that the amount of the tax arrears is paid to the municipality and may be higher than the amount set out in the certificate.

“Extension Agreement” means a contract between the municipality and the owner, spouse of the owner, a mortgagee, a tenant in occupation, or a person the Treasurer is satisfied has an interest in the land 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.

“MPAC” means the Municipal Property Assessment Corporation which is responsible for determining the assessed value of all classes of assessment in the Province of Ontario. MPAC administers all phases of property assessment including appeals of assessment.

“Penalty and Interest” means the late payment charges applied by the Municipality of Middlesex Centre for non-payment of taxes or any installment by the due date, in accordance with Section 345 of the Municipal Act, 2001. The Municipality shall set the penalty and interest at the rate of 1.25%, or the highest rate allowed under the Act, on all taxes due and unpaid.

“Property Taxes” means the total amount of taxes for municipal, county 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; fees and charges authorized under the Building Code Act; and fees and charges related to fire department false alarms and calls to illegal burns.

“Receipt Date” means the date the Municipality received the money either physically by Middlesex Centre staff or electronically received within the municipal bank account.

“Tax Arrears” means any portion of property taxes that remain unpaid after the date on which they are due.

“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 municipality within one year of the registration of the certificate.

“Tax Collector” means the person(s) appointed as Treasurer and Deputy Treasurer for the Municipality of Middlesex Centre. This title is interchangeable with Director of Corporate Services, Manager of Finance or designate for the purposes of this policy.

“Tax Sale” means the sale of land for Tax Arrears according to the proceedings prescribed under the Municipal Act, S.O. 2001, c.25 and O. Reg.181/03 Municipal Tax Sales Rules, as amended by Ontario Regulation 571/17.

“Treasurer” means the person(s) appointed as Treasurer or Deputy Treasurer for the Municipality of Middlesex Centre. This title is interchangeable with Director of Corporate Services or designate for the purposes of this policy.

Roles & Responsibilities:

Municipal staff assigned to the administration and collection of tax accounts shall adhere to the policy and procedures detailed below.

Procedure:

General

The Municipality of Middlesex Centre will follow a prescribed policy for the billing and collection of property taxes. This policy will conform to current legislation and the Municipal Act, 2001. Where this policy contradicts legislation of the Province of Ontario or the Government of Canada, the legislation shall be followed.

- a) This policy will provide an open, transparent and consistent framework for the annual billing and ongoing collection process. Municipal staff and Council should reference this document when communicating with the public regarding property taxes.

- b) As property tax billing and collection is the primary source of revenue for the Municipality of Middlesex Centre, this policy will help to:
 - i) Establish consistent guidelines to be followed with regard to the billing and collection of property taxes;
 - ii) Streamline activities and set out appropriate steps required for collection of past due property taxes; and
 - iii) Ensure a clear and consistent written policy for the municipality.
 - iv) Ensure all activities conform to the current legislation. Real property tax is levied on the assessment for real property within the Municipality of Middlesex Centre in accordance with Section 307(1) of the Municipal Act, 2001.
- c) This policy shall be reviewed at least every four years, or more frequently as legislation changes.
- d) The Municipality of Middlesex Centre Water and Wastewater billing and collection process is covered under a separate Water and Wastewater By-law and is not impacted by this tax collection policy. However, in the case when outstanding water and wastewater balances are transferred to the actual tax roll, this policy will apply to those amounts that have been added.
- e) The Director of Corporate Services has the authority to exercise discretion in the application of these policies where unusual circumstances are apparent. The guiding principles for this discretion shall be ensuring legislative requirements are met, ensuring fairness to all taxpayers, and that the overall best interests of the Municipality are met.

Tax Notices and Tax Instalments

Upon receipt of the collector's roll, the Tax Collector is charged with the responsibility of collecting the taxes. The collector shall have prepared two tax notices annually: an interim notice and a final notice for ratepayers in the municipality. Each notice shall state two instalment due dates to facilitate a quarterly payment system. The Municipal Act Section 341(1) requires a minimum of twenty-one days between the issuance of a tax bill and the due date. Failure to receive a tax bill issued in a timely manner by the municipality will still result in penalty and interest charges being applied if the instalment is not paid by the due date.

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

Interim Tax Levy

The interim tax levy shall be levied upon all taxable assessments according to the last revised assessment roll at no more than the maximum allowable by statute or regulation.

Final Tax Levy

The final tax levy shall be based on the current year tax rates as set out in the final levying by-law passed by Council and applied to all properties according to the last revised assessment roll.

Local Improvement Charges and Special Area Rates

Where local improvement charges are to be placed on the tax notice they may be placed on either the interim or final notice determined by the Treasurer and the Tax Collector. Local improvements shall include tile and municipal drainage loan payments as well as tile and municipal drain one-time charges, garbage bin collection fee, and other similar charges. When such charges are placed on the tax notices they become part of the total taxes due and shall be collected in like manner as property taxes.

Special area rates will be placed on the final tax notice.

Supplementary Tax Notices

Supplementary tax notices will be billed at various times throughout the year as assessment information is received from the Municipal Property Assessment Corporation (MPAC). Due dates will be set at the discretion of the Tax Collector with an effort to have them coincide with the regular tax instalment due dates.

Mailing Tax Notices

Tax notices shall be mailed or electronically delivered to each ratepayer no later than twenty-one days prior to the first instalment due date for interim, final and supplementary notices.

Where a mortgage company is required to pay taxes on behalf of the ratepayer the Tax Collector may forward tax notices directly to the mortgage company upon receiving a request from the company.

It is the taxpayer's responsibility to notify the Municipality in writing of any mailing address changes. Section 343(6) of the Municipal Act, 2001 identifies that property tax bills shall be sent to the taxpayer's last known residence or place of business or to the premises where the taxes are payable for, unless the taxpayer or the taxpayer's lawyer directs otherwise. This direction continues until it is revoked in writing.

Deemed Received

Any tax bill, arrears notice, or other related correspondence 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 by the taxpayer.

Any tax bill, arrears notice, or other related correspondence sent by electronic mail is considered delivered to and received by the addressee unless the notice is returned or an error in the email address is proven by the taxpayer.

Failure to receive a tax bill does not exempt a taxpayer from paying the taxes and the penalty and interest added as a result of late payment.

Payment of Taxes

Taxes are payable as follows:

- i) Mailing cheque payment directly to the municipal office.

- ii) Cash, cheque or debit payment at the municipal office during regular office hours or by using the mail slot (for cheque payments only).
- iii) Payment at any recognized bank or trust company.
- iv) Payment by telephone or internet banking.
- v) Pre-authorized payment (PAP) plan.

Ratepayers shall be advised of methods of payment with each tax notice.

The receipt date will be the official date of payment.

Application of Payments

Section 347(1) of the Municipal Act, 2001 outlines how payments are applied to outstanding balances:

- The payment shall first be applied against late payment charges (penalty and interest) 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 (i.e. longest outstanding penalty and interest/late payment charges are discharged first).
- After all outstanding late payment charges are discharged the payments shall be applied against taxes owing according to the length of time they have been owing, with taxes imposed earlier being discharged before taxes imposed later.

Penalty and Interest Charges

In the event of default of payment of instalments by the due date, a penalty charge shall be imposed on the first day of default following the due date and first day of every calendar month thereafter until paid.

On current taxes only a one-day grace period will be allowed on the first working day following each instalment due date.

Any taxpayer utilizing a PAP plan will not be subject to any penalty and interest charges related to the annually established instalment due dates.

If a credit on a tax account does not exceed \$5.00, the Tax Collector can adjust the account to a zero balance.

If paying by mail, telephone banking, at a recognized bank or trust company or online the taxpayer assumes responsibility for late arrival.

A request for relief of penalty will be first considered by the Deputy Treasurer. A penalty charge as a result of an error by the municipality shall be credited back to the ratepayer equal to the amount charged. All other requests for relief of penalty must be in writing to the Treasurer or Deputy Treasurer. The Treasurer or Deputy Treasurer has the authority to waive or alter penalty and/or interest charges if the amount does not exceed \$100.00. If the amount is greater than \$100.00 the Treasurer shall make a recommendation and report to Council.

The amount of penalty charge imposed will be in accordance with legislative requirements.

Late payment charges (penalty and interest) are adjusted when the following situations arise:

- i) Taxes are adjusted under Sections 354, 357 or 358 of the Municipal Act;
- ii) Taxes are adjusted following an Assessment Review Board decision;
- iii) Taxes are adjusted in accordance with a decision of the Court(s);
- iv) Deemed by Tax Collector as a gross or manifest clerical error.

Returned Cheques

In the event a cheque is returned from the bank (i.e., “Insufficient Funds” or “Stale-dated”), the ratepayer shall pay applicable late payment penalty and interest charges and an additional fee designated by municipal by-law, as amended from time to time.

Request for Tax Information

A Tax Certificate will be issued by the Tax Collector or other delegated staff upon request and upon payment of the fee designated by municipal by-law.

The Tax Collector or assigned staff will only respond to verbal requests for tax information from the owners of the property or a mortgage company responsible for payment of taxes.

The Tax Collector will give information as required and with regard to the Freedom of Information and Privacy legislation.

Tax Arrears

Tax Reminder Notice

Taxes are considered in arrears after the due date for the interim and the final tax bills. Notices will be sent for balances that exceed \$25.00 every month by mail or electronic means, with a detailed summary, until such time as all the taxes have been paid. Notices will be sent for all outstanding accounts by mail or electronic means, with a detailed summary annually in January.

Affixed to the November and December arrears notices for those properties approaching two years in arrears will be a notice that states “Your property is going to be eligible for Tax Sale. Please contact [Finance Department contact name and phone number] to avoid having your property registered for Tax Sale.”

Recovery of Arrears through Monies Owed to Taxpayer

If the Municipality of Middlesex Centre is holding any monies owing to a taxpayer, such as accounts payable cheques, tax adjustments, refunds or rebates, these amounts will be applied to the taxpayer’s tax arrears, with notification to the taxpayer.

Collection of Tenants Rent (Landlord has Tax Arrears)

After the taxes have been in arrears for one year, a notice will be sent to the landlord informing him of the municipality’s intention to collect the rent. This will allow the landlord an opportunity to

make payment arrangements with the Treasurer. If within 14 days of sending the notice no reply is received, the municipality will inform the tenants to pay the rent directly to the municipality until all interest, penalty and taxes have been collected. Under Section 350(1) of the Municipal Act, the municipality may give a tenant notice, in writing, requiring the tenant to pay the rent as it becomes due until the taxes are paid.

Bailiff Services

The Treasurer may use the services of a bailiff and all methods allowed within their authority to collect unpaid property taxes.

Tax Registration

Arrears over two years are subject to the Tax Registration Process commencing on the first day of the following year. The Treasurer authorizes accounts with two years of arrears to be registered for a tax arrears certificate. Processing charges will be added to the account, as established by municipal by-law and as revised throughout the tax registration proceedings to cover the cost of registering the property.

Extension Agreement

A taxpayer in a tax registration process may request an extension agreement, which will extend the period of time in which the balance outstanding is to be paid. The Tax Collector can enter into a payment plan agreement with the resident before the property is registered. After the property is registered, the Treasurer must approve the request within one year of the date that the property was registered for a tax arrears certificate. Extension agreements are subject to terms and conditions set out in the agreement and are established on a property-by-property basis using the following principles and guidelines:

- Maximum term of the agreement is 12 months to clear all outstanding balances;
- Monthly payment(s) amount(s) are required over term of extension agreement; and
- Advance payment of required fee to establish an extension agreement as established by municipal by-law and as revised.

In the event of default, a registered letter will be sent to notify a taxpayer as such, and the agreement will thereby be terminated, putting the property in the same position in tax registration and sale proceedings as it was prior to entering the extension agreement.

Tax Sale

Properties that meet one of the following criteria will be advertised for tax sale:

- Tax arrears are not paid in full within one year from the date of registration; or
- Taxpayer has defaulted on an extension agreement.

Successful Tax Sale

Where there is a successful purchaser, a property is transferred to the name of the successful bidder.

Unsuccessful Tax Sale

Where there is no successful purchaser the Treasurer will write a report to Council outlining the options as follows:

- i) Assessing the risks of taking possession of the property (vesting), including any Crown Liens or environmental issues.
- ii) Completion of tax sale proceedings again within the two year period as allowed by Section 380.1 (1) of the Municipal Act.
- iii) Write-off the property taxes as allowed by Section 354 (3) of the Municipal Act.
- iv) Any other actions that are deemed appropriate.

Maintenance of Records

Ownership, address, assessment and other changes will be made regularly to keep tax records up-to-date. This will ensure that the municipality bills the right person at the correct amount, and that accurate tax revenue reporting occurs. It is still the new owner's responsibility to provide this information to the municipality on a timely basis. Information provided directly to the municipality will be shared with MPAC at the approval of the taxpayer.