

Policy: Tax Billing & Collection Policy

Main Contact: Treasurer/Deputy CAO

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Policy Statement

This policy serves to supplement the provincial legislation that governs taxation.

Purpose

Provide guidance to staff for effective and efficient collection of property taxes and to ensure that all taxpayers are treated fairly and equitable with respect to the collection of property taxes.

Definitions

In this policy, the following terms have the meanings set out below:

“**Municipal Tax Sale**” means the sale of land for Tax Arrears according to the proceedings prescribed under the *Municipal Act, 2001* and Ontario Regulation 181/03.

“**Penalties and Interest**” means amounts applied by the Municipality to unpaid Property Tax Accounts, in accordance with Section 345 of the *Municipal Act, 2001*.

“**Property Taxes**” means the total amount of taxes for municipal, county and school board purposes levied on a property and includes other amounts added to the tax roll as may be permitted by applicable Provincial legislation.

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

“**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.

Policy Requirements

1.0 Billing

1.1 There are two billings produced each year with two installments as follows:

A. Interim Tax Billing – produced in February with installment due dates in February and April.

B. Final Tax Billing – produced in August with installment due dates in August and October.

1.2 A levying by-law passed by Council is required in advance of either an Interim or Final tax billing.

A. Interim Tax Billings are produced in February based on the Municipal Act, 2001. The tax billing will be calculated to produce a tax bill no more than fifty percent (50%) of the previous year’s total taxes billed for each property. The tax billing may include fifty percent (50%) of any local improvement charges, area charges and any special charges levied by the Municipality. Tax bills must be post marked and mailed not later than twenty-one (21) calendar days from the date of the first installment due date. The tax bill will clearly identify the municipality, roll number, property owner, state the demand date, the calculated amount of taxes, and any arrears owing against the property. Arrears are included solely in the first installment due date amount. Installment due dates will be indicated on the payment stubs.

B. Final Tax billings are produced on tax rates established by by-law from the budget requirements of the Township of Whitewater Region. The tax billings will be calculated to produce a tax billing equal to the current assessed value and the appropriate tax rate, all local improvement charges, area charges and any special charges levied by the municipality. Tax bills must be post marked and mailed not later than twenty-one (21) calendar days from the date of the first installment due date. The tax billing will clearly identify the municipality, roll number, property owner, state the demand date, the current assessed value, the tax class, the tax rate, the calculated taxes levied for each levying body and any arrears owing against the property. Arrears are included solely in the first installment due date amount. Installment due dates will be indicated on the payment stubs.

1.3 Tax bills will only be sent to the registered owners of the property. The Municipality will not take responsibility to send tax bills to tenants.

2.0 Penalty & Interest Charges

- 2.1 In accordance with Section 345 of the *Municipal Act, 2001*, interest at a rate of 1.25% is added to the previous years' arrears. Penalty at a rate of 1.25% may be added to over-due current taxes on the day after the due date and is added on the first day of each month thereafter.
- 2.2 Penalty and interest charges are adjusted only in accordance with the following situations:
 - A. Tax adjustments made under section 357/358 of the *Municipal Act, 2001*
 - B. Assessment Review Board Decisions
 - C. Payments that have been received before month end but have not been processed through the tax system prior to penalty and interest being added
 - D. Approved by the Treasurer or his/her designate as a gross manifest clerical error.

3.0 Payments

- 3.1 Payments of taxes must be received in the Municipality's administrative office, or be post marked, on or before the due date. Payments not received on time are subject to penalties and interest.
- 3.2 The following are modes of payments available for the property owner's use:
 - A. Telephone or internet banking – using the roll number as the account number (the number of digits used depends on the bank). Please note that property owners must allow at least 3 business days in order for payment to reach the Township of Whitewater Region's financial institution)
 - B. One of the municipality's preauthorized payment plans (installment based or monthly)
 - C. Post-dated cheque(s)
 - D. In person – at the counter by cash, cheque, debit or money order.
 - E. In the secure drop box located at the Main Street entrance door.
 - F. Payments by a mortgage holder.
 - G. Other alternatives approved by the Treasurer or his/her designate.
- 3.3 Receipts will be provided for all cash, cheque or debit payments at the counter at the time of the payment and may be requested by the registered owner for all other payment methods. Requests must be made in writing either by mail, email, or through a web submission. The owner must provide the roll number and/or the property address if requesting a receipt in writing. To registered owners whose payments are made on their behalf by a mortgage company, a copy of the tax bill will be sent out with a "paid" stamp once the payment has been received.

3.4 In accordance with the Municipal Act, 2001 Section 347 payments shall be applied as follows:

- 1) To the oldest and all penalty and interest charges
- 2) To the taxes, starting with the oldest up to the current taxes
- 3) Then to other charges that have been added to the roll

3.5 Payments that have been returned by the bank will be subject to an NSF fee as set out in the Township of Whitewater Region's User Fees and Charges By-Law.

4.0 Tax Arrears Collection

4.1 Realty taxes are a secured special lien in priority to any other claim (except a claim by the Crown). Taxes may be recovered (with costs) as debt to the Municipality from a registered owner and/or any subsequent owner of the property.

4.2 The Municipality will primarily use the following methods to collect tax arrears:

- A. Verbal communications
- B. Tax arrears statements (sent out in the month following a tax installment due date by regular mail)
- C. Annual auditor verification letters
- D. Personalized reminder to those approaching two years in arrears
- E. Arrangement of a satisfactory term of payment that significantly reduces the previous and current taxes
- F. Municipal tax sale proceedings.

4.3 To remind property owners that their tax account is not in good standing, the Treasurer or their designate shall generally send a reminder notice to each property owner whose account is in arrears at the beginning of each month.

4.4 At least once per year the Municipality shall review its property aged trial balance for owners whose taxes are approaching two (2) years in arrears. A personalized letter will be sent to the affected properties providing them with their options and giving them the opportunity to bring their account into good standing. If the letter is "Final Notice", a deadline date will be given and no further notices will be sent after that date has passed.

4.5 Payment arrangements may be entered into by the Treasurer or their designate with a property owner who is in tax arrears prior to the file being forwarded to a third party to commence proceedings under the Municipal Tax Sales Rules.

- 4.6 Payment arrangements must include all tax arrears, current taxes, accruing estimates of future taxes as well as penalties and interest and be sufficient to ensure payment in full is realized within a reasonable period of time. Penalties and interest may continue to accrue during all such payment arrangements until full payment on the account has been made.
- 4.7 If acceptable payment arrangements are negotiated, the account will be monitored for compliance. If two payments are returned within six months, the payment arrangement will be deemed void and the taxpayer will be advised that payment in full by certified cheque or money order is required or the account will be sent to a third party to commence the tax sale proceedings.

5.0 Municipal Tax Sale Proceedings

- 5.4 If acceptable payment arrangements are not negotiated prior to the deadline date provided in the Final Notice, then all properties in excess of two (2) years in arrears shall be subject to the Municipal Tax Sale Process.
- 5.5 The Township of Whitewater Region will use a third party to carry out the tax sale process as outlined in the Municipal Tax Sales Rules.
- 5.6 If a Tax Arrears Certificate has been registered against a property, no partial payments can be accepted by the Municipality unless the registered owners have entered into a signed Arrears Payment Agreement with the Municipality. Payment of the cancellation price will include all and any fees incurred by the Municipality during the collection process.
- 5.7 Failure to provide payment in full within 365 days (one year) of the registration of the Tax Arrears Certificate will result in the property being advertised for public sale.

6.0 Miscellaneous

- 6.4 From time to time property tax accounts may experience credit balances for various reasons such as reduction in assessment, tax class change, duplicate payment or payment in error. Credit balances may be refunded if the registered owner makes the request in writing and as long as all installments billed have been cleared.
- 6.5 If an owner of a property fails to notify the Municipality of a change in mailing address, resulting in the return of their mail, no further action will be taken by the Municipality to locate the whereabouts of the owner.

Monitoring

The Treasurer shall be responsible for the monitoring and execution of this policy.

Authority

The *Municipal Act, 2001* and the Municipal Tax Sales Rules provide parameters in which a municipality may collect property tax.

Contact

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Change History

Policy Name	Effective Date	Significant Changes	By-law No.
Tax Billing & Collection Policy	May 1, 2019	New Policy	2019-04-1167
	December 11, 2019	Amendment regarding reminder notices	2019-12-1241