

## **TAX COLLECTION POLICY**

Policy No: F&A 04-15. Approved by Council: March 9, 2016 Resolution: 2016.05.15

### **POLICY STATEMENT AND RATIONALE**

The Corporation of the Municipality of Dutton Dunwich recognizes the importance of having a written billing and collection policy for tax accounts, incorporating good and acceptable business practices and efficiencies and, which is consistent and fair to its customers and to the Municipality.

### **EFFECTIVE DATE**

This policy comes into effect on July 1, 2013 and cancels and supersedes all previous tax collection policies.

### **SCOPE**

The Tax Collection Policy applies to all customer tax accounts within the geographic boundaries of the Municipality. Municipality staff assigned to the administration and collection of tax accounts shall adhere to the policy and procedures detailed below.

### **DEFINITIONS**

In reading and interpreting Tax Collection Policy, the following definitions apply: "Municipality" means The Corporation of the Municipality of Dutton Dunwich.

### **POLICY, PROCEDURE AND IMPLEMENTATION**

#### **1.0 ISSUANCE OF BILLS**

Tax bills shall be issued twice a year, and this will not include supplementary billings.

- Interim tax bills are to be issued no later than the first week of February of the current year and paid by the last business day in February and last business day in May.
- Final tax bills are to be issued no later than the first week of August of the current year and paid by the last business day in August and the last business day in November.
- Supplementary tax bills are to be issued no later than December 15th in the year they are received

Interim tax bills will be due and payable in two instalments, which will be outlined in the Interim tax levy bylaw each year.

Final bills will be due and payable in two instalments, which will be outlines in the Final Tax bylaw each year.

The Municipality requires a minimum of 21 days between the issuance and the due date.

## **2.0 METHOD OF PAYMENT**

Taxes are payable at the Municipal Office (199 Currie Rd.), on-line banking, at a banking institution or telephone banking. The receipt date will be the official date of payment. Payment will be in the form of cash, cheques, money order, debit card, or Pre-Authorized Payment. If a customer submits two N.S.F. cheques within a twelve-month period, personal cheques will no longer be accepted unless they are "certified".

## **3.0 COLLECTION ACTIONS ON TAX ACCOUNTS RECEIVABLE**

### **3.1 Tax Bill**

Tax bills are sent out twice a year and include any overdue balances. The interim bill has the first and second tax instalment remittances and the final bill has the third and fourth tax instalment remittances. The bill includes due dates, current amount due, past due/credit amount, total amount due and the penalty/interest rate.

### **3.2 Interest and Penalty**

Interest and penalties will be applied at the maximum rate allowed under the Municipal Act on taxes that are in arrears. The current rate is 1.25% and will be calculated on the first day of default and the first day of every month thereafter. Adjustments to the interest and penalty shall be approved by the Treasurer or designate.

### **3.3 Tax Reminder Notice**

Taxes are considered in arrears after the due date for the interim and the final tax bills. Notices will be sent every month, with a detailed summary until such time as all the taxes have been paid.

### **3.4 Recovery of Arrears through Monies Owed to Taxpayer**

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

### **3.5 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.

### **3.6 Tax Registration**

Arrears over three years are subject to the Tax Registration process commencing on the first day of the following year. The Treasurer authorizes accounts with three years arrears to be registered for Tax Registration and Sale proceeding.

Fees will be added to the account, as established by by-law, from time to time, throughout the tax registration proceedings to cover the cost of registering the property.

### 3.7 Extension Agreement

A taxpayer in Tax Registration may request an Extension Agreement, which will extend the period of time in which the balance outstanding is to be paid. The Treasurer can enter into an agreement with the Resident before the property is registered. After the property is registered, Council must approve the request within one year of the date that the property was registered for Tax Sale. Extension Agreements are subject to terms and conditions set out in the by-law 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) required over term of extension agreement; and
- Advance payment of required fee to establish Extension Agreement as listed in the Schedule of Fees.

In the event of default, registered letter notifies a taxpayer as such, and the agreement is thereby terminated, putting the property in the same position in Tax Registration and Sale proceedings as it was prior to entering the Extension Agreement.

### 3.8 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 Extension Agreement.

### 3.9 Successful Purchaser

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

### 3.10 Vesting

Where there is no successful purchaser, all risks of taking possession of the property are identified, including any Crown Liens or environmental issues, after which time the property is registered in the name of the municipality or the Tax Sale proceedings are cancelled.

### 3.11 Write Offs

A list of properties will be submitted to Council for consideration of a write-off along with an explanation.

### 3.12 Notes

The Tax Collector and/or Treasurer must approve all arrangements for payment. All conversations, memos, write-offs and requests must be clearly documented. All collection letters must be personally signed.