

Corporate Policies

SECTION: FINANCE		POLICY 13.10.0
SUBJECT: Property Tax Billing and Collection		
EFFECTIVE: November 1, 2005	REPLACES: n/a	PAGE: 1 of 9
APPROVED BY: CW436-2005 October 5, 2005 / C254-2005 October 12, 2005		

POLICY STATEMENT:

To establish a policy for effective and efficient billing and collection of real property (realty) taxes.

PURPOSE:

To ensure that municipal tax revenues are collected in a timely and effective manner.

To ensure that all taxpayers (customers) are treated fairly and equitably and to provide staff guidance for decision-making, consistent with the City's commitment to excellence in local government.

SCOPE:

The scope of this document is intended to cover all aspects of the billing and collection of realty tax levies and any amounts added as taxes for collection.

PROCEDURES:

- A. Tax Billings
- B. Penalty/Interest (Late Payment/Overdue Charges)
- C. Tax Arrears - Collection Administration
- D. Municipal Tax Sale
- E. Miscellaneous:
 - Tax Service Charges
 - Interest on Tax Overpayments from Assessment/Tax Appeals
 - Tax Refunds on Assessment/Tax Appeals
- F. Reporting Standards
- G. Responsibilities
- H. Methods of Payment

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A) Tax Billings

- INTERIM:** The City will bill for Interim Taxes on or about the last day of January of each year for tax accounts not on the City's Pre-Authorized Tax Payment Program (PTP). PTP Accounts will be billed in December of the preceding year. Billings will be calculated, printed and mailed in accordance with Provincial Legislation. The first due date must be at least twenty-one (21) days after the date of mailing of the tax bill.

- Regular (Non-PTP) Tax Accounts**

Payment will be due in three (3) instalments*, unless unusual or unforeseen administrative, technical or legislative issues result in a delay of the Interim billing process.

- PTP Tax Accounts**

Payment will be due in either six (6) payments in the months of January through June or on the same date as the Regular Tax Accounts, depending on which PTP option the taxpayer has selected.

- FINAL:** The City will issue Final Tax bills subsequent to approved budgets, requisitions and/or rates of all entities for which the City is required to levy and collect. The first due date must be at least twenty-one (21) days after the date of mailing of the tax bill.

- Regular (Non-PTP) Tax Accounts**

Payment will be due in three (3) instalments*, unless unusual or unforeseen administrative, technical or legislative issues result in a delay of the Final billing process.

- PTP Tax Accounts**

Payment will be due in either six (6) instalments in the months of July through December or on the same date as the Regular Tax Accounts, depending on which PTP option the taxpayer has selected.

* Actual due dates will be established by Council through City By-law.

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In years where 2(a), “a delay of the final billing process” applies, appropriate amendments to the PTP final payment schedule will be made and those property owners affected will be notified accordingly.

- 3. SUPPLEMENTARY TAX BILLINGS:** The Municipal Property Assessment Corporation (MPAC) regularly provides additional assessment data on properties necessitating a supplementary billing. The City will bill for these additional (supplementary) assessments as soon as practical after receipt of the data from MPAC.

A maximum of three (3) instalments may be allowed for supplementary billings where the tax account is not on PTP. Where the account is on PTP a maximum of nine (9) instalments may be allowed. Whether the account is Non-PTP or PTP there will be no difference with regard to the total time allowed to complete payment of the full tax amounts. Due dates will be established, so as not to overlap with any previous billing due date(s), where practical. The first due date must be at least twenty-one (21) days after the date of mailing of the supplementary tax bill.

- 4. APPORTIONMENT TAX BILLINGS:** Based on information supplied to the City by MPAC these billings will be processed in accordance with legislated requirements and will be presented to Council for approval a minimum of two (2) times annually. Apportionments pertain to lands originally assessed as one parcel but due to severance and sale now require that realty taxes previously levied and unpaid be apportioned to reflect the revised configuration and billed to the current owners. The due date will be at least twenty-one (21) days after the date of mailing of the tax bill.

B) Penalty/Interest (Late Payment/Overdue Charges)

Penalty/Interest charges will be calculated and added to all overdue taxes as provided by Provincial legislation and City By-law. The Tax Manager or other designated member(s) may authorize cancellation or adjustment to any incorrect penalty/interest added to an account subject to the following limitations:

- Any penalty/interest cancellation greater than \$1,000 requires authorization by Tax Collector or City Treasurer.
- Any amounts less than \$1,000 will be subject to procedures as approved by the City Treasurer.



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C) Tax Arrears – Collection Administration

Realty taxes are a secured special lien on land in priority to any other claim except a claim by the Crown.

Realty taxes may be recovered, with costs, as a debt due to the City from the original owner and/or any subsequent owner of the property. The ultimate resolution to clearing unpaid taxes three (3) or more years in arrears is through Tax Sale. This authority is provided to municipalities per Part XI of the Municipal Act, 2001, wherein it sets out the process for the “Sale of Land for Tax Arrears”. Prior to the commencement of Tax Sale proceedings the following series of collection steps will have been taken:

Residential, Commercial, Industrial and Multi-Residential Taxes

The following steps apply to all property classes with exceptions noted under 2(a), 2(b), 6(a) and 6(b).

1. Overdue Notices

Overdue Notices/Statements of outstanding taxes will be issued a minimum of two (2) times per year, generally following the Interim and Final Billings. Overdue Notices/Statements will show all amounts of taxes in arrears on the account including any penalties/interest or items added as taxes.

2.(a) Current and First (1st) Year Arrears

(Residential)

Personal contact for accounts in arrears over \$10,000.00, in addition to the mailing of Overdue Notices, will be attempted and the results documented.

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2.(b) Current and First (1st) Year Arrears
(Commercial, Industrial and Multi-Residential)

Personal contact for accounts in arrears over \$25,000.00, in addition to the mailing of Overdue Notices, will be attempted and the results documented.

3. Second (2nd) Year Arrears

Before an account is three (3) years in arrears, specific collection letters/notices are sent to property owners advising of the potential of Tax Sale proceedings. The letter/notice will request payment in full or offer the property owner the opportunity to make specific payment arrangements to clear the account.

4. Third (3rd) Year Arrears (or more)

All tax accounts three (3) years or more in arrears will be subject to collection proceedings which could lead to the "Sale of Lands for Tax Arrears" as provided by Part XI of the Municipal Act, 2001. A title search will be conducted to identify all outstanding encumbrances and parties with a registered interest in the property and to confirm that the owners shown on the Tax Rolls are accurate. The City will provide information of the outstanding tax arrears to all registered mortgagees shown on the property records of the Land Registry Office in an effort to secure payment, before implementation of the Tax Sale process.

5. Payment Arrangements

Prior to the registration of a Tax Arrears Certificate the City may enter into payment arrangements of no more than twenty-four (24) months.

Payment arrangements must include all tax arrears, current taxes, accruing estimates of future taxes, interest/penalty and be sufficient to ensure payment in full is realized by the end of the agreement term. Notwithstanding any such arrangements, no third party payment(s) will be refused by the City for payment on account (e.g. payment from a mortgagee).

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6.(a) Third Party Collections
(Residential)

The Tax Collector is authorized to utilize third party services including a Bailiff to expedite collection prior to registration of a Tax Arrears Certificate for residential realty tax accounts which are three (3) years or more in arrears, and have received all of the previously described notices and letters as set out in Part C of this policy.

6.(b) Third Party Collections
(Commercial, Industrial and Multi-Residential)

At any time prior to registration of a Tax Arrears Certificate for Commercial, Industrial and Multi-Residential realty tax accounts in arrears, the Tax Collector is authorized to use third party (Bailiff) services to expedite collection.

D) Municipal Tax Sale

The City will follow the procedures as set out in *Part XI* of the *Municipal Act, 2001* when the decision is made to implement the Tax Sale process. The services of a Bailiff or other third party (at the discretion of the Tax Collector) may include personal visitation to the property as agent of the City in an effort to collect or arrange the settlement of the account in full with the property owner.

Prior to commencement of the Tax Sale process, a *Farm Debt Mediation Act* "Notice of Intent to Realize on Security" will be sent to the registered property owner(s), with an explanatory covering letter and a current statement of taxes. A notice will also be sent to the City's Real Estate Co-ordinating Team for their information and comment.

There is a one (1) year redemption period after the Tax Arrears Certificate is registered on title, during which time full payment of all taxes, penalty/interest and costs can be made. No partial payments are allowed. If full payment is made, the City will register a Cancellation Certificate (as defined by the *Municipal Act, 2001*).



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If requested within the redemption period, the municipal Treasurer may recommend Council pass a By-law authorizing an Extension Agreement (as defined by s.378 of the *Municipal Act, 2001*). If taxes remain unpaid after the one (1) year period has passed and no Extension Agreement has been entered into, the file will then be reviewed by the Tax Collector and Legal Department prior to advertising for Tax Sale.

The Mayor and the appropriate Ward Councillor will be notified a minimum of 30 days prior to any public notice regarding a pending Tax Sale of any properties.

For a purchase bid to be acceptable it must be in the prescribed form as well as meet all other legislated requirements with the appropriate deposit attached and must be sufficient to cover all taxes, penalties/interest, any charges added to the account as taxes and costs attributable to the Tax Sale. The Treasurer may direct staff to complete the portion of the tender form to describe the subject property. There is no requirement for the municipality to establish market value prior to the sale, give any warranties with the property or provide vacant possession.

The Treasurer has the discretion to cancel a Tax Sale pursuant to s. 382 (6) of the *Municipal Act, 2001* at any time up to the registration of a tax deed or notice of vesting.

From the sale proceeds, the City retains sufficient funds to clear all outstanding taxes, penalty/interest and costs ("Cancellation Price"). Any proceeds in excess of the Cancellation Price shall be paid into the Court, where any party having a claim may apply for a share of the surplus.

If there is no successful Tax Sale, the Treasurer shall report to Council suggesting further actions that may be taken, which may include registration of a notice of vesting.

E) Miscellaneous

- 1. TAX SERVICE CHARGES:** Subject to annual review and Council approval, certain service charges may be levied on individual tax accounts in amounts set by City By-law.

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- 2. INTEREST ON TAX OVERPAYMENTS FROM ASSESSMENT/TAX APPEALS:**
The City will pay interest on tax overpayments resulting from appeal decisions released to the City of Brampton by the Assessment Review Board.

For decisions released prior to December 31, 2002, the interest payable will be paid in accordance with By-law 262-85. The By-law states the rate of interest payable is the current Royal Bank Prime Rate minus three (-3%) percent. This interest rate will be payable from the decision release date, to the date that the appeal adjustment is made to the tax account.

For decisions released after December 31, 2002, the interest payable will be paid in accordance with s. 345(6) of the *Municipal Act, 2001* effective January 1, 2003. Interest would begin to accrue 120 days after the date the decision is released to the City. The rate of interest payable is in the same manner as interest is paid under subsection 257.11(4) of the *Education Act*, which states the rate of interest payable is the lowest Prime Rate reported to the Bank of Canada by any of the banks listed in schedule 1 of the *Bank Act (Canada)* on the date interest is paid. This interest rate will be paid commencing at the end of the 120-day period until the date the appeal adjustment is applied to the tax account.

The appeal adjustment amount plus any applicable interest will be credited to the relevant tax roll number.

- 3. TAX REFUNDS ON ASSESSMENT/TAX APPEALS:** Unless advised and indemnified otherwise, in writing, in a form acceptable to the Tax Collector, all refunds shall be payable to the party that paid the taxes.

F) Reporting Standards

The Tax Collector shall prepare a report for the Treasurer's and Council's information on a regular basis with respect to tax collections, showing a comparative position for the immediate prior period and that of the prior two (2) periods with regard to taxes levied and outstanding.

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G) Responsibilities

The Treasurer shall ensure that property tax billing and collection processes are performed in accordance with this policy and is authorized to create, amend, adapt or change any procedures necessary for the implementation/administration of this policy.

H) Methods of Payment

Method of Payment Policy 13.9.0 shall prevail for all realty tax payments.

ACCOUNTABILITY:

Director of Revenue/Tax Collector is authorized to implement and/or modify any procedures as necessary to comply with this policy.

ADMINISTRATION:

Director of Revenue/Tax Collector will be responsible for keeping this policy up to date.

CONTACT:

Director of Revenue – (905) 874-2297
Manager, Tax Billing and Administration – (905) 874-2201
Manager, Corporate Collections – (905) 874-2228