



**Report**  
**Staff Report**  
The Corporation of the City of Brampton  
**6/19/2024**

**Date:** 2024-05-22

**Subject:** **Status of Tax Collection Accounts - 2023**

**Contact:** Kasia Bielska, Manager, Corporate Collections

**Report number:** Corporate Support Services-2024-474

**RECOMMENDATIONS:**

1. That the report from Kasia Bielska, Manager, Corporate Collections to the Committee of Council Meeting of June 19, 2024, re: **Status of Tax Collection Accounts - 2023**, be received;

**OVERVIEW:**

- **The Property Tax Billing and Collection Policy includes a requirement to report annually to Council outlining the status of the City's overdue tax accounts.**
- **This report provides information on the collection activities and status of property tax accounts that are in arrears.**

**BACKGROUND:**

The Property Tax Billing and Collection Policy (*'The Policy'*) includes a requirement to report annually to Council on the status of the City's overdue tax accounts. It provides the framework for the administration of the City's property taxes receivable including the processes to be followed when accounts fall into arrears.

Overdue notices are typically produced two times per year (May and October) for accounts in arrears and are mailed to the taxpayer. Overdue notices provide the taxpayer with the status of their property tax account showing the amount of taxes in arrears including any penalties, interest, and items added to the tax roll.

As per *The Policy*, once an account is two years in default, collection letters are sent in the last quarter of each year advising the owner of potential Tax Sale proceedings if the account remains in arrears as of January 1<sup>st</sup> of the following year. The letter requests payment in full but also extends the property owner the opportunity to make specific payment arrangements to clear the account.

All tax accounts three years or more in arrears will be subject to collection proceedings, which could lead to a tax sale to settle the arrears as provided for by the *Municipal Act, 2001*. A title search will be conducted to confirm the current ownership and identify any parties with a registered interest in the property. The City must provide information on outstanding tax arrears to all parties with registered interest shown on the property records of the Land Registry Office. Such notice is often successful in securing payment before initiation of the Tax Sale process.

After the third year of default, the City may employ the services of a third party to assist with collection. Since 2006, the City has utilized the service of a bailiff for the collection of tax arrears for both residential and non-residential properties.

If the bailiff is unsuccessful in collecting the tax arrears and the account is still three years or more in arrears, then a “Tax Arrears Certificate” is registered on title for a period of one year. After the “Tax Arrears Certificate” is registered, only full payment of taxes, penalties, interest, and other costs can be accepted by the City.

After the “Tax Arrears Certificate” is registered, and the one year registration period has expired, the property is then liable for Tax Sale.

### **CURRENT SITUATION:**

As of December 31, 2023, the City of Brampton administered 177,389 property tax accounts with an annual combined billing for City, Region, and Education taxes of approximately \$1.32 billion. The total amount of taxes billed but not yet collected (Taxes Receivable) as of year-end 2023 was \$110.7 million or 8.33% of the 2023 billings.

**Table 1 - Taxes Receivable Comparison 2022-2023**, shows comparative percentages of total taxes receivable as of December 31, 2023 compared to the prior year. These figures include tax amounts billed in the current year, but with a due date that could also be in the following year (future dues).

The figures in Table 1 show that Brampton’s annual billing for 2023 increased by approximately \$82.1 million compared to 2022. In the same period the total taxes

receivable has increased by about \$31.4 million with the year over year 2023 taxes receivable versus billing amount at 8.33%.

**TABLE 1**

<b>TAXES RECEIVABLE COMPARISON 2022-2023</b>					
2022 Total Annual Billing*	Taxes Receivable December 31, 2022*	2022 Taxes Receivable vs Billing Amount*	2023 Total Annual Billing*	Taxes Receivable December 31, 2023*	2023 Taxes Receivable vs Billing Amount*
\$1,246,099,671	\$79,250,413	6.36%	\$1,328,217,270	\$110,668,934	8.33%

\* 2023 Financial Information Report (FIR) preliminary figures

It is likely that the high inflation and increased cost of living experienced throughout 2023 have caused pressure on Brampton homeowners' budgets increasing taxes receivable vs. billing %. Additional interest rate hikes in 2023 would also have been burdensome to many mortgage holders. The City will continue to use of all its legislated collection tools to collect the outstanding taxes in a fair manner.

A sample of the collection activities performed by Collection staff during 2023 is summarized in **Table 2 - Collection Activity Summary with Comparative Figures to 2022 and 2023**.

**TABLE 2**

<b>COLLECTION ACTIVITY SUMMARY WITH COMPARATIVE FIGURES 2022-2023</b>		
Activity	Volume 2022	Volume 2023
Overdue Notices	70,986	84,647
Title Searches	501	102
Tax Arrears Certificates Registered	20	6
Accounts Assigned to Bailiff	153	234
Tax Sale	0	4

**CORPORATE IMPLICATIONS:**

N/A

**STRATEGIC FOCUS AREA:**

This report supports the strategic focus area of government and leadership, focusing on service excellence with equity, innovation, efficiency, effectiveness, accountability, and transparency.

**CONCLUSION:**

Taxes receivable increases are typically due to the increase in billings resulting from new growth, annual tax levy increases and general economic conditions. Taxes receivable increased by \$31.4 million in 2023. Continued high interest rates and the rising cost of living made 2023 a difficult year for many property owners in Brampton.

In 2024 staff will continue to work with taxpayers and execute appropriate collections activities as directed under the *Municipal Act, 2001* and *The Policy*.

Authored by:

Reviewed by:

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Kasia Bielska,  
Manager,  
Corporate Collections

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Nash Damer,  
Treasurer, Finance

Approved by:

Approved by:

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Alex Milojevic,  
Commissioner,  
Corporate Support Services

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Marlon Kallideen,  
Chief Administrative Officer