

Category: Finance

Title: Property Tax Billing and Collection Policy

Policy Number: [Assigned by Manager, Corporate Policy]

Approved by: [Committee Recommendation #], [Council Resolution #]

Administered by: Finance, Revenue Services

Effective:

1. Background

The City of Brampton (the City) collects property taxes on behalf of the City, Region of Peel (the Region) and the Province of Ontario (School Boards) and is responsible to ensure the effective and efficient billing, collection, and allocation of property taxes.

Property tax administration is legislated through the Municipal Act 2001, Assessment Act 1990, Education Act 1990, and other related Ontario Regulations.

Property tax accounts are established for each assessed property within the municipality as determined by the Municipal Property Assessment Corporation (MPAC).

2. Purpose

The purpose of this Policy is to:

- a) Ensure that property taxes are administered in a timely and efficient manner and in accordance with budgetary and legislative requirements.
- b) Establish parameters for the acceptable write-off of uncollectable property tax arrears.

3. Application and Scope

This Policy applies to all aspects of the billing and collection of realty tax levies and any amounts added to taxes for all accounts under the jurisdiction of the City.

3.1 Exceptions

This Policy does not apply to:

- a) Assessment values or investigation of assessment values and/or tax classification of properties. which are governed under an approved Standard

Operating Procedure (SOP Tax Policy and Assessment Base Management and SOP Processing RFR).

- b) The administration and collection of Provincial Offences Act (POA) fines or General Accounts Receivables, which are subject to separate policies and/or legislation.
- c) The collection of Payments-in-Lieu of Taxes as this form of revenue is collected subject to applicable provincial legislation under various Acts and Regulations.

4. Outcomes

- 4.1 Clear guidelines to ensure staff demonstrates due diligence with respect to the administration, billing, collection, and Write-off of property tax accounts.
- 4.2 Provide a consistent and transparent process when attending to all property tax accounts, and owners of properties.
- 4.3 All reasonable efforts to collect property taxes are achieved by utilizing internal and external tools and resources.

5. Principles

- 5.1 **Transparency** – The billing and collection of property taxes is realized in accordance with assessment information prepared by MPAC. That all appropriate Collections actions have been exhausted and the reasons for the Write-off are transparent and justifiable.
- 5.2 **Prompt and Fair** – All property taxes and arrears are collected in a prompt and fair manner to ensure that the City maintains the foremost integrity during all stages of the billing and collections processes.
- 5.3 **Financial Stewardship** – Maintain trust and confidence in the stewardship of public funds.

6. Policy Statements

- 6.1 The City conducts property tax and collection activities in accordance with applicable legislation, regulations, by-laws and associated SOPs.
- 6.2 The City may take all necessary means provided by applicable legislation to balance all taxpayers' interests.
- 6.3 Property taxes may be recovered, with costs, as a debt due to the City from the current owner of the property and will remain with the property even when the property is sold or changes ownership.

- 6.4 A levying by-law passed by Council is required in advance of either an Interim or Final tax billing.
- 6.5 The City may offer two types of pre-authorized tax payment plans: monthly and regular instalment due date. Refer to SOP Preauthorized Tax Payment Plan and public guidelines.
- 6.6 Where current legislation differs from this Policy, legislation shall prevail.

7. Mandatory Requirements

7.1. Tax Billings

- a) Consistent with Section 343 (1) of the *Municipal Act 2001*, tax bills must be sent to every taxpayer at least 21 days before taxes are due. The tax bill must comply with the Standardized Tax Bill format as required under section 343(2) of the *Municipal Act, 2001*.
- b) Tax amounts billed are based on the assessments as per the Assessment Roll provided by MPAC.
- c) In accordance with Sections 343(6) (6.1) (8) of the *Municipal Act, 2001* the City will issue property tax bills and notices to the current owner(s) of the property as described in the City's records.
- d) Property tax bills and notices will be delivered to the address provided on the Tax Roll unless an alternate address is provided in writing by the taxpayer to the City.
- e) Failure to notify the City in writing of an ownership or address change does not constitute an error of the City.

7.1.1. Interim Property Tax Billing

- a) Interim Property Tax bills are issued in or around January of each year and in December of the preceding year for accounts on the pre-authorized plan.
- b) Existing tax accounts will be calculated to produce a tax bill of no more than 50 percent of the previous year's total taxes billed for each property in accordance with Section 371 of the *Municipal Act, 2001*.
- c) For accounts that did not exist in the previous year, or existed for only a portion of the previous year, interim taxes levied will not exceed 50 percent of the total amount of taxes that would have been levied on the assessment in the previous year. See Appendix 1, Schedule 1

7.1.2. Final Property Tax Billing

- a) Final tax billings are produced subsequent to the approval of City and the Region budgets.
 - i. Municipal tax rates are calculated based on approved budgets and established through municipal by-laws.
 - ii. Education rates are provided by the Province through the Ministry of Finance.
 - iii. Municipal and Education rates combine to produce the annual tax rate for each Property Tax classification.
- b) The bill amount will be calculated by multiplying the assessed value by the appropriate tax rate, and will include all local improvement charges and any special charges levied by the City.
- c) Non-Residential accounts may require further adjustments as determined by provincial legislation.
- d) The interim tax bill amount will be deducted from the total yearly amount calculated in order to produce final billing instalment amounts. See Appendix 1, Schedule 2

7.1.3. Supplementary Tax Billing

- a) Where MPAC provides additional assessment data on properties, the City will issue a supplementary billing as soon as practical after receipt of the data and in accordance with Section 341 of the Municipal Act, 2001.

7.1.4. Apportionment Tax Billing

- a) Where legal status on real properties has changed due to redevelopment or severance, unpaid taxes on those properties will be billed in accordance with section 365 of the *Municipal Act, 2001* and as directed by MPAC's Severance / Consolidation Information Form.
- b) The apportionment process does not change the total amount of taxes levied, rather it divides the unpaid taxes from the original property amongst the newly created properties as per direction provided by MPAC.

7.2. Property Tax Collection

7.2.1. Payment of Property Taxes

- a) Property tax payments will be accepted by the City in accordance with the City Cash Handling Guidelines & Standards and applicable SOPs.

7.2.2. Application of Payment

- a) In accordance with Section 347(1) (2) of the *Municipal Act, 2001*, property tax payments are applied first to all penalty/interest on account, and then to the oldest charges on the account.
- b) Credit will be applied based on the business date that the payment is received by the City and not the postmark date. For electronic payment, credit is applied based on the day funds are received in the City of Brampton's bank account.
- c) Partial payment will not be accepted on a tax account where a Tax Arrears Certificate has been registered against the property except where the City has entered into an extension agreement.

7.2.3. Penalty and Interest Accrual

- a) As per Section 345 of the *Municipal Act, 2001* the rate at which penalty and interest become charged is established by municipal by-law.
 - i. A penalty is added on the first day of default following an instalment due date.
 - ii. Interest is calculated on arrears and added to the account on the first day of each month until the balance is paid. Penalty and interest charges are not compounded.
- b) Penalty and interest charges cannot be waived with the exception of the following circumstances:
 - i. Where taxes are adjusted under sections 334, 354, 357, or 358 of the *Municipal Act, 2001*
 - ii. Where taxes are adjusted following a change in assessment under the *Assessment Act, R.S.O., 1990*
 - iii. Where penalty and/or interest were charged as a result of the City's error

7.2.4. Credit on Account

- a) Where a credit appears on the tax account because of a payment, or the owner makes a payment in error against the account, the credit will be applied to subsequent instalment not yet due in the current year. Refunds may be processed at the written request of the owner or the owner's representative. Payments must be cleared by the financial institution prior to any refund.
- b) All refund requests will be subject to a fee in accordance with the User Fee By-law.
- c) Section 341 of the *Municipal Act, 2001* provides that a municipality may apply refunds owing from appeal activity to an outstanding tax liability.
- d) The City will apply any refund resulting from an appeal, request for reconsideration, or other legislative reduction to the taxpayer's account. The owner or the owner's appointed representative may request, in writing, a refund for the balance of any remaining credit.
- e) All refunds shall be payable to the owner as shown on the tax roll on the date the adjustment is made.

7.3. Tax Arrears – Collections

7.3.1. Overdue Notices

- a) The City will issue Overdue Notices of outstanding taxes on accounts at a minimum of twice (2) per year.
- b) Additional overdue notices/statements may be sent as deemed necessary by the Tax Collector or Treasurer.

7.3.2. Tax Arrears Administration

- a) The recovery of taxes in arrears will be satisfied through collection actions in compliance with Provincial legislation, regulations, and associated SOPs. Collection actions include notices, negotiation of payment arrangements, assignment of warrants to Bailiffs, and ultimately, Tax Sale proceedings.
- b) In the fourth quarter of each year, specific collection notices advising of the potential of Tax Sale proceedings may be sent out to owners of properties where any part of tax arrears will be

owing with respect to the land in a municipality on January 1st of the following year, as per governing legislation.

- c) As of January 1 of each year, Property Tax Accounts liable for registration of a Tax Arrears Certificate may have a title search conducted to confirm ownership and identify parties with a registered interest in the property (encumbrances).
- d) Notices of tax arrears may be sent to all registered interested parties shown on the property records of the Land Registry Office in an effort to secure payment, before the commencement of the Tax Sale process.
- e) Notice of Intent to Realize on Security Farm Debt Mediation Act, will be sent to the registered property owner(s) prior to the registration of a Tax Arrears Certificate to inform those that also own a farming interest within Canada of other options for payment assistance or relief in an effort to avoid the tax sale.

7.3.3. Collection Tools

- a) The City will utilize the collection tools available under the Municipal Act and any other applicable legislation to collect outstanding balances, including:
 - i. Payment Arrangements – at the City’s discretion, property owners with tax arrears may be eligible to enter into payment arrangements with the City for not more than twenty-four (24) monthly payments to achieve payment in full.
 - ii. Third Party Collections – in accordance with legislation, the City is authorized to use third-party services (including a Bailiff) to expedite collection prior to and following the registration of a Tax Arrears Certificate in an effort to avoid the tax sale.
- b) Municipal Tax Sale
 - i. The City as set out in *Part XI* of the *Municipal Act, 2001, and Ontario Regulation 181/03*, may register a Tax Arrears Certificate (lien) on the title of the property.
 - ii. The lien will stay on the property and all requirements as set out as per legislation will be performed, until the property tax account is paid in full or the City completes a Tax Sale.

7.3.4. Write-off of Property Taxes

- a) Minimum Balance Write-Off - A balance owing of less than \$10.00 on an account where there are no future due instalments, will be automatically written off following the last interim instalment date and at December 31st each year, as per the Administrative Authority By-law 216-2017 as amended.
- b) Taxes Deemed Uncollectable - City Council through recommendation from the Treasurer or Designate may write-off property taxes in accordance with the *Municipal Act*, 2001, c.25, s. 354 in its entirety. Events where taxes are deemed uncollectable include the following: unsuccessful tax sale, where a tax sale would not be effective or appropriate, or taxes are no longer payable due to tax relief.

8. Roles and Responsibilities

8.1. City Council

- a) Responsible for approving annual by-laws, tax rates, billing dates, and instalment due dates.
- b) Approve the write-off of uncollectable Property Taxes as recommended by the Treasurer.
- c) Delegate the authority of the Tax Collector through Administrative Authority By-law.

8.2. City Treasurer

- a) Responsible for the billing, administration, collection, and write-off of penalty/interest accrued due to an administration error.
- b) Makes recommendation to Council to write-off uncollectable property taxes as identified by the Municipal Act, 2001 S. 354.
- c) Recommends and approves, where appropriate, changes to by-laws, policies, and procedures related to the billing, administration, collection, and write-off of property taxes.
- d) Directs staff in the Finance division to execute the billing, administration and collection of property taxes as per legislation, by-laws, policy, and standard operating procedures.
- e) Enters into Extension Agreements with owners and interested parties in relation to properties where the City has a registered lien on title in the form of a Tax Arrears Certificate.

8.3. Senior Manager of Revenue Services

- a) Ensures Managers and Supervisors are aware and in compliance with this Policy.
- b) Responsible for the billing, administration, collection, and write-off of penalty/interest accrued due to an administration error.
- c) Recommends and approves where appropriate changes to by-laws, policies, and procedures related to the billing, administration, collection, and write-off of property taxes.
- d) Enters into Extension Agreements with owners and interested parties in relation to properties where the City has a registered lien on title in the form of a Tax Arrears Certificate.

8.4. Manager of Taxation and Assessment and Manager of Corporate Collections

- a) Ensures staff are aware, trained and in compliance with this Policy.
- b) Ensures documentation and records are maintained.
- c) Recommends and approves where appropriate changes to by-laws, policies, and procedures related to the billing, administration, collection, and write-off of property taxes.
- d) Identify and report uncollectable tax arrears to Senior Manager, Revenue and/or Treasurer.
- e) Execute all duties and responsibilities for collections and tax sale actions performed on property tax accounts.
- f) Direct and assign duties to staff, to execute duties and responsibilities within assigned authority levels to complete collections actions, administer collections tools and administer Tax Sales.

8.5. Supervisor, Tax Services; Supervisor, Tax Policy and Assessment; Supervisor, Collections

- a) Ensures staff are aware, trained and in compliance with this Policy.
- b) Recommends and approves where appropriate changes to by-laws, policies, and procedures related to the billing, administration, collection, and write-off of property taxes.

- c) Identify and report uncollectable tax arrears to Manager of Corporate Collections, Manager of Taxation and Assessment and Senior Manager Revenue Services for Treasurer's consideration to write-off.

8.6. Finance, Revenue staff

- a) Execute billing, administration and collection of property taxes as directed, as per this Policy and any associated standard operating procedures.
- b) Identify, report, and make changes as directed on property accounts where errors, assessment changes, ownership changes, or account status could cause issue in the billing of taxes and collection of tax arrears.

9. Monitoring and Compliance

- 9.1 Compliance will be monitored through regular and accurate reconciliation of Property Tax accounts, Tax Adjustments and Write-off Reports, and Annual Status of Tax Collection Accounts report to Council.
- 9.2 All necessary records will be retained after Property Tax Arrears are written-off consistent with MFIPPA and the Records Retention By-Law.
- 9.3 Failure to follow this Council Policy may result in lost revenue or litigation to the City.

10. Definitions

- 10.1 **"Administer"** refers to the creation, maintenance, adjustment, investigation, billing, write-off, or expiry of accounts as required.
- 10.2 **"Arrears"** Any portion of Property Taxes and charges that are past due and remain outstanding on an account.
- 10.3 **"Bailiff"** means a duly appointed agent under contract with the City to recover outstanding Property Taxes.
- 10.4 **"Late Payment Charges"** means penalties and interest applied by the City to unpaid Property Tax accounts, in accordance with section 345 of the Act and applicable City by-laws.
- 10.5 **"Municipal Tax Sale"** means the sale of land for Tax Arrears according to proceedings prescribed by the Municipal Act, 2001 and Ontario Regulation 181/03, as amended.
- 10.6 **"Notice"** means a letter issued by the City demanding payment of tax arrears.

- 10.7 **“Payment Arrangement”** means an agreement between the City of Brampton and the property owner(s) for the repayment of tax arrears over an established period of time.
- 10.8 **“Property Taxes”** means the total amount of taxes for municipal and school purposes levied on a property and includes other amounts added to the tax roll for collection purposes, as may be permitted by applicable legislation.
- 10.9 **“Tax Collector”** title is assigned as per the Municipal Act, 2001 and where the Council of the City may set delegates by form of the Administrative Authority By-law.
- 10.10 **“Title Search”** refers to the process of retrieving documents from the Land Titles or Registry office, providing information of the history of the real property, to determine ownership and registered interests.
- 10.11 **“Write-off”** refers to the removal of uncollectible Tax arrears from and the cessation of collection activity.

11. References and Resources

External references

- Municipal Act, 2001, c.25
- Ontario Regulation 181/03
- Assessment Act
- Education Act
- Farm Debt Mediation Act
- Municipal Property Assessment Corporation (MPAC)
- Municipal Freedom of Information and Protection of Privacy Act (MFIPPA), R.S.O.

References to related bylaws, Council policies, and administrative directives

- Accounts Receivable and Collection Policy
- Administrative Authority By-Law 216-2017
- Controllership Policy
- POA Collections and Write-Off
- Records Retention By-law 272-2014
- User Fee By-Law 380-2003
- Scale of Costs By-Law 126-2016

References to related corporate-wide procedures, forms, and resources

- Corporate Collections SOP
- Tax Billing SOP

Revision History

Date	Description
[yyyy/mm/dd]	Approved – <i>replaces Property Tax Billing and Collection Policy 13.10.0 (rescinded by ____)</i>
[yyyy/mm/dd]	Next Scheduled Review <i>(typically three years after approval)</i>

Appendix:

Schedule 1

Interim Property Tax Bill		
	All Property Tax Accounts (Residential & Non-Residential)	
	Regular Instalment Schedule	Pre-Authorized Instalment Schedule
Billed	January of each year	December of the preceding year
Number of Instalments	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.	Payment will be due in either a maximum of six (6) instalments 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.

Schedule 2

Final Property Tax Bill		
Residential		
	Regular Instalment Schedule	Pre-Authorized Instalment Schedule
Billed	June of each year	June of each year
Number of Instalments	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.	Payment will be due in either a maximum of 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.
Non-Residential		
	Regular Instalment Schedule	Pre-Authorized Instalment Schedule
Billed	July of each year	July of each year
Number of Instalments	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.	Payment will be due in either a maximum of five (5) instalments in the months of August through December or on the same date as the Regular Tax Accounts, depending on which PTP option the taxpayer has selected.