

Township of Stone Mills



Tax Billing and Collection Policy

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V1.0	June 7, 2021	Council	03-587-2021	Original draft
V2.0	June 17, 2024	Council	8-672-2024	Update Property Tax Collection Policy to include Tax Billing and amendments

## 1. Policy Statement

- 1.1. The Corporation of the Township of Stone Mills is committed to establishing controls and procedures for the tax billing and collection of property tax in accordance with the applicable Provincial Legislation and Township By-laws.

## 2. Purpose

- 2.1. The purpose of this policy is to establish the responsibilities, controls, authorizations and procedures for accurate and timely tax billing and collection of property taxes.
- 2.2. This policy defines the procedures for equitable billing and collection of property tax, tax penalty and interest, and amounts added to the tax roll.
- 2.3. This policy is intended to facilitate the prompt, efficient, courteous and consistent service to all taxpayers of the Township.

## 3. Scope

- 3.1. This policy applies to all Township employees that are responsible for administering property taxes.
- 3.2. This policy provides guidance to Council and staff and provides a basis for decision-making relating to tax billing and collection procedures for all taxpayers in the Township. More specifically, this policy is written in compliance with the Municipal Act – Parts VIII, IX, X, and XI in particular, related Ontario Regulations made under the Municipal Act, the Planning Act, the Assessment Act and applicable Township By-laws, as amended.
- 3.3. This policy shall be reviewed every five (5) years from the date it becomes effective, and/or sooner at the discretion of the CAO or designate.

## 4. Definitions

The terms below shall have the following meanings in this Policy:

- 4.1. **Assessment** means the assessment for real property made under the Assessment Act according to the last returned assessment roll.
- 4.2. **Cancellation Price** refers to an amount equal to all the tax arrears owing at any time in respect of land together with all current property taxes owing, interest and penalties thereon and reasonable costs incurred by the Township after the Treasurer becomes entitled to register a tax arrears certificate.
- 4.3. **Change events** mean assessment changes resulting from: Minutes of Settlement resulting from Requests for Reconsideration and Assessment Review Board Appeal Decisions; Section 357/358/359 Application Decisions; Charity Rebates; Assessor's Reports; Post Roll Amended Notices (PRANs); Advisory Notices of Adjustment (ANA's); Severance/Consolidation Apportionments and Condominium Plan Information Forms; and, other assessment change documents issued by the Municipal Property Assessment Corporation (MPAC).
- 4.4. **Municipal Tax Sale** is the sale of land for tax arrears according to proceedings prescribed by the Municipal Act and Ontario Regulation 181/03.
- 4.5. **Property Taxes** means the total amount of tax for municipal, county and school purposes levied on a property and includes other amounts added to the tax roll as may be permitted by this policy and/or any applicable Provincial legislation.

4.6. **Tax Arrears** means any portion of property taxes which remain unpaid after the dates on which they are due.

4.7. **Taxpayer** means a person whose name is shown on the tax roll as a property owner.

4.8. **Treasurer** is the individual appointed by the Township who is responsible for handling all of the financial affairs of the municipality on behalf of and in the manner directed by Council.

## 5. Interpretations

5.1. Any reference in this policy to any statute or any section of a statute shall, unless expressly stated, be deemed to be reference to the statute as amended, restated or re-enacted from time to time. Any references to a by-law or Township policy shall be deemed to be a reference to the most recent passed policy or by-law and any replacements thereto.

## 6. Tax Billing

6.1. Tax levying By-laws passed by Council are required in advance of Interim and Annual tax billings. (The Municipal Act, Section 307, 317)

6.2. Interim tax billing will be produced in January based on 50% of the annualized taxes of the property for the previous calendar year. The tax billing may include local improvement charges, area charges, business improvement area charges and any special charges levied by the Township or Province. Outstanding charges authorized by legislation may be added to the interim billing at one hundred percent. The tax billing will clearly identify that it is from the Township of Stone Mills, include the owner names, mailing address and legal description of property, the due date, the percentage used to calculate the interim taxes up to a maximum of 50%, and calculated taxes levied and any arrears owing against the property. (The Municipal Act, Section 317)

6.3. Final tax billing will be produced subsequent to the passing of the annual Township budget no later than July 31st and are based on tax rates established by by-law from the budget requirements of the Township, the County of Lennox and Addington, and the Ministry of Finance (in relation to the Education tax rate). The tax billing will be calculated to produce a tax billing equal to the phased-in assessment according to the returned assessment roll for the year and the appropriate tax rate, and will include all local improvement charges, area charges, business improvement area charges, any special charges levied by the Township or Province. Contents of the tax bill will be as legislated. (The Municipal Act, Section 343, 344)

6.4. Supplementary tax billings are produced as soon as practicable after receipt of supplementary and omitted assessment rolls from the Municipal Property Assessment Corporation (MPAC). (The Municipal Act, Section 341)

6.5. Assessment Change Event tax credit notices are produced as soon as practicable after receipt of documentation from the Municipal Property Assessment Corporation (MPAC). Applicable credits will be applied to the tax roll and refunded to property owners upon written request. Otherwise, the credit will remain on the tax roll account to carry forward to future taxation. (The Municipal Act, Section 341, 356)

6.6. Tax billings will be post marked and mailed not later than twenty-one calendar days before the date of the first instalment due date. (The Municipal Act, Section 343)

6.7. Tax billings may be sent to Taxpayers via electronic mail "e-billing" upon implementation of an e-billing system by the Township and authorization from the

Taxpayer on the applicable form. (The Municipal Act, Section 343(6.1))

6.8. Arrears are included solely in the first instalment due date amount. Instalment due dates will be indicated on the payment stubs. Billing messages may be used on the face or reverse of the tax billing.

6.9. Amounts added to the tax roll under the authority of legislation are payable and collectable in the same manner as municipal taxes.

6.10 Tax bills will be sent to the Taxpayer's residence or business or to the premises of the property unless the Taxpayer directs in writing that the bill should be sent to another address. Updates to Taxpayer information (name, mailing address, contact information) must be in writing. A form is available at the Township office or website. Failure to receive a tax bill does not excuse a Taxpayer from the responsibility for payment of taxes nor relieve the owner of the liability for the penalty and interest accrued as per Section 10.1 of this policy. (The Municipal Act, Section 343(6))

A fee is applicable for tax bill reprints or tax statements in accordance with the Township's Fees and Charges By-law.

## **7. Due Dates - The Municipal Act Section 342**

7.1. Instalments and due dates for the payment of taxes will be as follows:

- 7.1.1. Interim Tax Bill: Two instalments, due on the 25<sup>th</sup> day of February and April.
- 7.1.2. Final Tax Bill: Two instalments, due on the 25<sup>th</sup> day of July and September.
- 7.1.3. Supplementary Tax Bill: One instalment, due minimum 21 days after mail-out according to notice provisions.

7.2. The specific due dates will be identified in both the Interim and Annual Tax Levy By-Laws passed annually.

7.3. Where due dates are delayed as a result of factors beyond the Township's control, they will be set with regard to the notice provisions in Section 6.6 of this policy.

## **8. Options for Payment of Taxes - The Municipal Act Section 342, 346**

Tax payments are made payable to "**Township of Stone Mills**" in Canadian funds will be accepted by the Township as follows:

8.1. **In person** at the Township's office located at 4504 County Road 4, Centreville. During office hours Monday to Friday. Payment by cash, cheque or direct debit is available. A mail drop box for after-hours payment by cheque or money order is located south side of building, left hand side of door in front of parking lot.

8.2. **By mail** by sending a cheque, money order or postdated cheque for each instalment to:

Township of Stone Mills  
4504 County Road 4,  
Centreville, ON K0K 1N0.

8.3. **By courier** by sending a cheque, money order or postdated cheque for each instalment to 4504 County Road 4, Centreville, ON K0K 1N0.

8.4. **Via Financial Institution (Bank)** in person at branch, or through telephone or internet online banking. Payments through this method typically take three days to reach the Township.

8.5. **Through mortgage companies** who provide a service to pay property taxes as part of Taxpayer's monthly/bi-weekly mortgage instalment.

8.6. **Payment by pre-authorized bank withdrawal:** Taxpayers with no outstanding taxes may enrol in one of two Pre-Authorized Payment (PAP) plans by completing and submitting a PAP application along with a cheque marked VOID. Application forms are available at the Township office or website.

8.6.1. **Monthly Pre-Authorized Payment Plan:** Payments are withdrawn from Taxpayer's bank account and credited to property tax account. The preauthorized payments run from January to December on the 15<sup>th</sup> or 30<sup>th</sup> day of each month. January to June payments is based on 50% of the previous year's levy, and July to December payments are adjusted to reflect any increase or decrease in current year's total levy.

8.6.2. **Instalment Due date Pre-Authorized Payment Plan:** Payments are withdrawn from taxpayer's bank account and credited to property tax account. The preauthorized instalment payment plan is withdrawn on their effective due dates (4 annually). The interim and final tax bills showing the amount due and the instalment due date will be mailed.

8.6.3. To cancel a pre-authorization on a tax account, Taxpayers must submit a written request seven days before the monthly payment or a scheduled due date as applicable.

8.6.4. Payment by established pre-authorization is not applicable to Supplementary Taxation

8.6.5. If a pre-authorized payments is returned by the financial institution on a property tax account, it is subject to non-sufficient funds charges as established by Township's Fees and Charges By-law. A notice will be sent to the property owner advising them of the returned payment plus applicable charges. Owners are required to pay the outstanding amount within 30 days. After two dishonoured payments within the current year, the pre-authorization will be taken off the roll account until the account is brought up-to-date.

## **9. Payment Application - The Municipal Act Section 347**

9.1. Tax payments will be applied first against the late payment charges owing in respect of those taxes according to the length of time the charges have owed, with the charges imposed earlier being discharged before charges imposed later. Then the payment will be applied against the taxes owing according to the length of time they have been owed, with the taxes imposed earlier being discharged before taxes imposed later.

9.2. A part payment on account of taxes may be applied in a manner different than set out in 9.1 at the written request of the person making the payment upon approval by the Tax Collector.

9.3. Periodically a "Notice of Past Due Taxes" will be mailed to taxpayers with a balance on their tax roll account resulting from payment errors, duplicate payments or overpayments. Taxpayers must submit a request in writing a transfer between tax accounts or a refund.

## **10. Late Payment and Returned Cheque Charges - The Municipal Act Section 345**

10.1. **Penalty and Interest Late Payment Charges:** A penalty at the rate of 1.25% shall be applied on the first day of the month following the month in which the taxes were due and interest shall be charged at the rate of 1.25% on the first day of each month thereafter on the balance of unpaid taxes in accordance with the Township's Interim and Annual tax levy By-laws. Failure to receive a tax bill does not excuse a Taxpayer for the responsibility for payment of taxes nor relieve the owner of the liability for the penalty and interest accrued.

10.2. **Returned Cheque Charge:** An amount will be charged to Taxpayers for payments returned by the financial institution due to non-sufficient funds according to the Township's Fees and Charges By-law.

10.3. Penalty and interest late payment charges may be adjusted and/or waived in the following circumstances:

10.3.1. Upon a failed tax sale

10.3.2. Upon a reduction due to a Change Event under the Assessment Act.

10.3.3. If charges were as a result of the Township's staff error or omission.

10.3.4. At the discretion of the Tax Collector with respect to amounts under \$10 or for new owners of property taxpayers and other such 'good faith' adjustments.

## **11. Collection of Tax Arrears**

11.1. **By Mail:** Notice of Past Due Taxes will be mailed to taxpayers in default of payment periodically throughout the year. Additionally, both Interim and Final Tax Bills will show past due balances in the summary section of the Tax Bill.

11.2. **By Telephone:** The Tax Collector may attempt telephone contact with Taxpayers in default over two years in arrears to arrange for payment options.

11.3. **In Person:** The Tax Collector may attempt to meet with Taxpayer(s) in default over two years in arrears to arrange for payment options.

11.4. **Interested Parties:** Tax Collector may search the title to the property to determine interested parties to property [i.e. mortgagees] and contact them to advise the tax arrears status of the property. A title search fee to cover the cost of the search will be added to the tax roll account.

11.5. **Bailiff Action:** The Township may recover taxes with costs as a debt due to the municipality from the Taxpayer originally assessed for them and from any subsequent owner of the assessed land or any part of it. The Township may issue a warrant to distrain for property taxes if the taxes remain unpaid for a period of fourteen days after the instalment due date. Bailiffs will be used where there is the potential that the recovery of tax arrears by the other methods would not cover the outstanding taxes or where other methods are prohibited due to overriding legislation. (The Municipal Act, Section 349)

11.6. **Legal Action:** Legal Action may be taken to recover tax arrears; however, this action will be limited to Small Claims Court and Tax Sale Procedures (see 11.10 of this policy) as there is no guarantee of legal cost recovery otherwise. (The Municipal Act, Section 349)

11.7. **Seize other assets and/or garnish wages:** The Township may seize other assets and/or garnish wages; however, this action will be limited as there is no guarantee of legal cost recovery. (The Municipal Act, Section 351)

11.8. **Set-offs:** Where a Township supplier is also a taxpayer in default, the Township may set off taxes owed the supplier against a payment owed by the Township to that supplier. Wherever possible, this will be done through discussion with the Taxpayer/supplier.

11.9. **Collection Agency:** The Township may use a registered collection agency under The Collection Agencies Act to recover taxes. The collection agency may recover its costs as long as the costs do not exceed the amount approved by the Township. The cost for this service may be added to the property tax roll account however this is not the preferred choice of collection tools. If the costs are not reasonable in relation to the value of the land, and taxes owing, a collection agency will not be utilized. (The Municipal Act, Section 304)

#### **11.10 Collection through Tax Registration/Tax Sale Procedures - *The Municipal Act Part XI***

- 11.10.1. Properties that are in arrears for two years are eligible for tax registration.
- 11.10.2. The billing message on the Notice of Past Due Taxes in Section 11.1 above may contain the phrase "Properties in arrears of tax for 2 years or more are liable for Tax Sale".
- 11.10.3. A letter informing property owners of potential tax registration will be sent in advance of initiating the procedures. The letter will indicate a deadline, not less than twenty-one days after the date of the letter by which payment or arrangements suitable to the Tax Collector are made.
- 11.10.4. Once tax registration procedures commence, the property owner or interested party has one year from the date of registration in which to redeem the property by paying the 'Cancellation Price' which includes all taxes, penalty and penalty outstanding, including all associated legal and administration fees and costs.
- 11.10.5. If the 'Cancellation Price' is not paid, the property will be advertised for sale by tender or auction according to legislated procedures.
- 11.10.6. The Township's solicitor or a contracted tax registration firm may be used to process the required statutory notices/declarations. The administration fee associated with this process is in addition to the charges by the third-party firm completing the required statutory notices/declarations and may be defined in the Township's Fees and Charges By-law.

### **12. Tax Write-offs**

- 12.1 Taxes will be written-off upon a failed tax sale.
- 12.1. Taxes will not be written-off as uncollectable until all methods to collect taxes in Section 11 of this policy have been attempted and are unsuccessful.

### **13. Tax Certificates and Tax Information**

- 13.1. Tax Certificates will be issued to Taxpayers or their solicitors or mortgagees upon written request and the submission of the requisite fee according to the Township's Fees and Charges By-law.
- 13.2. Tax Information may be given verbally by staff to Taxpayers or their solicitors or mortgagees, however, errors and omissions in verbal information are excluded; tax status may only be confirmed via a tax certificate.

### **14. References and Related Policies**

The Assessment Act  
The Municipal Act  
Township of Stone Mills Fees and Charges By-law

### **15. Review Cycle**

This policy will be reviewed on a regular basis. Amendments may be made at any time at the recommendation of the Treasurer. The appropriate authority must approve any policy change.