



The Corporation of the Township of  
North Huron

Property Tax Billing and Collection  
Policy

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## SECTION A - POLICY OVERVIEW

### 1. Purpose

- 1.1 The Township of North Huron collects property taxes on behalf of the County of Huron and the school boards, and is responsible to ensure all overdue property taxes are collected in a timely and systematic manner.
- 1.2 The purpose of this Policy is to provide procedures to staff for guidance and a basis for decision-making in the fair and equitable billing and collection of realty tax, tax penalty and interest, and amounts added to the tax roll.
- 1.3 This Policy is designed to be implemented in accordance with the governing legislation. In the event of a contradiction between the Policy and the governing legislation, the provisions of the governing legislation will prevail. This Policy is written in compliance with the Municipal Act, 2001, (the Act), related Ontario Regulations made under the Act and applicable Township bylaws, as amended from time to time.

### 2. Scope

- 2.1 This Policy covers all aspects of billing and collection of property taxes, and any amounts added to the roll for collection, up to and including the initiation of Municipal Tax Sales proceedings. All procedures related to a Municipal Tax Sale are carried out in accordance with Regulation 181/03.

### 3. Review

- 3.1 The Property Tax Billing and Collection Policy will be reviewed every 5 years.

### 4. Definitions

For the purpose of this policy:

- 4.1 **“Cancellation Price”** means an amount equal to all tax arrears, together with the current taxes owing, penalties and interests and costs incurred by the Municipality after the registration of a Tax Arrears Certificate under section 375 of the Act.
- 4.2 **“Collection Costs”** means all costs incurred by the Township to obtain information for collection purposes and/or collect tax arrears including, but not limited to, title search fees, corporate search fees, registered or certified mail, administrative charges, legal costs and tax sale costs.
- 4.3 **“Extension Agreement”** means a contract between the Township and the owner, spouse of the owner, a mortgage or a tenant in occupation to extend the period of time in which the Cancellation Price is to be paid. The contract is entered into after the registration of a Tax Arrears Certificate and before the expiry of the one-year period following the registration date.
- 4.4 **“Municipal Tax Sale”** means the sale of land for tax arrears according to proceedings prescribed by the Act and Ontario Regulation 181/03.

- 4.5 “**Municipal Property Assessment Corporation (MPAC)**” means an independent nonprofit corporation accountable to the province, funded by municipalities to administer property assessment and appeals.
- 4.6 “**Penalties and Interest**” means amounts applied by the Township to unpaid property taxes, in accordance with section 345 of the Act and applicable Township by-laws.
- 4.7 “**Property Taxes**” means the total amount of taxes for municipal; county and school board purposes levied on a property and includes other amounts added to the tax roll as may be permitted by applicable Provincial legislation.
- 4.8 “**Tax Arrears**” means any portion of property tax that remains unpaid after the date on which they are due.
- 4.9 “**Tax Arrears Certificate**” means a document that is registered on title, indicating the described property will be sold by public sale if all property taxes are not paid to the Township within one year of the registration of the certificate.

## **5. Responsibilities**

- 5.1 The Finance Department is responsible to ensure that outstanding property tax collection processes are performed in accordance with this policy and all applicable legislation. In addition, the Finance Department is responsible to:
- Ensure this policy remains consistent with current legislation;
  - Ensure applicable staff are aware of and trained on this policy;
  - Communicate any policy revisions to applicable staff;
  - Review property tax accounts to ensure tax collection processes are performed in accordance with this policy
  - Ensure proper billing for the levy for local, upper tier and educational taxation purposes to coincide with budgetary and legislative requirements for the year;
  - Provide prompt, efficient and courteous service.

## **6. Reporting**

- 6.1 The Finance department will maintain the following reports and provide them to the Chief Administrative Officer (CAO) and Council on an annual basis, or more frequently as directed.
- **Section 357/358 Tax Reductions for Council’s Approval** – Report will include roll number, reason for the reduction or exemption, the section of the Act (if applicable), the tax year to which the tax reduction will apply, the amount of reduction in assessment, the amount of the total tax reduction and the municipal tax portion.

## **SECTION B – BILLING, PAYMENTS AND DELIVERY OF TAX NOTICES**

### **1. Tax Levying By-laws**

1.1 Tax Levying By-laws passed by Council are required in advance of Interim and Final tax billings. The specific due dates will be identified in both the Interim and Final Levy By-Laws for the Township. Notwithstanding that there may be fluctuations in due date as a result of budget approval, tax billings will normally be as follows:

- Interim Tax Billing - Produced in February with instalment dates in March and June;
- Final Tax Billing – Produced in August with instalment dates in September and November.

### **2. Interim Billing**

2.1 As provided in the Municipal Act, 2001, each property owner, identified on the returned assessment roll, shall be sent an interim tax notice. The interim tax billing will be produced in February based on fifty percent (50%) of the annualized taxes of the property for the previous calendar year. The tax billing may include fifty percent (50%) of any local improvement charges, area charges, business improvement area charges and any special charges levied by the Township or Province. Amounts deemed to be taxes may be added to the interim billing at one hundred percent (100%). Arrears are included solely in the first interim instalment due date.

2.2 Participants in the monthly pre-authorized payment program will have received a notice in January advising what their monthly payment withdrawal from their bank account will be. This amount will be recalculated once the total taxes for the year are known. Interim tax notices will be sent to instalment participants but not to monthly participants.

### **3. Final Billing**

3.1 After completion of the annual budgetary process, and the setting of tax ratios and rates, a final bill shall be sent to each property owner identified on the returned assessment roll. The final tax notice shall be the levied taxes for the year less the interim bill and be payable in two instalments. Arrears are included solely in the first final instalment due date. The final tax billing will include all local improvement charges, area charges, business improvement area charges plus any special charges levied by the Township or Province.

3.2 All participants in the pre-authorized payment program will receive a final tax notice. The final tax notice will have a notation that they are enrolled in the pre-authorized payment plan. Those participants in the monthly payment plan will

receive a letter advising what their revised monthly payment amount will be for the remainder of the year.

#### **4. Supplementary Billings**

4.1 There are two sections of the Assessment Act that allow for taxation of rateable property not included in the annual assessment roll. They deal with omissions and additions to the roll.

- **Omissions:** Section 33 of the Assessment Act allows for the taxation of real property that has been omitted from the roll. The provision allows for taxation in the current year, plus a maximum of the two preceding years.
- **Additions:** Section 34 of the Assessment Act allows for taxation of assessment that has increased in value or has been added after the return of the last revised roll. These taxes apply to the current year only.

4.2 Supplementary tax billings are produced as soon as practicable after receipt of the supplementary or omitted assessment rolls from the Municipal Property Assessment Corporation.

4.3 All participants in the instalment pre-authorized payment program will receive a tax notice stating the supplemental bill will be withdrawn from their bank account on the due date stated on the notice.

4.4 Participants in the monthly pre-authorized payment program will receive a letter advising the supplemental tax notice is due separate from the monthly pre-authorized payment plan. If the ratepayer wishes to have their monthly amount recalculated to take into consideration the supplemental, they must contact the Township.

#### **5. Collected as Taxes**

5.1 In addition to outstanding amounts that can be added to the tax bill under legislated authority, the Township may add the following unpaid fees to the tax roll:

- Dog Tags;
- Day Care Fees;
- Landfill Fees;
- Parks and Recreation Fees;
- Cemetery Fees;
- Agreement Fees.

#### **6. Due Dates and Delivery of Tax Notices**

6.1 The Municipal Act, section 343 (1) requires tax billings to be post marked and mailed not later than twenty-one (21) calendar days prior to the date of the first instalment due date. The Township will endeavor to post mark and mail the tax billings no less than thirty (30) calendar days prior to the first instalment due date

whenever possible. Any bill or notice sent by standard letter mail is considered delivered and received by the addressee unless the notice is returned by Canada Post and an error in the mailing address is evident. Failure to notify the Township of an address change in writing is not an error on behalf of the Township. It is the property owners responsibility to notify the municipality of any changes to a mailing address in writing.

- 6.2 Property owners have the option to have their tax bill sent electronically by e-mail. If the ratepayer chooses this option, they will not receive a paper copy in the mail. Any notice sent electronically is considered delivered. It is the responsibility of the property owner to amend an email address if it changes. The property owner shall provide notification of such change to the municipality.

## **7. Mortgage Companies**

- 7.1 A mortgage listing of roll numbers, taxes due and owing and the due dates, in standard format will be provided to each mortgage company who have provided the Township with notification that they hold an interest in a particular property.

## **8. Payments**

- 8.1 Payment will be in the form of cash, cheques, money orders, bank drafts, pre-authorized payment plans, internet and telephone banking made payable to the Township of North Huron will be accepted. Cheques which are post-dated to the tax due date will be acknowledged and held by the Finance Department. Payment of taxes will be received at the Township of North Huron Municipal Office, at all local banks, Credit Unions and Trust Company locations.
- 8.2 Change will not be returned for cheques accepted in excess of the amount due on the tax account. Should a credit appear on the tax account as result of the payment, it will be applied to a subsequent instalment not yet due in the current year. However, at the written request of the taxpayer, a refund cheque will be requisitioned, after allowing sufficient time (15 business days) for the taxpayer's cheque to clear their financial institution. The minimum amount for a refund request to be processed will be \$ 25.00, unless the amount is in excess of the next tax instalment that is yet to become due.
- 8.3 If three cheques are returned N.S.F on a taxpayers account in a 12-month period, personal cheques from that taxpayer will no longer be accepted unless they are certified. This restriction will be placed on the individual for a period of one year on the first restriction. If there is a reoccurrence of three or more N.S.F payments, cheques will no longer be accepted.
- 8.4 If three pre-authorized payments are returned N.S.F on a taxpayers account in a 12-month period, the ratepayer will be removed from the payment plan and payment only by cash, debit, telephone/internet banking or certified cheque will be accepted. This restriction will be placed on the individual for a period of one

year on the first restriction. If there is a reoccurrence of three returns participation in the payment plan will not be allowed.

- 8.5 Should payment of a tax account be tendered in U.S. funds, it will be accepted at the exchange rate established by the financial institution holding the accounts of the municipality as of the date of deposit.
- 8.6 If a property has been registered through the Municipal Tax Sale process the payment must be in the form of a certified cheque or bank draft. Partial payment is not accepted where a Tax Arrears Certificate has been registered against a property, except where the Township has entered into an Extension Agreement.
- 8.7 In accordance with the Municipal Act, 2001, Section 347 (1) payments shall be applied as follows:
  - The payment shall first be applied against late payment charges owing in respect of those taxes according to the length of time the charges have been owing. Payment will be applied towards the oldest penalty/interest first;
  - After all the penalty/interest charges are paid the payment then shall be applied against the oldest property taxes owing.
- 8.8 Receipts are not sent to property owners at the end of the calendar year. If the property owner requires a receipt, the final property tax notice can be stamped paid in full at the Municipality. Should the property owner require a statement of account or a reprint of their property tax bill, the property owner will be charged a fee in accordance with the Township's fee schedule by-law.

## **SECTION C – TAX COLLECTION AVENUES**

1. Realty taxes are a secured special lien on land in priority to any other claim, except a claim by the Crown. Taxes may be recovered with costs as a debt due to the Township from the original owner and/or any other subsequent owner of the property. All costs incurred for collection to obtain information and/or collect tax arrears are payable by the property owner and are added to the tax account. These costs may include, but are not limited to:
  - All title search fees;
  - All corporate search fees;
  - Registered mail;
  - Administrative charges
2. There are five basic avenues set out by legislation to promote timely payment of tax taxes.



**2.1 Penalty/Interest** – The maximum rate at which penalty and interest is charged is set by Municipal By-Law. Currently the rate is established under the provisions of the Municipal Act Section 345. The municipality may review this rate each year, but cannot exceed the maximum percentage established at 1.25% per month, 15% per annum. The purpose of penalty is to persuade ratepayers to pay on time. Penalty and interest shall be charges as set out in legislation.

**2.2 Bailiff Action** – Section 349 of the Municipal Act, provides that taxes may be recovered 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 part of it. The municipality may issue a warrant to distraint 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 other methods would not cover the outstanding taxes or where other methods are prohibited due to overriding legislation.

**2.3 Collection Agency** – Section 304 of the Municipal Act provides that if a municipality uses a registered collection agency under the Collection Agencies Act to recover a debt including taxes, the collection agency may recover its costs as long as the costs do not exceed the amount approved by the municipality. The Finance Department will determine whether this avenue will be utilized. If the costs associated to the use of a collection agency are reasonable in relation to the assessed value of the land, and the outstanding property taxes, the account may be assigned to a collection agency. The costs for this service are to be added to the property tax account, but it 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.

**2.4 Rent Attornment** – Under Sections 350 of the Municipal Act, the municipality may seize the rents of an income producing rental property upon giving proper notice. It is a severe action and should only be initiated after adequate notice. If rent attornment is chosen as a collection tool, the Treasurer will give notice to the tenant in writing requiring the tenant to pay the rent normally paid to the Landlord, to the Township of North Huron as it becomes due, until the amount of taxes due and any unpaid costs are paid in full. The tenant is required by section 359 (1) of the Municipal Act to comply with this notice.

The Treasurer has the same authority as the Landlord of the premises to collect the rent by seizure or otherwise, to the amount of the taxes due and unpaid costs, but by collecting the rent, the municipality does not assume the responsibilities of the landlord. Amounts paid as a result of rent attornment, may be deducted by the tenant from the rent paid to the landlord.

**2.5 Tax Registration/Tax Sale** – Properties that have any portion of the previous two years' taxes outstanding on January 1<sup>st</sup> of the current year are eligible for tax registration in accordance with the Municipal Act Section 373. A letter informing

the property owner of potential tax registration will be sent in advance of initiating the procedures. The letter will indicate a deadline by which payment or arrangements suitable to the Treasurer are made. If payment or a suitable repayment plan is not received, Municipal Tax Sales proceedings will commence by registering a Tax Arrears Certificate against the property. 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 interest outstanding, including all associated legal and administration fees and costs. A contracted tax registration firm may be used to process the required statutory notices/declaration or may be processed by the Treasurer.

If the 'Cancellation Price' is not paid the property will be advertised for sale by tender or auction according to legislated procedures.

Registration of a Tax Arrears Certificate is a last resort and should be avoided, if possible, by encouraging the ratepayer to either make full payment or a mutually agreed upon payment plan.

The Council of the Township of North Huron adopted By-Law #89-2019, being a by-law to delegate authority to the municipal Treasurer to authorize the execution of tax arrears extension agreements pursuant to Section 378 of the Municipal Act, 2001.

**2.6 Additional Collection Tools** – The following additional tools are available to assist in the collection of realty taxes.

- Monthly reminder notices if account has a balance of more than \$ 10.00;
- Form or personalized letters;
- Telephone contact;
- Interview;
- Title searches to locate interest parties.

## **SECTION D – WRITE-OFFS AND REBATES**

From time to time the Township of North Huron will receive notification of changes in assessment or tax class from the Municipal Property Assessment Corporation. These adjustments will be processed as soon as practicable after receipt of such notice.

### **1. Applications for Reductions in Property Assessment Value – Section 357/358**

1.1 Under section 357 and 358 of the Municipal Act, 2001 applications may be made to the Township, for reduction in assessment, by the property owner or their agent for the following reasons:

- Building was razed by fire;
- Building was demolished;
- Ceases to be liable for the tax rate that the property had been originally billed at;
- Is damaged and substantially unusable;
- Mobile unit is removed;
- Gross or manifest clerical/factual error;
- Under repair/renovations preventing normal use (minimum 3 months).

1.2 The prescribed form must be completed and returned to the Township of North Huron. Applications are then forwarded to MPAC for their recommendation of assessment value and/or tax class change. Once this information is received back from MPAC the tax change is calculated using the recommended changes. The Treasurer will then prepare a report of recommended changes for Council to review.

## **2. Request for Reconsideration (FfR)**

2.1 Property owners may appeal their property assessment with MPAC. Requests for Reconsideration are issued by MPAC after negotiating a settlement with the property owner.

## **3. Post Roll Assessment Notices (PRAN)**

3.1 These are notices that are issued by MPAC advising the property owner and the Township that a change in assessment has occurred after the return of the assessment roll.

## **4. Advisory Notice of Adjustment (ANA)**

4.1 These notices are required by the Assessment Act to adjust the Current Value Assessment (CVA) starting point and phases-in assessments following a change to a property's assessment.

## **5. Assessment Review Board Applications**

5.1 The Assessment Review Board is an independent decision-making body of the Ontario Ministry of the Attorney General. Property owners may apply to the Assessment Board (ARB) to appeal an assessment decision made by MPAC.

## **6. Penalty and Interest on Write-Off's**

6.1 As per the Municipal Act, 2001 section 345 (6) and 345 (7) penalty and interest that has accrued on a property tax account as the result of non-payment, and a write-off of taxes has occurred as the result of one of the legislated tax reduction methods, the penalty and interest shall be reversed as though the taxes had originally been billed correctly.

## **7. Late Payment Charge Adjustment**

7.1 Late payment charges are adjusted only in the following circumstances:

- Taxes are adjusted under Sections 354, 357 or 358 of the Municipal Act;
- Taxes are adjusted following an Assessment Review Board Decision;
- Taxes are adjusted in accordance with a decision of the Courts;
- The interest or penalty was charged as a result of the Township's error or omission.

## **8. Minimum Balance Write-Off**

8.1 In some circumstances there remains a balance owing on a taxpayers account after a payment is received, which is often a result of penalty/interest being added to the account after a payment amount was agreed upon and mailed in. When the remaining amount is small enough that the additional cost of collection would not be deemed worthwhile, it may be expedient to write off the amount. The Township authorizes the Treasurer to approve such write-offs for outstanding amounts less than \$15.00.

## **SECTION E – MISCELLANEOUS**

### **1. Discretion**

1.1 In order to ensure that all taxpayers are treated fairly and equitable, the Treasurer, or his/her designate, has the authority to exercise discretion in the application of this policy where unusual circumstances are apparent, provided such discretion is in accordance with all application legislation.

### **2. Refunds of Credit Balances on Accounts**

2.1 From time-to-time property tax accounts may experience credit balances for various reasons. Credit balances will be refunded under the following conditions:

- Duplicate payment of a tax instalment – the property owner must request in writing to have the overpayment refunded;
- Mortgage company and property owner both pay an instalment – the property owner must request in writing to have the overpayment refunded and direct who the overpayment is to be returned to;
- Mortgage Company overpays an instalment or no longer represents the property owner – the mortgage company must submit a request in writing;
- Credit as a result of an assessment reduction will be refunded only after the last instalment for the year has been applied to the tax account.