

DIVISION: <b>FINANCE</b>		POLICY
SUBJECT: <b>Property Tax Billing and Collection</b>		13.10.0
EFFECTIVE: June 4, 2014	REPLACES POLICY 13.10.0 DATED NOVEMBER 1, 2005	PAGE: 1 of 11
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**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 strategic plan in Corporate Excellence and continued financial stability.

**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

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- G. Responsibilities
- H. Methods of Payment
- I. Payment Application

#### A) Tax Billings

1. **INTERIM:** The City will bill for Interim Taxes in 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.

##### a. Regular 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.

##### b. PTP Tax Accounts

Payment will be due in either a maximum of 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.

2. **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.

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

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**a. Regular 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.

**b. PTP Tax Accounts**

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.

In years where a delay in the final billing process has occurred as noted in 2(a), 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 six (6) 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.

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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. Cancellation of penalty and interest incorrectly added to an account greater than \$10,000.00 requires authorization by the Tax Collector or City Treasurer. Cancellation of penalties and interest incorrectly added to an account less than \$10,000.00 requires authorization as delegated by the Tax Collector.

**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

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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 twice (2) per year. Additional overdue notices may be sent as deemed necessary by the Tax Collector. Overdue Notices/Statements will show all amounts of taxes in arrears on the account including any penalties/interest or items added as taxes. Any overdue amounts will also be displayed on each Interim, Final and Supplementary tax bills.

#### **2. (a) High Outstanding Balance Accounts**

(Residential)

In addition to any overdue notices sent in accordance with C (1) by the end of the third quarter of each year, an additional overdue notification will be sent once (1) per year to all accounts in the Residential property tax class with a tax arrears balance of \$10,000.00 or more.

#### **2. (b) High Outstanding Balance Accounts**

(Commercial, Industrial and Multi-Residential)

In addition to any overdue notices sent in accordance with C(1) by the end of the third quarter of each year, an additional overdue notification will be sent once (1)

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per year to all accounts in the Commercial, Industrial and Multi-residential property tax classes with a tax arrears balance of \$25,000.00 or more.

**3. Second (2<sup>nd</sup>) Year Arrears**

In addition to any overdue notices sent in accordance with C(1) and/or C(2) in the fourth quarter of each year, specific collection letters/notices are sent to all property owners approaching 3 years of property tax arrears. The letters/notices are advising of the potential of Tax Sale proceedings and request payment in full by December 31 of the current year. The letters/notices also offer the property owner the opportunity to make suitable payment arrangements to clear the account.

**4. Third (3<sup>rd</sup>) 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 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.

**5. Payment Arrangements**

Prior to the registration of a Tax Arrears Certificate property owners with tax arrears may enter into payment arrangements with the City for 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

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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).

**5. (b) Defaulted Payment Arrangements**

A default of the payment arrangement may result in the registration of a Tax Arrears Certificate on title where the third (3<sup>rd</sup>) year of tax arrears remains outstanding.

**6. (a) Third Party Collections**

(Residential)

The Tax Collector is authorized to utilize third party services including a Bailiff to recover tax arrears prior to registration of a Tax Arrears Certificate for residential realty tax accounts which are three (3) years or more in arrears and have been sent all of the previously described notices and letters as set out in Part C of this policy. The Tax Collector may also utilize third party services including a Bailiff to recover tax arrears after the registration of a Tax Arrears Certificate when this action is deemed necessary in an effort to collect the tax arrears and avoid a tax sale.

**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. The Tax Collector may also utilize third party services including a Bailiff to recover tax arrears after the registration of a Tax Arrears Certificate when this action is deemed necessary in an effort to avoid the tax arrears and avoid a tax sale.



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**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 commence 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 on accounts where a tax arrears certificate has been registered. If full payment is made, the City will register a Cancellation Certificate (as defined by the *Municipal Act, 2001*).

If requested within the redemption period, the 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 15 days prior to any public notice regarding a pending Tax Sale of any properties.



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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 taxes levied, all tax arrears, 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.
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.

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The interest payable will be paid in accordance with s. 345(6) of the Municipal Act, 2001. Interest would begin to accrue 120 days after the date the decision is received by 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 owner of the land as shown on the tax roll on the date the adjustment is made.

#### F) Reporting Standards

The Tax Collector shall prepare a report for the Treasurer's and Council's information on an annual 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.

#### 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.

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**H) Methods of Payment**

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

**I) Payment Application**

Payments of property taxes shall be applied in accordance with Provincial legislation and City By-laws.

**ACCOUNTABILITY:**

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

**ADMINISTRATION:**

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

**CONTACT:**

Director, Revenue and Risk Management – (905) 874-2295  
 Manager, Taxation and Assessment – (905) 874-2201  
 Manager, Corporate Collections – (905) 874-2228