

THE CORPORATION OF THE TOWNSHIP OF SOUTH STORMONT

BY-LAW No. 2021-067

BEING a by-law to amend By-law No. 2017-046.

WHEREAS the *Municipal Act, 2001*, c. 25 s. 5 (1) provides that the powers of a municipal corporation are to be exercised by its council;

AND WHEREAS the *Municipal Act, 2001*, c. 25 s. 5 (3) provides that the powers of every council are to be exercised by by-law;

AND WHEREAS Council adopted policies for Billing and Collection of Property Taxes in the Township on November 22, 2006, October 10, 2012 and again on June 14, 2017;

AND WHEREAS Council of the Township of South Stormont deems it advisable to adopt a revised and current Billing and Collection Policy as a basis for decision making relating to tax collection procedures in the Township.

NOW THEREFORE Council of the Corporation of the Township of South Stormont enacts as follows:

1. That By-law No. 2017-046 is hereby amended as follows:
 - i. Schedule "A", Billing and Collection Policy" dated June 14, 2017, be deleted in its entirety;

and replace with:
 - ii. Schedule "A", being an updated Billing and Collection Policy, attached hereto and forming part of this by-law.
2. Any other by-laws inconsistent with this by-law are hereby repealed.

READ AND PASSED in open Council, signed and sealed this 8th day of September, 2021.



Mayor



Clerk



TOWNSHIP OF SOUTH STORMONT

Schedule "A" to By-Law No. 2021-067

Title: Billing and Collection Policy

Policy Category: Finance Department

Effective Date: November 22, 2006

Revision Date: October 12, 2012
June 14, 2017
September 8, 2021

Policy Statement

The Township of South Stormont collects taxes on behalf of the municipality, the United Counties of SDG and the school boards, and is responsible for the internal controls, authorizations and procedures ensuring the timely, accurate and efficient preparation and collection of property taxes.

Purpose

The guidelines contained in this policy serve to supplement the provincial legislation that governs this area, especially for situations where a choice is provided, allowing for Council's/Treasurer's discretion, and for issues when the legislation is silent. Legislation should be reviewed within the context of this policy; the *Municipal Act, S.O. 2001*, with particular attention to Parts VIII, IX, X and XI.

Scope

This document is to provide guidance to staff and to provide a basis for decision-making relating to Tax Billing and Tax Collection procedures for all taxpayers within the Township of South Stormont.

Definitions

"Cancellation Price" means an amount equal to all the tax arrears owing at any time in respect of the land together with all current real property taxes owing, interest and penalties thereon and all reasonable costs incurred by the municipality after the treasurer becomes entitled to register a tax arrears certificate under section 373 or 373.1 in proceeding under this Part or in contemplation of proceeding under this Part and may include,

- a) legal fees and disbursements
- b) the cost of preparing an extension agreement under section 378,
- c) the costs of preparing any survey required to register a document under this Part, and
- d) a reasonable allowance for costs that may be incurred subsequent to advertising under section 379

"Extension Agreement" is an agreement between the Township and the taxpayer (or party of interest) to extend the period of time in which the cancellation price is to expire. This agreement freezes the tax registration process.

"Interest" is the amount added to unpaid levies from prior years, in accordance with Section 345 of the Municipal Act, 2001.

"MPAC" means the Municipal Property Assessment Corporation responsible to assess each property and derive an "assessment value" used to determine the amount of property taxes.

"Penalties" are the amount added to unpaid levies from current year, in accordance with Section 345 of the Municipal Act, 2001.

"Property Taxes" means the total amount of taxes for municipal, county and school board purposes levied on a property and includes other amounts as may be added to the tax roll under applicable provincial legislation.

"Tax Arrears" means any portion of Property Taxes that remain unpaid after the date on which the taxes are due.

"Tax Arrears Certificate Registration and Tax Sale" is the process outlined in the Municipal Act, 2001, Part XI – Sale of Land for Tax Arrears where the Township follows a legislated process for dealing with the sale of land for tax arrears.

"Third party cheque" is defined as a cheque payable to another party other than the Township of South Stormont.

"Treasurer" is the person appointed by the municipality who is responsible for handling all the financial affairs of the municipality on behalf of and in the manner directed by Council. This title is interchangeable with Director of Finance or designate for the purposes of this policy.

Policy

General

1. This policy provides direction to staff in the Finance Department regarding the timely and efficient billing and collection of property tax levies.
2. The Township of South Stormont will follow a prescribed policy for the billing and collection of property tax levies. This policy will conform to current legislation and the Municipal Act, 2001. Where this policy contradicts legislation of the Province of Ontario or the Government of Canada, the legislation shall be followed.
3. This policy does not relate to the Township of South Stormont's Water and Wastewater billing. These utilities are covered under the Water and

Wastewater By-law. When and if outstanding water and wastewater balances are transferred to the tax roll, at that point this policy shall take effect for said balance.

4. This policy will provide an open, transparent and consistent framework for the billing and collection process. Municipal staff and Council shall reference this document when communicating with the public regarding property taxes.
5. As tax billing and collection is the primary source of revenue for the Township of South Stormont, this policy will help to:
 - a) Streamline activities and eliminate questions as to the appropriate steps required for collection;
 - b) Set out consistent guidelines to be followed regarding collection of property tax payments to the Township;
 - c) Establish a written policy outlining the procedures to be followed by staff in the Finance Department; and
6. Ensure all activities conform to the current legislation. Real property tax is levied on the assessment for real property within the Township of South Stormont in accordance with Section 307(1) of the Municipal Act, 2001

Billing, Payments and Delivery of Tax Bills

A levying by-law passed by Council is required in advance of either an interim or final tax billing.

Where allowed by legislation, and where available, provision of tax bills, arrears notices, and other related correspondence may be provided electronically.

As required by the *Municipal Act*, tax billings must be post-marked and mailed no later than 21 calendar days prior to the date of the first installment due date; however, when possible, a 30-day notice will be provided.

Installment due dates and the amounts due will be indicated on the payment stubs. Additional information regarding billing and payment methods may be on the face or reverse side of the tax bill.

Interim Billing

Interim tax billings shall be produced based on no more than 50% of the previous year's annualized taxes. The interim tax billing will not include local improvements or special charges; service area rates will be included in this calculation.

The interim tax billing will fully comply with the Standardized Tax Bill format as defined by legislation.

The specific due dates will be identified on the Interim Levy by-law for the Township.

Final Billing

Final tax billings are produced subsequent to the passing of the annual municipal budget and are based on the rates established by by-law from the budget requirements of the Township, the United Counties of Stormont Dundas and Glengarry and the Minister of Finance in relation to education. The final property tax billing will be calculated based on the phased-in assessed value for the current year as provided by the MPAC, the appropriate tax rate, all local improvement charges, service area rates, and any special charges levied.

The final tax billing will fully comply with the Standardized Tax Bill format as defined by legislation.

Due dates for the payment of final billing shall be dependent on the final approval of the budget by Council and the subsequent passing of the levying by-law.

Supplementary Tax Billing

Omissions - Section 33 of the Assessment Act allows for the taxation of real property that has been omitted from the returned assessment roll. This provision allows for taxation in the current year, plus an additional two preceding years. The applicable tax rates for the effective years will be applied.

Supplementary - Section 34 of the Assessment Act allows for the taxation of new assessment that has increased the value of the property since the return of the last revised assessment roll. These taxes apply only to the current taxation year.

Supplementary billings will be processed upon receipt of updated information from MPAC. Supplementary billings will not be processed until the completion of the final tax billing. The calculation of any supplementary billing(s) is based on the tax rate established by by-law for the time in which the billing represents for the Township, the Counties, and the Minister of Finance.

Supplementary tax billings will have two installment dates; the first at least 30 days after processing and the second due at least 90 days after processing. Installment due dates and the amounts will be indicated on the payment stubs.

Amount Owing Added to Tax Roll

Section 398 of the Municipal Act allows the municipality to place unpaid fees and charges owing to the municipality on to the property tax roll to which the services were provided regardless of who was in receipt of the said service.

The Township's Water and Wastewater billing and collection process is covered under a separate By-law and is not impacted by this Billing and Collection policy. However, in the case when outstanding water and wastewater balances are transferred to the actual tax roll, this policy will apply to those amounts that have been added.

Payments

Payments are payable to the Corporation of the Township of South Stormont, 2 Milles Roche Rd, Long Sault ON, K0C 1P0

The following payment methods are accepted for property taxes:

- a) Cash payments may be received in person (Monday to Friday between 8:30am and 4:30pm) at the reception desk of the Town Hall.
- b) Telephone or internet banking;
- c) Cheques may be delivered in person (Monday to Friday between 8:30am and 4:30 pm), dropped in the after-hours mailbox at the front of Town Hall, or mailed. The date of the payment must be no later than the installment date to avoid interest and penalties;
- d) Payments may be made at most Canadian financial institutions. The date of the tellers' stamp is considered to be the date of payment;
- e) The Township offers 3 options of PAP's;
 1. Taxpayers whose property tax account is not in arrears may pay current taxes through 10 monthly pre-authorized EFT's from January through October. Properties enrolled in this option are not subject to service and/or interest charges.
 2. Taxpayers whose property tax account is not in arrears may pay current taxes through pre-authorized EFT's on the due date. Properties enrolled in this option are not subject to any service and/or interest charges.
 3. Taxpayers whose property tax account is in arrears may pay taxes through 12 monthly pre-authorized EFT's in the amount directed by the property owners. Properties enrolled in this option are subject to penalty charges.Township staff may review from time-to-time other pre-authorized electronic payment plan options.
- f) Payments made by a mortgage company or financial institution on behalf of a taxpayer; and

Taxpayers are responsible for any fees and charges that may be imposed on payments.

Payment tendered in US funds, or other foreign currency, will be accepted based on the exchange rate established by the Townships bank on the day of the deposit.

Third party cheques will not be accepted unless the cheque has been issued from another government agency.

An individual who has had two payments returned within a 12-month period may have their PAP terminated or may be required to have personal cheques certified. This restriction will be in effect for a period of one year. If there is a recurrence, of two returned payments, enrollment in the pre-authorized payment plan will be

terminated indefinitely and cheques will no longer be accepted from the property owner, indefinitely, unless they are certified.

Credit balances resulting from an overpayment will be applied to installments not yet due. However, upon request, a refund cheque will be issued after sufficient time has passed (15 business days) for the payer's cheque to have cleared their financial institution. The minimum amount for a refund request to be processed will be \$25.

Where post-dated cheques are submitted to the township and the payer requests that the cheque not be processed, the township should be contacted at least three business days prior to the date of the cheque. If proper advance notice is not received, staff will attempt to retrieve the payment before it is processed and return same to the payer. However, in circumstances where retrieval of the payment is not completed prior to the deposit being forwarded to the financial institution, the payer will be encouraged to issue a stop payment on their cheque.

Collection – Payment Incentives

There are five basic incentives set out by legislation to promote timely payment of taxes as follows:

- Penalty / Interest
- Bailiff Action
- Collection Agency
- Attornment of Rent
- Tax Registration/Tax Sale

Penalty / Interest - The rate at which penalty and interest is charged is set by by-law and the Municipal Act, Section 345. This rate may be reviewed by the Township each year but cannot exceed the maximum percentage stated in the Municipal Act. Currently the percentage cannot exceed 1.25% per month.

Bailiff Action - Section 349 of the *Municipal Act*, provides that property taxes may be recovered, with costs, as a debt due to the township for the taxpayer originally assessed and from any subsequent owner of the assessed property or any part of it.

Collection Agency - Section 304 of the *Municipal Act* provides that if a municipality uses a collection agency to recover a debt under the *Collection Agency Act*, including taxes, the collection agency may recover its costs if the costs do not exceed the amount approved by the municipality. Further information regarding Collection Agency is provided within this policy.

Attornment of Rent - Under Section 350 of the *Municipal Act*, the township may seize the rents of an income producing property upon giving proper notice. It is a severe action and should only be initiated after adequate notice. Further information regarding Attornment of Rent is provided within this policy.

If rent attornment is chosen as a collection tool, the Treasurer will give written notice by registered mail to the tenant requiring the tenant to pay the rent, normally paid to the landlord, to the Township of South Stormont as it becomes due, until the amount of taxes due and any unpaid costs are paid in full. This option may be utilized at the discretion of the Treasurer. The tenant is required under section 350(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 cost; but by collecting the rent the Township 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

Tax Arrears Certificate Registration/Tax Sale - In accordance with the *Municipal Act*, properties that are in arrears for two years or more are eligible for Tax Arrears Certificate Registration.

The Townships Solicitor or a contracted tax registration firm may be used to process all required statutory notices and declarations.

The property owner or interested party has one year from the date of registration to pay the cancellation price in full. Once the Tax Arrears Certificate has been registered, partial payments cannot be accepted unless there is an Extension Agreement in place. All correspondence regarding the account will be directly with the Treasurer or the Township's appointed firm. Payment of the Cancellation Price will include all and any fees incurred by the Municipality during the collection process.

For the purpose of administering the Municipal Tax Sales procedures, Council authorizes the Director of Finance to enter into extension agreements in accordance with the Municipal Act, S.O. 2001, c.25 and O. Reg.181/03 Municipal Tax Sales Rules, as amended by Ontario Regulation 571/17.

If there is a breach of this extension agreement, the tax sale process continues from the point in time at which the Extension Agreement was agreed upon.

Prior to the registration of a Tax Arrears Certificate, property owners with tax arrears are encouraged to enter into payment arrangements with the Township for up to a maximum of 24 months or another mutually agreeable term. Payment arrangements must include all tax arrears, current taxes, accruing estimates of future taxes, interest/penalty and be sufficient to ensure payment in full is realized by the end of the agreement term.

A default of the payment arrangement may result in the registration of a Tax Arrears Certificate on title.

Outstanding Taxes General Procedure

Additional Collection Tools - The following additional tools are available to assist in the collection of realty taxes:

- Tax arrears notices
- Personalized letters
- Telephone follow-up
- Interviews
- Title Searches – Interested Party Notification

All costs incurred for collection to obtain information and/or collect tax arrears are payable by the property owner and added to the tax account, Section 349(1) of the *Municipal Act*. These costs may include, but are not limited to:

- All title search fees,
- All corporate search fees,
- Registered mail,
- Administration charges, and
- All site visits.

Any tax arrears at the time of either the interim or final tax billing are included in the tax notice. Late payment charges are charged according to municipal By-Law.

Review of all past due accounts will be done on a monthly basis. An updated Arrears Report will be generated at least three times per year.

Section 347(1) of the *Municipal Act*, 2001 outlines how payments are applied to outstanding balances:

- (i) The payment shall first be applied against late payment charges (penalty and interest) owing in respect of those taxes according to the length of time the charges have been owing, with the charges imposed earlier being discharged before charges imposed later (i.e., longest outstanding penalty and interest/late payment charges are discharged first).
- (ii) After all outstanding late payment charges are discharged the payments shall be applied against taxes owing according to the length of time they have been owing, with taxes imposed earlier being discharged before taxes imposed later.

Tax arrears notices - The municipality will endeavor to send out tax arrears notices after each tax installment due date in an effort to collect unpaid taxes on property tax accounts. These notices will be mailed a minimum of 1 week after the tax installment due date to allow for payments to be processed. Property tax accounts

with arrears owing less than \$5.00 will not be mailed. Any administrative costs associated with preparing the arrears notices are subject to the municipality's fees and charges by-law and the additional charge will be applied to the property tax roll.

Any notices sent by ordinary mail is considered delivered to and received by the addressee unless an error in the mailing address is proven. Failure to notify the municipality of an address change in writing does not constitute an error. Section 343 of the *Municipal Act* states that tax bills shall be sent to the taxpayer's residence or place of business or to the premises where the taxes are payable for, unless the taxpayer directs the municipality otherwise. The direction for the delivery of tax bills continues until it is revoked in writing by the property owner or their representative. It is the taxpayer's responsibility to provide the Township with the correct mailing address.

In addition to the tax arrears notices, form or personalized collection letters are sent out in the fourth quarter to all property owners with outstanding balances nearing two years in arrears. The letter will request payment or response by a specific date.

Satisfactory payment arrangements could be;

- a series of post-dated cheques
- a commitment to make payments on prearranged dates via preauthorized electronic payments, telephone/internet banking or in person.

If no reply is received in the timeline indicated in the collection letter:

- A report will be compiled by the Treasurer or designate which will include recommendations on which accounts to be forwarded for collection outlined in this policy as well as a listing of accounts which have made payment arrangements and/or commitments.
- Any accounts included in the above report which, have made payment arrangements and/or commitments and default on these arrangements will be monitored by the Treasurer and will be sent to collection to proceed with the process of registration of a tax arrears certificate and eventually tax sale of the property as per the provisions of the *Municipal Act*, Part XI.

If a response is received and payments and/or payments plans are deemed acceptable, the Finance Department will monitor these accounts on a regular basis.

If an application is made to divide land that is assessed as one block into two or more parcels, and if each parcel can be legally conveyed under the Planning Act, the application shall not proceed unless the tax account is current.

Other collection methods may be utilized as outlined in the *Municipal Act*, 2001.

Minimum Balance Write-off

In some circumstances there remains a balance owing on a ratepayer's account after a payment is received. This is often as a result of interest being added to the account after a payment amount was verified and the cheque received shortly thereafter. When the remaining amount is small enough that the additional costs of collection would not be deemed worthwhile, it may be expedient to write off this amount. The township authorizes the Treasurer to approve such write-offs for outstanding amounts less than \$50.00.

Late Payment Charge Adjustments

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,
- Taxes are adjusted under Minutes of Settlement or notification of any assessment adjustment from MPAC.
- The interest and/or penalty was charged as a result of the Township's error and/or omission. It shall be at the discretion of the Treasurer to decide whether or not the interest and/or penalty amount should be adjusted in such cases.

Contact

For more information on this policy, contact:

Financial Services
Township of South Stormont
P.O. Box 84, 2 Mille Roches Road
Long Sault, ON K0C 1P0
Phone: 613-534-8889
Fax: 613-534-2280
Email: accountsreceivable@southstormont.ca