
POLICY TITLE:	Property Tax Billing and Collection Policy
POLICY #:	PLCY-2024-XXX
CATEGORY:	Finance
AUTHORITY:	Municipal Act
POLICY APPROVED BY:	Council
EFFECTIVE DATE:	October 7 th . 2024
APPLICABLE TO:	All Staff

1.0 Purpose

This Policy provides staff with detailed guidance on the procedures for billing and collecting property taxes. It is designed to be implemented in compliance with the applicable legislation. In the event of any discrepancies between this Policy and the governing legislation, the provisions of the governing legislation shall take precedence.

2.0 Scope

This document serves as a guide for staff and establishes a foundation for decision-making regarding tax billing and collection procedures for all taxpayers within the Town. It is intended to be implemented in full compliance with applicable legislation.

Specifically, this policy aligns with the Municipal Act, including Parts VII, IX, X, and XI, relevant Ontario Regulations under the Municipal Act, the Planning Act, the Assessment Act, and all applicable Town by-laws, as amended.

3.0 Definitions

“Cancellation Price” – means an amount equal to all the tax arrears owing at any time in respect of land together with all current real property taxes owing, interest and penalties thereon and all reasonable costs incurred by the Town after the Treasurer becomes entitled to register a tax arrears certificate.

“Extension Agreement” – is a contract between the Town and the registered owner of the property to obtain information for collection purposes and collect tax arrears including, but not limited to, title search fees, corporate search fees, registered mail, administrative charges, legal costs, and tax sale costs.

“Municipal Tax Sale” – is the sale of land for tax arrears according to proceedings prescribed by the Act and Ontario Regulation 181/03.

“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 as may be permitted by this policy and/or any applicable Provincial legislation.

“Tax Arrears” – means any portion of property taxes that remain unpaid after the date on which they are due.

“Treasurer” – is the person appointed by the Town who is responsible for handling all the financial affairs of the Town on behalf of and in the manner directed by Council.

4.0 Tax Billing

- 4.1 A levying by-law passed by Council is required in advance of either an Interim or Final Tax billing.
- 4.2 Issued billings are to meet all requirements of Section 343 of the Municipal Act. The Treasurer shall send a tax bill to every taxpayer at least 21 days before any taxes shown on the tax bill are due. More specifically, Section 343(6) of the Municipal Act identifies that tax bills shall be sent to the taxpayer’s residence or place of business or to the premises where the taxes are payable, unless the taxpayer directs the Town otherwise in writing. The direction for the delivery of tax bills and/or any other applicable notices continues until it is revoked in writing by the taxpayer (343(8)).
- 4.3 Interim tax billings shall be produced based on 50% of the annualized taxes of the property for the previous calendar year. Under section 317(5), and under the direction by council, the interim taxes levies may reflect added assessment to the tax roll for the current year that was not on the assessment roll upon which the amounts are levied. The tax billing may include local improvement charges, area charges, business improvement area charges and any special charges levied by the municipality or provincial government. Outstanding charges authorized by legislation may be added to the interim billing at one hundred percent.

- 4.4 Final tax billings are produced after the adoption of the annual town budget and are based on tax rates established by by-law from the budget requirements of the Town of Halton Hills, Region of Halton, and the Minister of Finance in relation to Education. The tax bill will be based on the phased-in assessment value for the current year as provided to the Town by the Municipal Property Assessment Corporation (MPAC). The tax billing may include local improvement charges, area charges, business improvement area charges and any special charges levied by the municipality or provincial government. Outstanding charges authorized by legislation may be added to the final billing at one hundred percent

5.0 Important Dates

- 5.1 The exact due dates will be specified in the Interim and Final levy by-laws for the Town.

6.0 Supplementary and Omitted Assessments

- 6.1 Supplementary tax bills are issued and mailed in the same manner as the Interim and Final tax bills with the exception of a separate levy where a by-law is not required. The number of installments and due dates of the supplementary bills will be determined by the Treasurer. Penalties and interest charges will be assessed on supplementary taxes that are owing past their due date.
- 6.2 There are two sections of The Assessment Act that allow for taxation of rateable property not included in the annual revised assessment roll. They deal with omissions and additions to the roll.
- 6.3 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 last two preceding years.
- 6.4 Supplementary – Section 34 of the Assessment Act allows for the 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.

7.0 Severances

- 7.1 Property owners may apply for severances of their properties under the authority of The Planning Act. If granted by the Planning Department, the assessment values must be split between all the parcels of land. As part of their legislated services, MPAC divides the assessment information.

- 7.2 Under the authority of The Municipal Act, 2001 - Section 356, the Treasurer may divide the assessment roll into the parcels being severed and direct the property taxes accordingly.
- 7.3 As severed portions of the land are often sold, the Municipality will not recalculate the property taxes for a part year. It is understood that the seller's and buyer's lawyers would address who owes what as part of the property sale process.
- 7.4 Consolidations are processed by MPAC at the written request of the property owner, as a result of an inquiry from municipal staff where anomalies are found through routine or if MPAC determines in their review it meets the criteria for consolidation.

8.0 Payments

- 8.1 All tax payments will be processed in accordance with Section 347 of the Municipal Act. More specifically, when applicable, the payment shall first be applied against late payment charges (penalty/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. Then the payment shall then be applied against the taxes according to the length of time they have been owing, with the taxes imposed earlier being discharged before the taxes imposed later.
- 8.2 Payments will be in the form of cash, cheques, debit, money orders, bank drafts, preauthorized payment plans, electronic and telephone banking payments made payable to the Corporation of the Town of Halton Hills. All payments from a recognized Canadian financial institution shall be applied to individual tax accounts in accordance with the provisions contained in the Municipal Act. Taxpayers are responsible for any fees and charges that may be imposed when making payments through a source outside the Town.
- 8.3 Payments from financial institutions through telephone or electronic banking are processed by the Town on the day they are received by the Town. This is typically three to five business days later than the day individuals make payments.

Payments must be received by the Town by the due date to avoid penalty.

- 8.4 Cheques that are post-dated will be accepted and held by the Town until the date indicated on the cheque. If the taxpayer does not want the post-dated cheque processed, they must notify the Town, in writing, at least 5 business days prior to the date indicated on the cheque. If proper advance notice is not received, staff will attempt to retrieve the payment before processing. In the circumstance of a failed attempt to retrieve the cheque before processing, the taxpayer will be encouraged to issue a stop payment on their cheque, however, applicable return cheque fees will apply.
- 8.5 Payments in U.S. funds that are negotiable in Canada are accepted. Once deposited, payments made in U.S. funds will be applied to the appropriate tax account based on the exchange rate received by the Town's financial institution.
- 8.6 In addition to electronic methods to remit payments for taxes, payments will be accepted at the Town Hall service counter during regular business hours, the Town Hall drop box after hours or via mail to:

Town of Halton Hills
1 Halton Hills Drive
Halton Hills, ON L7G 5G2

9.0 Pre-authorized Payment Plans

- 9.1 Taxpayers whose tax account is not in arrears are eligible to pay current taxes through either a monthly pre-authorized electronic payment from January to October or pre-authorized electronic payments on the tax instalment dates.
- 9.2 Monthly and Instalment pre-authorized payments for current year taxes are not subject to any late payment charges for the non-payment of taxes on due dates.
- 9.3 Monthly pre-authorized payments are processed on the last business day of each month with the scheduled date on the property tax notices.
- 9.4 Instalment pre-authorized payments are processed on the scheduled due dates indicated on the property tax notices.
- 9.5 If a pre-authorized payment is returned by the bank on a property tax account, a letter will be sent to the property owner advising them of the returned payment and applicable fee as set out in the current user fee by-law. Owners are required to pay the outstanding amount within 30 days.

- 9.6 If a second pre-authorized payment within a calendar year is returned by the bank on a property tax account, enrolment in the pre-authorized payment plan will be terminated immediately with a letter being sent to the property owner advising of the returned payment, applicable fee and suspension of the pre-authorized payment plan for a 12-month period. The property owner may re-apply after a period of 1 year if all eligibility criteria are met. If there is a reoccurrence of 2 pre-authorized payments returned thereafter, enrolment in the pre-authorized payment plan will be terminated indefinitely.
- 9.7 Taxpayers who are eligible to signup for the pre-authorized payment plan can do so by downloading the application from the Town's website, by visiting Town Hall during the hours of operation or by emailing the tax department (taxdepartment@haltonhills.ca). Please allow a minimum of 15 business days for processing lead time.
- 9.8 Changes or removal requests must be received in writing at least 15 business days prior to the withdrawal date. Failure to remit notice within 15 days does not guarantee the request will be processed before the withdrawal date. Payments returned as a result will be subject to applicable fees as set out in the current user fee by-law.

10.0 Pre-Authorized Payment Plan – Arrears

- 10.1 Taxpayers whose property tax account is in arrears are eligible to pay taxes through a monthly pre-authorized electronic payment from January through to December.
- 10.2 Monthly pre-authorized payments for tax arrears are subject to late payment charges and interest.
- 10.3 Monthly pre-authorized payments for tax arrears are processed on the last business day of each month.
- 10.4 Under the pre-authorized payment plan – arrears, all approved taxpayers agree to pay the required amount that is necessary for their tax account to be current within a 24-month period.
- 10.5 If any two pre-authorized payments on a property tax account are returned by the bank, the property owner will receive a letter notifying them of the returned payments and any applicable fees in accordance with the current user fee by-law. Additionally, the taxpayer will be removed from the arrears payment plan and may become subject to tax sale proceedings.

- 10.6 Taxpayers who are in tax arrears shall contact the tax department directly to sign up arrears pre-authorized payment plans.
- 10.7 Changes or removal requests must be received in writing at least 15 business days prior to the withdrawal date. Failure to remit notice within 15 days does not guarantee the request will be processed before the withdrawal date. Payments returned as a result will be subject to applicable fees as set out in the current user fee by-law.

11.0 Penalty and Interest for Non-Payment

- 11.1 The maximum rate for penalty and interest on unpaid taxes under Section 345 of the Municipal Act, 2001, is 1.25 percent per month. The Town adheres to this legislation, as established by Town by-law.
- 11.2 The purpose of penalty and interest is to encourage timely payment of taxes and to serve as a revenue source for the Town to recover lost earnings on funds remitted to other tax authorities. The Town is required to make these payments regardless of whether the taxpayer has paid their taxes.

12.0 Late Payment Charge Adjustments

- 12.1 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 (ARB) decision.
 - Taxes are adjusted in accordance with a decision of the courts.
 - In the event penalty or interest or both is charged as a result of the Town's error or omission, it shall be at the discretion of the Treasurer to decide whether or not the penalty or interest amount should be adjusted.
 - In the event of a transfer of ownership on a property, where a tax billing due date occurred between the date of transfer and billing date, penalty may be adjusted upon request. Penalty and interest for amounts due prior to transfer of ownership are not eligible for adjustment.

- 12.2 Penalty and interest will not be adjusted if a taxpayer claims they did not receive a tax bill or if it was sent to the wrong address. Section 343 of the Municipal Act stipulates that tax bills must be sent to the taxpayer's residence, place of business, or the premises for which the taxes are payable, unless the taxpayer provides written instructions to the Town otherwise. This direction for the delivery of tax bills and any other applicable notices remains in effect until revoked in writing by the taxpayer (343(8)). Therefore, it is the taxpayer's responsibility to notify the Town in writing of any changes or updates to their property address. A change of address form is available to all taxpayers by contacting the tax department or visiting the Town's website.

13.0 Refunds

- 13.1 Overpayments on a tax account will not be refunded automatically. Any excess funds will be credited to subsequent instalments due within the current year. However, upon written request from the taxpayer, a refund cheque can be issued after allowing 15 business days for the original payment to clear the taxpayer's financial institution. Refund requests will only be processed for amounts of \$50 or more, unless the overpayment exceeds the value of the next tax instalment.
- 13.2 Refund requests will be processed on the accounts for the amount requested net of any amount due on the tax roll to the Town.

14.0 Tax Collection

- 14.1 There are five basic incentives set out by legislation to promote timely payment of taxes as follows; Penalty/interest, bailiff action, collection agency, rent attornment and tax registration/tax sale.
- 14.2 Penalty and interest for non-payment of taxes is defined within this policy
- 14.3 Bailiff action - Section 349 of the Municipal Act, provides that taxes may be recovered with costs as a debt due to the Town from the taxpayer originally assessed for them and from any subsequent owner of the assessed land or any part of it.
- 14.4 Rent attornment - Section 350 of the Municipal Act provides that where taxes are owed in respect of any land occupied by a tenant, 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 has been provided.

- 14.5 Tax registration and Tax sale - Property taxes (including any part thereof) that are in arrears for 2 years or more are eligible for tax registration under Part XI of the Municipal Act. The Town will endeavour to work with the taxpayers by encouraging the taxpayer to either make full payment or enter into a mutually agreed upon payment plan prior to registering a tax lien on title to the property and initiating the tax sale process.

15.0 Amount Owing Added to Tax Roll

- 15.1 Section 398 of the Municipal Act allows the Town to place unpaid fees and charges owing to the Town on to the property tax roll to which the services were provided regardless of who was in receipt of the said service.
- 15.2 Amounts may be added to the Tax Roll to be collected in the same manner as taxes per their specific legislative authority. When this occurs, a notice will be sent to the property owner informing the amount due and applicable interest should it apply.

16.0 Additional Tax Collection Tools

- 16.1 Tax arrears notices - The Town will send out tax arrears notices each month in cases where property taxes were not paid on time. Property tax accounts with arrears less than \$35.00 will not be mailed notices. Any administrative costs associated with preparing the arrears notices are subject to the Town's user fees by-law. Additional charges will be applied to the property tax roll at the time they are generated by the tax software program.
- 16.2 If the Town does not receive a response from the taxpayer or if sufficient payment arrangements, such as enrolment in the arrears pre-authorized payment plan, are not made following the issuance of arrears notices, additional collection efforts may be initiated at the Treasurer's discretion. Should the Town be unable to secure payment of the tax arrears or obtain a signed Arrears Pre-Authorized Payment Agreement, municipal tax sale proceedings will commence with the registration of a tax arrears certificate against the property.

17.0 Tax Sale Proceedings

- 17.1 Each year, the Town reviews its property tax aged ledger summary to identify individual accounts that are two or more years in arrears. If payment arrangements are not made to fully repay all outstanding interest, penalties, and tax arrears, properties meeting the legislated criteria will be subject to the municipal tax sale process.
- 17.2 The Town utilizes a municipal tax sale consultant to assist in the administration of the tax sale process.
- 17.3 Once a property is registered and tax sale proceedings have begun, payment of taxes owing is required in full. The taxpayer has one year from the time the tax arrears certificate is registered to pay the cancellation price to the Town or enter into an extension agreement, otherwise the property is subject to public tax sale as per Part XI of the Municipal Act.
- 17.4 The Municipal Act provides that the property may be sold by sealed tender, or public auction. Tenders are opened in a public forum, recorded as received, and then reviewed to ensure completeness of the tenders submitted.
- 17.5 A Town council may place a bid or tender on a property, by resolution, but there must be a public purpose for the property
- 17.6 The highest tender, or the two highest tenders if multiple bids are received, will be retained. The minimum acceptable bid is the cancellation price, and each tender must include a certified deposit of at least 20% of the bid amount. The highest bidder will be notified and requested to pay the remaining balance of the bid amount, applicable land transfer tax, and any accumulated taxes up to date. All costs associated with the tax sale will be added to the individual property tax account balance.
- 17.7 Payment must be received from the highest bidder within 14 days of the date the notice of being the highest bidder is mailed by the Treasurer. Upon receipt of the payment, the Treasurer will issue a receipt and declare the highest bidder as the successful purchaser. If payment is not received within the 14-day period, the deposit will be forfeited. A notice will then be sent to the second highest bidder, and the process will repeat.

17.8 The proceeds from a sale conducted under Section 379 of the Municipal Act will be distributed as follows:

- (a) Firstly, to pay the cancellation price owing to the Town by the property owner;
- (b) Secondly, to pay any individuals, other than the owner, with a legal interest in the land, according to their priority;
- (c) Thirdly, to the individual who was the owner of the land immediately before the registration of the tax deed.

The distribution of surplus funds is determined by the Superior Court. It is the responsibility of interested parties to make applications for the distribution of these funds; the Town of Halton Hills does not submit such applications on their behalf.

17.9 Vesting - If there is no successful purchaser, Council may consider vesting the property. Council has up to two years from the date of the public sale to decide on whether to vest the property. Under the Municipal Act, the property may be inspected, including undergoing an environmental assessment. During this period, the Council may choose to re-advertise for another tender or auction, with or without writing off the tax arrears.

17.10 If Council decides not to vest the property, they may opt to write off the taxes and issue a tax cancellation certificate. Alternatively, Council may write off all or part of the taxes to re-register the tax arrears and initiate the tax sale process from the beginning. Should Council choose to vest the property, the tax arrears will be written off, and the property may be declared surplus to municipal needs and advertised for sale following Council's approval of the declaration.

17.11 Should a property fail to sell at a Tax Sale, the Treasurer may use their authority to write down the cancellation price of the subject property and readvertise at a future tax sale.

18.0 Minimum Balance Write-off

18.1 Where there is a balance owing on a taxpayers account after payment is received, and the amount is less than \$5.00, the Treasurer can write off this balance.

19.0 Municipal Property Assessment Corporation (MPAC) Adjustments

- 19.1 Request for reconsideration - A property owner may be eligible to have their property reassessed. This process is to be completed online through the MPAC website (<https://www.mpac.ca/en/MakingChangesUpdates>).
- 19.2 Section 357/358/359 application - A property owner may be eligible to have their property assessment adjusted by MPAC if any one or more reasons apply under Section 357, 358 and 359 of the Municipal Act. The current owner may revert up to three years back if applicable, and if approved under the delegated authority to the Treasurer by Council. Applications can be obtained from the tax department.
- 19.3 Direction of School Board Support - If a change is required, the property owner or tenant will be asked to complete an Application for Direction of School Support form. The form can be obtained from the local school board office or MPAC. As required by section 16(3) of the Assessment Act, changes to school support designation must be made in writing.
- 19.4 School Support forms are to be submitted directly to the applicable school board office or to MPAC. The Town is not required to submit these on behalf of members of the public to applicable school board offices or MPAC.

20.0 Responsibilities of Employees and Administration

- 20.1 Employees of the Town will adhere to the policy to ensure equitable and consistent treatment to all taxpayers. It is the responsibility of administration to report to Council where volumes of tax arrears have significantly varied year over year.

21.0 Other Legislation

- 21.1 Should there be any incongruences between the policy and the governing legislation, the provisions of the governing legislation will prevail.

22.0 Review and Revision

- 22.0 This policy shall be reviewed by Council when required.