

THE CORPORATION OF THE TOWNSHIP OF BONFIELD

BY-LAW NO. 2024-66

BEING A BY-LAW TO ADOPT A TAX BILLING AND COLLECTIONS POLICY
(TAX POLICY)


WHEREAS the Municipal Act, 2001 as amended sets out the governing legislation for tax billing and collection under Parts VIII for Municipal Taxation, Part IX for limitation on Taxes for Certain Property Classes, X for Tax Collection, XI for Sale of Land for Tax Arrears and XIV for Enforcement;

AND WHEREAS a tax policy provides guidance to Council, Staff and ratepayers relating to tax billing and tax collection procedures.

NOW THEREFORE the Council of the Corporation of the Township of Bonfield **ENACTS AS FOLLOWS:**

1. THAT the Council for the Township of Bonfield hereby adopts the Tax Policy attached hereto as Schedule A to this by-law and forming part of this by-law.
2. THAT this by-law shall come into force and take effect January 1, 2025.

READ A FIRST, SECOND, THIRD TIME AND FINALLY PASSED THIS 10th DAY OF DECEMBER, 2024.


MAYOR


CLERK



Corporate Policy & Procedure

Effective Date: January 1, 2025

**Township of Bonfield Tax Policy
SCHEDULE "A" TO BYLAW 2024-66**

1. Purpose

The Township of Bonfield (the “Township”) collects taxes on behalf of the Township and the local school boards and is responsible for ensuring all overdue Property Taxes are collected in a timely and systematic manner.

The purpose of this policy is to establish the responsibilities, internal controls, authorizations, and procedures ensuring the timely, accurate and efficient preparation and collection of property taxes.

2. Scope

This policy covers all aspects of billing and collection of overdue Property Taxes, up to and including the initiation of Municipal Tax Sale proceedings. All procedures related to Municipal Tax Sale are carried out in accordance with the authority from Section 286 of the Municipal Act, 2001, which states that the Treasurer is responsible for invoicing, collection, and reconciliation of all amounts payable to the Township.

3. Legislative Authority

This policy is written in compliance with the Municipal Act, 2001, (the Act), related Ontario Regulations made under the Act and applicable Municipal by-laws, as amended from time to time. Where this policy contradicts legislation of the Province of Ontario or the Government of Canada, the legislation shall be followed.

4. Definitions

For the purposes of this policy:

Cancellation Price: an amount owing equal to all Tax Arrears, together with all current taxes owing, Penalties and Interest and cost incurred by the Township after the registration of a Tax Arrears Certificate under Section 373 of the Act.

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.

Extension Agreement: a contract between the Township and the owner, spouse of the owner, a mortgagee, 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.

MPAC: Municipal Property Assessment Corporation

Municipal Tax Sale: the sale of land for Tax Arrears according to proceedings prescribed by the Act and Ontario Regulation 181/03.

Penalties and Interest: amounts applied by the Municipality to unpaid Property Tax accounts, in accordance with Section 345 of the Act and applicable Township by-laws.

Property Taxes: the total amount of taxes for municipal and school purposes levied on a property.

Property Taxes may include other amounts added to the tax roll as may be permitted by applicable Provincial legislation, including but not limited to outstanding fines under the Provincial Offences Act; outstanding penalties under the Administrative Monetary Penalty system; charges pursuant to the Property Standards By-law with authority provided by the Building Code Act; and fees and charges related and authorized by Township By-laws.

Tax Arrears: any portion of Property Taxes that remain unpaid after the date on which they are due.

Tax Arrears Certificate: 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 municipality within one year of the registration of the certificate.

5. Accountability

The Treasurer, and Finance Department are responsible to ensure that outstanding Property Tax collection processes are performed in accordance with this policy and all applicable legislation.

In addition, the Treasurer, or delegate, is responsible to:

- Ensure this policy remains consistent with current legislation.
- Ensure applicable staff are aware of this policy and trained accordingly.
- Communicate any policy revisions to applicable staff; and
- Assess overdue Property Tax accounts to ensure tax collection processes are performed in accordance with this policy.

6. Policy

Billing, Payments, and Delivery of Tax Bills

Property tax bills will contain all required information as stated in the Municipal Act, and any other information deemed necessary. Where allowed by legislation, and where available, provision of tax bills, arrears notices, and other related correspondence may be provided electronically.

The Township will strive to provide taxpayers with more than the minimum notice requirements of 21 calendar days as set out in the Municipal Act.

It is the taxpayer's responsibility to notify the Township in writing of any mailing address changes. Section 343(6) of the Municipal Act, 2001, identifies that property tax bills shall be sent to the taxpayer's last known residence or place of business or to the premises where the taxes are payable, unless the taxpayer directs otherwise. This direction continues until it is revoked in writing.

Any tax bill, arrears notices, or other related correspondence sent by ordinary mail, is considered delivered to and received by the addressee within five (5) business days unless the notice is returned by the Post Office.

Failure to receive a tax bill does not exempt a taxpayer from paying the taxes, penalties and interest added as a result of late payment.

Billing – Interim

As provided in the Municipal Act, each property owner, identified on the returned assessment roll, shall be mailed an interim tax bill. The interim bill shall represent up to fifty percent (50%) of the previous year's taxes billed. This interim bill shall be mailed by the end of February. The due date will be the last business day of March.

Participants in the monthly pre-authorized payment program will receive a notice in December advising them of their new monthly payment withdrawal for the upcoming year.

Billing – Final

After completion of the annual budgetary process, and the setting of tax ratios and rates, a final bill shall be mailed to each property owner identified on the returned assessment roll at the address indicated on file. The final tax bill shall be levied taxes for the year less the interim bill. This final bill will be mailed by the end of July. The due date will be the last business day of September.

All participants in any pre-authorized payment program will receive a tax bill with a note on the bill that they are a participant in a pre-authorized payment plan and that the bill is for

information purposes only. A letter indicating the revised amount for their monthly payment withdrawal from their account will be included.

Supplementary

After receiving notification from the Municipal Property Assessment Corporation (MPAC), tax bills shall be calculated, printed, and mailed to each property owner identified on the supplementary/omitted assessment notification listing from MPAC.

Participants in the monthly pre-authorized payment program will receive a note advising that they must pay the supplementary bill over and above their current monthly payment plan or contact the Township in writing to amend their pre-authorized amount to include this billing prior to the end of the calendar year. Note that the supplementary bill may be processed closer to the end of the year and there may not be sufficient time to accommodate a monthly payment plan.

Mortgage Company

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 has provided the Township with notification that they hold an interest in a particular property.

Property Tax bills and notices are mailed to the address of the property as shown on the tax roll unless the taxpayer advises the Township, in writing, of an alternate mailing address. Use of the alternate mailing address continues until it is revoked in writing or ownership of the property changes.

Payments

Payment of taxes must be received in the Township's administrative office on or before the due date. The following are the modes of payment that are available:

- a) In person, at the counter or drop box at the Township office
 - i. Cash, cheque, or credit card (1.5% surcharge)
 - ii. Post-dated cheque(s)
- b) Municipal Pre-authorized Payment Plan
- c) Telephone, E-Transfer or Internet Banking – using the nineteen-digit roll number as the account number.
- d) Credit Card on the Municipal Website (2.5% surcharge)
- e) Payment through a mortgage holder.

Note that payments made by telephone or internet banking may not be received by the Township for at least three (3) business days. Payment made using these methods should incorporate sufficient time in advance of the due date.

Receipts will be provided for all cash or in-person payments and upon request by the registered owner for all other methods of payment, a fee may apply. To registered owners whose payments are made on their behalf by a mortgage company, the receipted tax billing will be sent to the registered owner only upon request.

The reissuing of receipts will have a fee as per the Corporate Administration User Fee Bylaw.

Credit card payments will have a surcharge applied as stated above based on a percentage of the total amount being paid. The percentage is set for 2024 and may be amended to recover costs as the Township incurs additional fees from third party vendors without needing to amend this bylaw.

In accordance with the Section 347 of the Municipal Act, 2001, payments shall be applied as follows:

- 1) First to the oldest and all penalty and interest,
- 2) Then to the taxes starting with the oldest taxes up to the current,
- 3) Then to other charges added to the roll.

Pre-Authorized Payment Plan

To assist property owners who prefer to equalize their annual tax payments, the following pre-authorized payment plans are offered:

- a) Monthly – provides for a withdrawal from the property owner’s bank account to the Township’s bank account on either of two dates being, on the 15th day of each month or the last business day of each month, an amount sufficient to ensure that all taxes billed are paid within the current year. Property owners are eligible if their account is paid up to their chosen date of enrolment. If balances remain on the applicable tax account penalty and interest does not apply. If a property owner’s payment fails to clear the bank two (2) consecutive times, the Township reserves the right to terminate the plan. Penalties and interest will apply from that point forward.

The dollar amount to be withdrawn from the participants account shall be recalculated twice a year:

- 1) Once in December, calculating a monthly amount based on the previous year’s taxes plus a 3% increase, averaged over eleven payments, to take effect on January 31st of the year.
 - 2) After the calculation of the final tax bill. In both cases the property owner shall receive a notification as to the dollar amount change. This calculation would be the current year’s taxes, less what has been paid, divided by the remaining months (or withdrawals) in the year.
- b) Instalment – provides for a withdrawal from the property owner’s bank account to the Township’s bank account, on the due date an amount sufficient to ensure that all taxes due and payable on the said date are paid in full. Property owners are eligible if their account is paid up to their chosen enrolment date. If a property owner’s payment fails to clear the bank two (2) consecutive times, the applicant relinquishes their right to participate in the program. Penalties and interest will be applied to all amounts past due.

To participate in any of the Pre-authorized Payment Plans, applicants must submit an application in writing on the Township’s prescribed form and submit it twenty (20) calendar days prior to the payment withdrawal date.

Participants in the program wishing to make changes to their application (for example – banking information), or cancel their participation in the program, must do so in writing within twenty (20) calendar days prior to the payment withdrawal date.

Note that pre-authorized payment plans are an alternative payment plan of the tax bills that are issued with posted due dates, offered as a courtesy. Failure to keep the arrangement in good standing will result in the cancellation of this courtesy.

Late Payments and Charges/Penalties and Interest

Payments not clearing the payer’s bank will result in the payment being removed from the applicable tax account and an administration fee, as indicated in the Township’s User Fee By-law, being added to the applicable account.

The payer shall be advised of the returned payment, administrative fee, and the current balance due and owing on their account.

All Tax Arrears are also subject to Penalties and Interest. In accordance with Section 345 of the Municipal Act, 2001, and the Township’s by-laws, penalty and interest shall be charged at a rate of 1.25% per month on any tax arrears that remain outstanding on the first calendar day of each month. The penalty run is generated in the first three (3) business days of the month, to allow for processing of all payments received.

Penalties and interest charges cannot be waived.

Tax Arrears Collection

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 subsequent owner of the property.

The Township will primarily use the following methods to collect Tax Arrears:

- Verbal communication.
- Email communication (where email address is provided).
- Issue Year End Statements of Taxes, Overdue Notices and Final Notices,
- Send the taxpayer a form or personalized letter(s).
- Arrange terms of payment.
- Issue notice to interested parties.
- Legal action; and
- Tax sale.

Collection Steps

To remind property owners that their tax account is not in good standing, reminder notices shall be sent to each property owner whose account is over ten dollars (\$10.00) in arrears. Overdue notices shall be forwarded to the property owner by the fifteenth day of the following months: January, April, and September. Overdue Notices will not be sent to taxpayers with overdue amounts less than ten dollars (\$10.00).

Payment Arrangements

Payment arrangements may be entered into with a property owner who is in tax arrears prior to the registration of a Tax Arrears Certificate. Payment arrangements must include all tax arrears, current taxes, accruing estimates of future taxes, penalties, and interest, and be sufficient to ensure payment in full is realized within a specific period of time. Penalties and Interest will continue to accrue during all such payment arrangements until full payment on the account has been made. Pre-authorized payments are the preferred method of payment.

Notwithstanding any such arrangements, no third-party payments will be refused for payment on account (e.g., payment from a mortgage company), as long as the third party has sufficient information regarding the property. Confidential account information will not be released to unauthorized parties.

If acceptable payment arrangements are negotiated, the account is monitored for compliance. Once a payment arrangement has been established, if there are two (2) consecutive returned payments or two (2) payments are returned within six months, the payment arrangement is deemed void, and the taxpayer is advised that payment in full is required or the next collection step will be taken.

Any payment arrangements made must specify the time schedule, method of payment and the amount of each payment.

Collection Steps for Account with 2+ Arrears

If acceptable payment arrangements are not agreed upon, then all properties with arrears which are outstanding over two (2) years shall be subject to the Municipal Tax Sale Process.

The Property Tax account shall be monitored for property owners whose taxes are at or approaching two (2) years in arrears. The Township will engage a qualified third party to carry out the procedures and legislated requirements of the Tax Sale Process.

Extension Agreements

An Extension Agreement may be requested by the property owner, their spouse, the mortgage holder, or their legal agent, after the registration of a Tax Arrears Certificate and before the one-year period following the registration date.

If no agreement is reached as to the terms, the agreement is denied by the Treasurer, or there is a breach of the agreement, the tax sale process recommences by returning to the point where the stop in the tax sale process was at immediately prior to the extension agreement being requested.

For the purposes of administering the Municipal Tax Sale procedures, Council authorizes the Treasurer to enter into extension agreements in accordance with the Municipal Act, 2001, and Ontario Regulation 181/03 Municipal Tax Sale Rules, as amended by Ontario Regulation 571/17.

Public Tender – Sale of Land Process

The Municipal Act provides that the property may be sold by sealed tender, or public auction. The Township’s preference is by sealed tender.

Public tenders will be conducted according to Section 379 of the Municipal Act.

Section 357/358 Tax Reduction Applications

The Treasurer, or designate, will forward to MPAC for processing, application for write-offs received via Section 357 and 358.

Write-Offs and Rebates

The Township will receive notifications of change in assessment or tax class. Upon receipt of the notification the Township will process the calculation within two (2) months of receipt of the notification, depending on whether the final billing for the affected year has been calculated and mailed. This will facilitate the Township maintaining a balanced Collector’s Roll as it related to the amended Assessment Roll.

Penalty and Interest Reversal

Late payment charges (penalty and interest) are adjusted when the following situations arise:

- a) Taxes are adjusted under Sections 354, 357 or 358 of the Municipal Act.
- b) Taxes are adjusted following an Assessment Review Board decision.
- c) Taxes are adjusted in accordance with a decision of the Court(s).
- d) Deemed by the Treasurer as a gross or manifest clerical error.
- e) Per the Municipal Act Section 345 (6) & 345 (7), penalty and interest that has accrued on a property tax account as the result of nonpayment, and a write-off of taxes has occurred as the result of one of the legislation tax reduction methods; the penalty and interest shall be reversed as though the taxes had originally been billed correctly. The amount of penalties and interest cancelled is limited to the amount related to the tax reduction associated with a tax adjustment, change in assessment or Township error or omission.

Treasurer’s Write-Offs

In accordance with Section 354 of the Municipal Act, uncollectible taxes may be approved for write-off by Council on the recommendation of the Treasurer.

Refunds of Credit Balances on Accounts

From time-to-time property tax accounts may experience credit balances for various reasons, such as:

- Duplicate payment of a tax instalment(s),
- Mortgage company and property owner both pay an instalment,
- A reduction in assessed value,
- A change in a tax class to lesser tax rate class, and/or
- Pre-authorized Payments made in advance of an instalment being due.

The property owner must request, in writing, to have any credit balance refunded.

Discretion

To ensure that all taxpayers are treated fairly and equitably, the Treasurer, or designate, has the authority to exercise discretion in the application of this policy where unusual or extraordinary circumstances are apparent, provided such discretion is in accordance with all applicable legislation, ensuring fairness to all taxpayers, and that the overall best interest of the Township are met.

Reporting

The Treasurer will maintain monthly reporting of all outstanding taxes and proceedings and will provide Council with annual updates.

- End -