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Property Tax Collection Policy

1.0 POLICY STATEMENT

This policy is to ensure prompt, consistent and effective billing and collection of property taxes in accordance with the applicable Provincial Legislation and Township By-laws.

2.0 PURPOSE

This policy will provide direction to staff in the Administration Department regarding the timely and efficient billing and collection of property tax levies.

This policy will also provide an open and transparent framework for the tax billing and tax collection process and will provide a reference document for municipal staff and Council in their communications with the public regarding property taxes. As tax billing and collection is the primary source of revenue for the Township of Strong, this policy will assist to:

- Streamline activities and reduce questions as to the appropriate steps required for collection;
- Establish consistent guidelines to be followed with regard to collection of property tax payments to the Township;
- Create a written policy outlining the procedures to be followed by the Administration Department staff; and
- Ensure all activities conform to the current legislation. Property taxes are levied on the assessment for real property within the Township of Strong in accordance with Section 307(1) of the Municipal Act, 2001

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3.0 SCOPE

This policy establishes key aspects of the collection process and identifies the responsibilities for tax billing and collection in accordance with:

- Township of Strong By-laws
- *The Municipal Act, 2001*
- *The Assessment Act*
- *The Municipal Affairs Act*

4.0 DEFINITIONS

Cancellation price – is the amount equal to all the tax arrears owing at a given point in time together with all the current property taxes owing, including all penalties and interest, Township administrative changes, and all associated legal costs incurred.

Change events – mean assessment changes resulting from: Minutes of Settlement resulting from Requests for Reconsideration and Assessment Review Board Appeal Decisions; Section 357/358/359 Application Decisions; Post Roll Amended Notices (PRANs); Tax Incentive Approvals (TIAs); Advisory Notices of Adjustment (ANAs); and, other assessment change documents issued by the Municipal Property Assessment Corporation (MPAC).

Due Date – is the date that property tax bill (interim, final and supplementary) installments are due to be paid to the Township.

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.

Penalties – are the amount added to unpaid levies from the current year.

Tax or Realty Tax – means Township and School Board taxes which are levied upon the whole of the assessment for real property.

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Tax Arrears – are unpaid property taxes that remain unpaid after the due date has passed.

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.

Tax Arrears Reporting – quarterly reports provided to Council outlining significant variances and an aging of accounts.

Taxpayer – means any individual or business entity that is obliged to pay property taxes to a municipal government body or School Board whose name or business entity is shown on the tax roll.

5.0 POLICY

5.1 Billing

Property taxes will be billed by interim and final tax billings as established by the Township By-law annually. Tax bills will contain all required information as set out in Section 342(2) of the Municipal Act, 2001. In summary this includes:

- The name(s) of the property owner (if there are multiple owners, only the first three will appear);
- Assessed value and tax class assigned by the Municipal Property Assessment Corporation (MPAC);
- Account number, roll number and legal description of the property;
- Breakdown of the tax notice payable to the Township and school boards;
- Account balance at the time the tax notice is produced (except on omitted and supplementary bills);
- The due dates;
- Contact information for the Township of Strong Municipal Office.

Property tax bills are mailed to the address of the property tax account as shown on the tax roll unless the taxpayer has submitted a written request to the Township requesting that the

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bill be sent to an alternate address and/or be sent electronically. Bills are sent by standard letter mail and are considered delivered and received by the addressee unless the mailing is returned to sender by Canada Post. It is the taxpayer’s responsibility:

- To advise the Township in writing of any changes to the mailing address to ensure that the mailing address on account is correct and current;
- To ensure they receive their Interim, Final and Supplementary (if applicable) bills and to notify the Township administration department if a bill has not been received;
- Administration staff to note on taxpayer account in Munisoft tax program if the bill was returned, the type of bill (interim, final, supplementary) and date returned.

5.1a Interim Billing

- Based on 50% of the previous year’s total taxes;
- Does not include local improvement or special charges levied (if applicable);
- To be paid in two instalments – by the third Friday of March and the third Friday of May.

5.1b Final Billing

- Based on the assessment value on the returned assessment provided by MPAC and the final tax levy as approved by Council and the By-law passed in accordance with Section 312(2) of the Municipal Act, 2001;
- To be paid in two instalments – by the third Friday of August and the third Friday of October.

5.1c Supplementary Billing

- Issued and mailed in the same manner as interim and final tax bills;
- Generated as soon as possible after each supplementary roll is received from MPAC, however will not be before July;

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- To be paid in one instalment not due before at a minimum 21 days after the date of the tax bill;
- Omissions = Section 33 of the Assessment Act allows for the taxation of real property that has been omitted from the roll – this provision permits for taxation in the current year, plus a maximum of two preceding years;
- Additions = Section 34 of the Assessment Act allows for the taxation of assessment that has increased in value or has been added to the return of the last revised roll – these taxes apply only to the current taxation year.

Newsletters that include relevant tax information and/or changes to property tax policies and processes will be mailed with each interim and final tax bill to the address on file.

5.1d Assessment Change Events

- Tax credit notices are produced as soon as practicable after receipt of documentation from the Municipal Property Assessment Corporation (MPAC)
- Applicable credits will be applied to the tax roll and a credit notice issued to the taxpayer indicating that net credit balances over \$100 will be refunded to property owners upon written request. Otherwise, the credit will remain on the tax roll account to carry-forward to future taxation.

5.2 Mail/Email Cycle

	Tax Bills Issued			Due Dates			Notices Issued		
	Interim	Final	Supplementary	Interim	Final	Supplementary	Arrears	Pre-final collection	Final collection
January									√
February	√								
March				√					
April							√		
May				√					
June							√		
July		√	√						
August			√		√	√			
September			√			√	√		
October			√		√	√			
November			√			√	√	√	
December						√			

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Tax billings will be posted marked and mailed no less than twenty-one (21) days prior to the due date, as required by Section 343(1) of the Municipal Act, 2001. When possible, the Township will mail the bills at least thirty (30) days before the due date.

5.3 Payment Methods

Payments are payable to the Township of Strong, 28 Municipal Lane, Box 1120 Sundridge, Ontario P0A 1Z0. The following methods will be accepted for payment of property taxes:

- Telephone banking or internet banking;
- Payments made at most financial institutions. The date of the teller’s stamp is considered to be the date of payment;
- Pre-authorized monthly twelve-month payment plan (January-December). Taxes are paid with regular instalments throughout the year and will be collected with equal distributions between the chosen number of months. The monthly amount will be withdrawn on the last business day of each month in the range chosen. This payment option is not available for properties in arrears.
- Pre-authorized instalment due date payment plan (March, May, August & October), Withdrawals will be made on the due dates, as set by the Township, for the amounts as indicated on the interim and final property tax bills. This payment option is not available for properties in arrears.
- Pre-authorized arrears twelve-month payment plan for properties eligible or to become eligible for tax arrears certificate registration;
- In person - the Municipal Office is open for public access on Monday, Tuesday, Thursday, Friday from 8:30 am to 4:00 pm, closed Wednesday, but the drop box in the front lobby is accessible for payments/correspondence. Closed statutory holidays or by posted notification. Acceptable forms of payment are cash, cheques or debit, cheques can be posted-dated and held until the tax notice due date;
- By credit card using either Paymentus Corporation (a third party provider) or completing the Township of Strong’s web payment form. With this method of payment, there is a 2% processing fee added to the payment;
- Payments made by a mortgage company or financial institution on behalf of a taxpayer;

Third-party cheques will not be accepted.

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Late payment charges (interest and penalties) are adjusted only in the following circumstances:

- Taxes are adjusted under Sections 354, 357, 358 of the Municipal Act, 2001;
- Taxes are adjusted following an Assessment Review Board decision;
- The interest or penalty was charged as a result of error or omission; or
- Circumstances deemed appropriate by the Treasurer.

5.4 Returned Payments

Payments that are returned by the bank marked ‘insufficient funds or non-sufficient funds’ will be subject to an NSF fee as set out in the Township of Strong’s User Fees and Charges By-law. Administration staff to note on taxpayer account in Munisoft tax program of all returned (NSF) payments. If NSF payments occur three (3) times by the same taxpayer, the Township will no longer accept cheques as a method of payment.

5.5 Application of Payments

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

- *“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, with charges imposed earlier being discharged before charges imposed later”;*
- *“The payment shall then be applied against the taxes owing according to the length of time they have been owing, with the taxes imposed earlier being discharged before taxes imposed later”.*

5.6 Interest and Penalty

Interest and penalty shall be assessed at the rate of 1.25% per month in accordance with the Municipal Act, 2001, Section 345(2) and added to all outstanding tax accounts on the first

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business day of the month following the due date. Interest and penalty will not be compounded. It is the taxpayer’s responsibility to ensure that the Township receives payments by due dates.

5.7 Tax Collection Methods and Processes

The Township will use the following methods to collect tax arrears:

- Verbal communication;
- Arrear notices;
- Payment arrangements;
- Pre-collection and final collection notice letters before registration of a tax arrears certificate against the title to that land – Section 373(1) of the Municipal Act, 2001;
- Tax sale process following the registration of a tax arrears certificate as per Part XI of the Municipal Act, 2001.

The review of all past due accounts will be done on a monthly basis. An updated arrears report will be generated at least four times per year. Priority of tax accounts for collection is as follows:

- Tax accounts with two (2) or more previous years outstanding;
- Tax accounts with one (1) previous year outstanding;
- Tax accounts with only the current year outstanding.

Arrear notices are mailed four times per year, in the month directly following the month with an instalment due date and only to taxpayers with a balance over \$5.00.

5.7a Pre-final collection notices

- Will be sent out each November to all property owners with outstanding balances of one (1) year old and older. The notice will specify that the account will be at least two (2) years in arrears come January 1st of the following year;
- Will request payment to bring the account into good standing or response by the taxpayer within sixty (60) days of the date of the notice;
- If acceptable payment arrangements are made (in writing and with the approval of the Treasurer), interest and penalty will continue to accrue on outstanding overdue balances until paid in full, and the account will be

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monitored for compliance and follow-ups done as required. As long as there is no breach of an acceptable payment arrangement in the form of a returned payment by the bank marked NSF (non-sufficient funds), no final collection notice will be sent to the taxpayer;

- An acceptable payment arrangement will require that the tax account be set up for pre-authorized monthly payments over a twelve (12) month period;
- Any breach of an acceptable payment arrangement will result in the sending of a final collection notice;
- Failure to either bring the account into good standing or respond to the notice via entering into an acceptable payment arrangement within sixty(60) days will result in the sending of a final collection notice.

5.7b Final collection notices

- Will be sent out in January to all property owners with outstanding balances of two (2) years old and older that have not entered into an acceptable payment arrangement with the Township by the prior year end date;
- Will advise owners of the tax arrears situation and request that the account be brought into good standing or that an acceptable payment arrangement be entered into with the Township within sixty(60) days of the date of the final collection notice;
- Failure to either bring the account into good standing or respond to the final notice via entering into an acceptable payment arrangement within sixty (60) days of the date of the final notice will result in the commencement of the registration of a tax arrears certificate. No further notices will be issued after the final collection notice has been sent.
- If an acceptable payment arrangement is made within the sixty (60) day period, interest and penalty will continue to accrue on the outstanding overdue balance until paid in full, and the account will be monitored for compliance and follow-ups done as required;
- An acceptable payment arrangement will require the tax account to be set up for pre-authorized monthly payments over a twelve(12) month period;
- The first NSF processed with respect to an acceptable payment arrangement will be followed by a letter specifying as to when a replacement payment must be received by the Township. A second NSF processed with respect to an acceptable payment arrangement will result in the arrangement deemed void and the commencement of the tax arrears certificate registration process without any further notices.

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5.8 Eligibility of properties for tax registration

A tax arrears certificate can be registered when a property is in at least its second year of arrears. Section 373(1) of the Municipal Act states that *“where any part of tax arrears is owing with respect to land in a municipality on January 1 in the second year following that in which the real property taxes become owing, the treasurer of the municipality, unless otherwise directed by the municipality, may prepare and register a tax arrears certificate against the title to that land.”*

It is important to note that interpretation of Section 373(1) does not result in waiting two calendar years to register a tax arrears certificate. For example, if there are arrears from any time in 2022:

- On January 1 2023, property is in its first year of arrears.
- On January 1 2024, property is in its second year of arrears, therefore a tax arrears certificate can be registered any time after this day.

5.9 Tax Arrears Certificate Registration / Tax Sale

- A contracted tax registration firm will be used to process all required statutory notices and declarations;
- The property owner or interested party has one year from the date of registration of the tax arrears certificate to pay the cancellation price in full. Once the tax arrears certificate has been registered, Section (347(3)) of the Municipal Act states that *“No part payment shall be accepted on account of taxes in respect of which a tax arrears certificate is registered under this Act except under an extension agreement entered into under Section (378(1)).”*
- An extension agreement must be approved by Council prior to the expiry of the one (1) year period from the time of registration of the tax arrears certificate as per Section (378(3)(a)) of the Municipal Act, 2001. Section (378(2)) states that the extension agreement cannot reduce the amount of the cancellation price or prohibit any person from paying the cancellation price. If there is a breach of this agreement, the tax sale process continues from the point in time at which the extension agreement was agreed upon (378(4));
- In the event of the cancellation price not being paid in full within 280 days of registration, the Township will proceed with a municipal tax sale that includes advertisement of the property for public sale including publication of the minimum bid;
- Tax arrears certificate registration and tax sale is a last resort and will be avoided where possible by encouraging the taxpayer to either make full payment or enter into a mutually agreed upon payment plan;

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- The schedule for registration will be strictly adhered to and it is only after all other collection methods have been unsuccessful that the Township will proceed to tax arrears certificate registration.