



TOWNSHIP OF

# Hornepayne

<b>POLICY TITLE:</b>	Property Tax Collection Policy
<b>SUBJECT:</b>	Property Tax Billing and Collections
<b>POLICY NO.:</b>	FIN.25.01
<b>EFFECTIVE DATE:</b>	June 25, 2025
<b>ENACTED BY:</b>	By-Law No. 2142

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## **1. Policy Purpose**

The purpose of this policy is to ensure that the Township is able to manage its accounts receivable effectively and to ensure timely collection to minimize outstanding amounts owing to the Township. This policy will assist with the ongoing success of administration, more specifically, it will ensure prompt, efficient, courteous, and consistent service to all ratepayers of the Township.

## **2. Policy Statement**

This policy takes its authority from Section 286 of the Municipal Act, 2001 which states that the Treasurer is responsible for invoicing, collection and reconciliation of all accounts receivable in the Township:

"A municipality shall appoint a Treasurer who is responsible for handling all of the financial affairs of the municipality on behalf of and in the manner directed by the council of the municipality, including,

- a) collecting money payable to the municipality and issuing receipts for those payments;
- b) depositing all money received on behalf of the municipality in a financial institution designated by the municipality;
- c) paying all debts of the municipality and other expenditures authorized by the municipality;
- d) maintaining accurate records and accounts of the financial affairs of the municipality"

## **3. Definitions**

- a) "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 Township after the Treasurer becomes entitled to register a tax arrears certificate.
- b) "Extension Agreement" is a contract between the Township and the registered owner of the property 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.
- c) "MPAC" – means the Municipal Property Assessment Corporation which is responsible for determining the assessed value of all classes of assessment in the Province of Ontario. MPAC administers all phases of property assessment including appeals of assessment.

- d) "Municipal Tax Sale" is the sale of land for tax arrears according to proceedings prescribed by the Act and Ontario Regulation 181/03.
- e) "Penalty and Interest" – means the late payment charges applied by the Township of Hornepayne for non-payment of taxes or any installment by the due date, in accordance with Section 345 of the Municipal Act, 2001. The Township shall set the penalty and interest at the rate of 1.25% per month, or the highest rate allowed under the Act, on all taxes due and unpaid.
- f) "Property Taxes" – means the total amount of taxes for municipal and school board purposes levied on a property and includes other amounts as may be added to the tax roll under applicable provincial legislation.
- g) "Tax Arrears" – means any portion of Property Taxes that remain unpaid after the date on which the taxes are due.
- h) "Tax Sale" – means the sale of land for Tax Arrears according to the proceedings prescribed under the Municipal Act, S.O. 2001, c.25 and O. Reg.181/03 Municipal Tax Sales Rules, as amended by Ontario Regulation 571/17.
- i) "Treasurer" – means the Treasurer of the Township of Hornepayne responsible for fulfilling the duties referenced in the Municipal Act or his/her designate.

## **4. Procedures and Guidelines**

### **4.1 General**

- a) The Township of Hornepayne will follow a prescribed policy for the billing and collection of property taxes. 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, that the legislation shall be followed.
- b) The Township of Hornepayne Water and Wastewater billing and collection process is covered under a separate Water and Wastewater By-Law and is not impacted by this tax 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.
- c) This policy will provide an open, transparent and consistent framework for the annual billing and ongoing collection process. Township staff and Council should reference this document when communicating with the public regarding property taxes.

- d) As property tax billing and collection is the primary source of revenue for the Township of Hornepayne, this policy will help to:
  - i. Establish consistent guidelines to be followed with regard to the billing and collection of property taxes;
  - ii. Streamline activities and set out appropriate steps required for collection of past due property taxes; and
  - iii. Ensure a clear and consistent written policy for the Township.
- e) This Policy will ensure all activities conform to the current legislation. Real property tax is levied on the assessment for real property within the Township of Hornepayne in accordance with Section 307(1) of the Municipal Act, 2001.

## **4.2 Issuance of Property Tax Bills**

The following guidelines apply to the issuance of property tax bills:

- a) The specific due dates will be identified in both the interim and final levy By-Laws for the Township. The Township will send the tax bills to every taxpayer at least 21 days before any taxes shown on the tax bill are due.
- b) Interim tax billings may be produced based on 50% of the annualized taxes of the property for the previous calendar year. The tax billing may include any special charges levied by the Township or provincial government. Amounts deemed to be taxes, or items with priority lien status will be included on the interim bill at one hundred percent (100%). These items may include, but are not limited to, outstanding water and wastewater fees.
- c) Final tax billing amounts in each instance will be calculated based on the assessment value on the returned assessment roll and the final tax rates as approved by Council through the annual budget and the associated Tax Levy By-Law passed in accordance with Section 312(2) of the Municipal Act, 2001.
- d) All property taxes due in any calendar year may be paid in four installments without penalty or interest. Where an installment date identified falls on a statutory holiday, the installment date may be the following business day.
- e) Property tax bills will contain all required information as set out in Section 343(2) of the Municipal Act, 2001 and any other information deemed necessary by the Treasurer.

### **4.3 Mailing**

- a) Issued billings are to meet all requirements of Section 343 of the Municipal Act. The Municipal Act, 2001 Section 343 (1) requires tax billings to be post marked and mailed no less than twenty-one (21) calendar days prior to the due date. The Township will make every attempt to mail tax bills at least twenty-five (25) calendar days before the due date when possible. Where allowed by legislation, and where available, provision of tax bills, arrears notices, and other related correspondence may be provided electronically.
- b) 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 for, unless the taxpayer or the taxpayer's lawyer directs otherwise. This direction continues until it is revoked in writing.
- c) Any tax bill, arrears notice, or other related correspondence sent is considered delivered to and received by the addressee unless the correspondence is returned by the Canada Post or an error in the mailing address is proven by the taxpayer.

### **4.4 Acceptable Payment Methods**

- a) Payments are payable to the "Township of Hornepayne", 68 Front Street, P.O. Box 370, Hornepayne, Ontario P0M 1Z0 and must be received in the Finance Department at the Township Office on or before the installment due date to avoid penalty and interest charges.
- b) The following payment methods are accepted for property taxes:
  - i. In person at the Township Office during regular business hours by cash, cheque, bank draft, postdated cheque and debit card;
  - ii. Cheques may be mailed; however, the cheques must be received in the Finance Department on or before the installment due date to avoid penalty and interest;
  - iii. Payment tendered in US funds (cheque only) will be accepted based on the exchange rate established by the Township's bank on the day of the deposit;
  - iv. Telephone or internet banking. Be aware that currently the typical processing time for Canadian financial institutions to transfer a payment to the Township's account can be at least 3 business days. This means that payment made in this manner should incorporate sufficient lead time in advance of the due date. If you have multiple properties, payments must correspond to the appropriate roll number;

- v. In person at most Canadian financial institutions. Please review iv. above for processing time to avoid late payments;
  - vi. Mortgage company or financial institution on behalf of a taxpayer; and
  - vii. By Credit Card using a third-party provider through the Township website at [townshipofhornepayne.ca](http://townshipofhornepayne.ca). Please note third party providers may charge a fee to use their service. The fee covers payment handling and processing charges, and it is the responsibility of the credit card holder to pay.
- c) Third party cheques will not be accepted.
- d) The Township offers three Pre-Authorized Payment (PAP) plans;
- i. an instalment due date plan (four withdrawals each year)
  - ii. a monthly program over ten months (January to October)
  - iii. a monthly program over twelve months (January to December) as approved by the Treasurer.
- e) A completed Pre-Authorized Payment (PAP) Agreement must be submitted and approved by the Treasurer or designate to begin the enrollment process.
- f) 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 Township’s schedule of fees By-Law.
- g) An individual who has had two (2) payments returned within a 12-month period is no longer eligible for PAP. Any payment by cheque must be certified.

#### **4.5 Outstanding Taxes General Notice Procedures**

- a) Notices of Past Due Taxes may be sent three times per year but will not be sent in the months in which a tax billing is issued if there is a due date or in between installment dates. Past Due Notices may be sent in the months immediately following the last installment of both the Interim Tax Bill and Final Tax Bill and at a minimum in the month of December. The first two notices are mailed only to taxpayers with a balance of \$20.00 or more. The December notices will be mailed to all taxpayers with any outstanding balance.
- b) Affixed to the past due notice following the last installment date of the Final Tax Bill as well as the notice being sent in December, for those properties approaching one year in arrears, there may be a notice that states “Your property is going to be eligible for collection proceedings and may be forwarded to an external collection agency, which may

affect your credit rating. Please contact [Finance Department contact name and phone number] to avoid having your property account being sent to an external collection agency."

- c) Affixed to the past due notice following the last installment date of the Final Tax Bill as well as the notice being sent in December, for those properties approaching two years in arrears, there may be a notice that states "Your property is going to be eligible for Tax Sale proceedings. Please contact [Finance Department contact name and phone number] to avoid having your property registered for Tax Sale."
- d) The Treasurer will encourage property owners in tax arrears to establish a monthly payment plan to repay outstanding taxes in a timely manner. Payment plans shall be designed to ensure that arrears are paid in a reasonable amount of time as determined appropriate by the Treasurer.
- e) Effective January 1st, the Treasurer may proceed with the collections or the tax registration process for those taxpayers who have received notices as per this policy and who have not contacted the Treasurer or provided full payment as stipulated on the date of the notice.

#### **4.6 Late Payment Charge Adjustments**

- a) Late payment charges are adjusted only in the following circumstances:
  - i. Taxes are adjusted under Sections 354, 357 or 358 of the Municipal Act.
  - ii. Taxes are adjusted following an Assessment Review Board (ARB) decision.
  - iii. Taxes are adjusted in accordance with a decision of the courts.
  - iv. In the event penalty or interest or both was charged as a result of the Township's error or omission, it shall be at the discretion of the Treasurer to decide whether the penalty or interest amount should be adjusted.
- b) Penalty and interest will not be adjusted on property tax accounts that claim they did not receive a tax bill or claim it was sent to the wrong address. Section 343 of the Municipal Act identifies that tax bills shall be sent to the ratepayer's residence or place of business or to the premises where the taxes are payable for, unless the ratepayer(s) directs the Township 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 ratepayer Section (343(8)). Therefore, it is the responsibility of the ratepayer to inform the Township, in writing, of any changes and/or updates to their property address.

## **4.7 Collection Methods**

There are five basic remedies used by the Township to enforce payment of property taxes owing:

- a) Penalty and Interest – Late payment charges shall be assessed at the rate of 1.25%, or the highest rate allowed under the Municipal Act, and will be added to all past due accounts on the first day of the month following the due date and monthly thereafter until paid. Penalty and interest will not be compounded.
- b) Rent Attornment – Under the provisions of Section 350 of the Municipal Act, 2001, rent attornment is available for tenant occupied properties only. Where taxes are owed in respect of any land occupied by a tenant, the Treasurer may give the tenant notice in writing requiring the tenant to pay the rent normally paid to the Landlord to the Township in order to pay up the amount of outstanding taxes due on the tenanted property.
- c) Bailiff Action - Section 349 of the Municipal Act provides that taxes may be recovered with costs as a debt due to the Township from the taxpayer originally assessed for them and from any subsequent owner of the assessed land or any part of it. Costs associated with this action are the responsibility of the property owner and are deducted by the bailiff, in accordance with legislation, prior to the remittance of payment to the Township.
- d) Collection Agency – If a taxpayer does not respond to notices or does not make a reasonable attempt to enter into a suitable payment arrangement, the Treasurer may proceed to engage the services of an external collection agency to attempt the collection of the taxes. Collection agencies charge a commission on the amounts that they collect. Section 304 of the Municipal Act, 2001, S.O. 2001, c.25 allows Township to recover the commission charged for the recovery of debt including taxes.
- e) Tax Registration / Tax sale – Property taxes (including any part thereof) that are in arrears for two (2) years, or more are eligible for tax registration under Part XI of the Municipal Act. The Township will endeavor to work with the ratepayers by encouraging the ratepayer to either make full payment or a mutually agreed upon payment plan before sending a property to tax sale.
- f) The Township uses a third-party tax collection specialist to administer the tax sale process on property tax accounts.
- g) Once a property is registered and tax sale proceedings have begun, payment of taxes owing is required in full. Otherwise, an extension agreement must be signed.



The ratepayer has one year from the time the tax arrears certificate is registered to pay the cancellation price to the Township, otherwise the property is subject to public tax sale.

- h) The Municipal Act provides that the property may be sold by sealed tender, or public auction. The Township's preference is by sealed tender. Tenders are opened in an open forum, recorded as received, and then reviewed to ensure completeness of the tenders submitted. (Note: Council may make a bid or tender on a property, by resolution, but they must have a public purpose for the property.) The highest tender or two highest tenders, if more than one is received, is retained. The minimum acceptable bid is the cancellation price (In addition a tender must have a certified deposit that is at least 20% of the amount tendered). Notice is sent to the highest bidder requesting payment of the balance of the amount tendered, applicable land transfer tax, and accumulated taxes to date. All tax sale costs are added to the individual property tax account balance. Payment must be received from the highest bidder within 14 days from the date of the notices of highest bidder being mailed by the Treasurer. Upon receipt, the Treasurer shall issue a receipt and declare the highest bidder to be the successful purchaser. If no payment is received within 14 calendar days of the mailing of the notice, the deposit is forfeited. A notice is then sent to the second highest bidder and the process repeats.
- i) The proceeds of a sale under section 379 of the Municipal Act shall:
  - i. Firstly, be applied to pay the cancellation price;
  - ii. Secondly, be paid to all persons, other than the owner, having an interest in the land according to their priority at law; and
  - iii. Thirdly, be paid to the person who immediately before the registration of the tax deed was the owner of the land.
- j) Vesting - Where there is no successful purchaser, a notice of vesting may be issued, and the Treasurer shall register a declaration to that effect at the local land registry office. Council has two (2) years to decide whether to vest a property. The Municipal Act allows for inspection of the property including an environmental assessment. Council may re-advertise for another tender or auction within two (2) years without writing off the tax arrears. If Council decides not to vest, Council may choose to write off the taxes and issue a tax cancellation certificate. Each year the Treasurer may prepare a list of such properties for annual write-off thereafter. Council may also decide to write off all or part of the taxes with the purpose of re-registration of the tax arrears and repeating the tax sale process from the beginning. If Council decides to vest the property, the tax arrears will be written off and the property may be declared surplus and advertised for sale.

## **5. Policy Review**

This policy shall be reviewed by each term of Council or as determined necessary by Council or the CAO or the Treasurer.

## **6. Policy Adoption and Review Guidelines**

<b>Date of Adoption by Council</b>	<b>By-Law No.</b>	<b>Date of Most Recent Review by Council</b>	<b>Changes Made Yes/No</b>
June 25, 2025	2142	June 25, 2025	Yes

## **7. Repeal - Enactment**

By-Law No. 1708 is hereby repealed.