



The Corporation of the Municipality of Red Lake

**FINANCIAL SERVICES AND CONTROL
POLICY MANUAL**

Subject: Tax Collection Procedures	Approval Date: January 19, 2015	By-Law No. 02-2015
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4.9 TAX COLLECTION PROCEDURES

1. Policy Statement

It shall be the policy of the Municipality of Red Lake to ensure that all rate payers are treated in a fair and equitable manner with respect to tax arrears situations. Understanding and clemency shall be foremost in resolving outstanding tax balances. Continued contact with the ratepayer and the desire to work with them to resolve outstanding tax arrears in a mutually agreeable manner is foremost in this policy.

In the collection of taxes the Treasurer shall use means as provided by the Municipal Act and the Municipal Tax Sale Acts in order to secure maximum collection rates while keeping administration and legal cost to a minimum.

2. Purpose

- 2.1 Define and provide methods for the prompt collection of taxation revenue.
- 2.2 Define and provide mechanisms to be initiated to collect taxes in an arrears position.
- 2.3 To establish procedures to be followed to direct tenants of properties with taxes in arrears to pay rent to the Municipality of Red Lake.
- 2.4 To establish procedures to be followed to write off taxes when it is apparent that they are uncollectible as per the regulations of the Municipal Act.

3. Methods

3.1 To Ensure Taxes are Collected in a Timely Manner

- 1. Tax bills shall be issued as expediently as possible.
 - a) Interim tax billings shall be issued no later than February 28 of each year. Interim tax billings will be issued with two (2) installment due dates; being the last business day of the months of March and May.
 - b) Final tax billings shall be issued no later than July 30 of each year. Final tax billings will be issued with two (2) installment due dates; those being the last business day of the months August and October.



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2. In all cases, the Municipal Act requires a minimum of 21 days between the issuance of the tax bill and the due date.
3. Interest is to be applied at the maximum rate allowable under the Municipal Act. The rate is 1.25% and is added on the first day of default and the first day of each calendar month thereafter in which the default continues.
4. Notices will be published, in the local newspaper or municipal mail-out, two (2) consecutive weeks prior to due dates reminding rate payers of installment dates.
5. Post-dated cheques will be accepted for payment of property tax accounts.
6. For payments received by mail, no tax receipt will be issued unless a stamped self addressed envelope is included with payment.
7. Due to difficulties encountered with exchange rates calculation, the Municipality can no longer accept U.S. cheques for payment of property taxes. We will only accept payment by Canadian Cheque, Cash, Visa or MasterCard.

3.2 GENERAL MECHANISMS TO COLLECT TAXES IN ARREARS

Taxes which remain unpaid after billing due dates are considered in arrears.

1. Past Due Reminder Notices – Reminder Notices are sent to remind the tax payer of the current delinquency with respect to taxation and secondly, to determine whether discrepancies exist within the account that should be followed up on an immediate basis. No Reminder Notices will be sent to those accounts in which the minimum balance is \$5.00.
2. Past Due Reminder Notices will be forwarded to property owners annually in November of each fiscal year; which is after the last installment due date.
3. In addition to notices, personal contact will be made by the Treasurer when deemed necessary by way of either telephone follow up or personal interviews.



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4. The Treasurer or designate shall have the authority to negotiate suitable payment schedules. Payment schedules will indicate tax account, roll number, and indicate payment amount, payment frequency and payment dates. The schedule will be signed by both Treasurer and rate payer, and a duplicate issued to tax payer.

Separate files will be kept for each payment schedule and monitored monthly to ensure payments are being met. Failure to comply with payment schedule will result in reminder letter to rate payer and follow up personal discussion and if necessary, renegotiations of payment schedule.

3.3 COLLECTION OF PROPERTY TAXES IN DISTRESS (REALTY)

1. When property taxes are considered in distress:
 - a) Any part of tax arrears that are due with respect to any improved land on the 1st day of January in the third year following that in which the property taxes become owing.
 - b) Any part of tax arrears that are due with respect to any vacant land on the 1st day of January in the second year following that in which the property taxes become owing.
2. After all reasonable means have been exhausted, as per Section 3.2 of this policy; the following means of enforced collection shall be instituted:
 - a) Tax Sales Registration
 - i) The Treasurer or agent appointed by the Municipality shall then proceed with registration following the procedures as outlined in the Municipal Tax Sales Act, 1990, up to a realization of the tax arrears or possession and sale of the property.
 - ii) At any time during a year in which tax registration has been commenced on a property, the property owner may request an extension to the time period. The Treasurer shall bring these requests forward to the Council, who will then decide if they wish to enter into such an agreement. If so, a By-Law must be passed by Council to set the terms and conditions of the extension agreement.



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- iii) Separate files shall be kept for each property in registration, and a detailed record of all transactions and occurrences concerning each file will be documented and retained in said file.

3.4 COLLECTION OF TENANTS RENTS WHERE LANDLORD HAS TAX ARREARS

1. Under Section 350(1) of the Municipal Act, 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 in respect of the land to the Treasurer as it becomes due up to the amount of the taxes due and unpaid plus costs, and the tenant shall comply with the notice.
2. After taxes have been in arrears for one year and the procedures of this policy have been used, a notice will be sent via registered mail to the landlord informing him/her of our intention to proceed with rent collection and allowing him/her a final opportunity to make suitable arrangements within fourteen (14) days.
3. If taxes remain unpaid after the fourteen (14) day grace period, the tenants of the rental property will be informed by letter via registered mail to direct their rental payments to the Municipality. A copy will be sent to the land owner via registered mail.
4. Rents will continue to be collected until such time as all penalties, interest, and taxes have been collected or alternate arrangements have been negotiated between the property owner and the Municipality.

3.5 WRITING OFF TAXES THAT ARE UNCOLLECTIBLE

1. Where the Treasurer ascertains that certain taxes are uncollectible, the Treasurer shall recommend to Council that such outstanding taxes be struck off the roll, and Council may direct the Treasurer to strike such taxes off the roll.
2. The Treasurer may strike taxes from the roll by reason of a decision under Section 442 or 443 of the Municipal Act.
3. The Treasurer may strike taxes from the roll resulting from a decision of a Judge of any Court.