

Cape Breton Regional Municipality

“ POLICY ”

TAX COLLECTIONS

STATEMENT:

The collection of Municipal property taxes, business occupancy taxes and various rates levied by the Municipal Unit on a regular and timely basis is an integral component of the financial administration picture. The **Assessment Act** and the **Municipal Government Act** make certain provisions, which clarify the rights and limitations for the Municipality to perform the collection operation. The role of this policy is to define the direction of Council in concert with legislative authority and responsibility thus enabling administrators to complete their task without constantly seeking authorization from Council. Under certain conditions it may be necessary to involve council, however, the intent of the policy is to minimize these occurrences to policy review or oddities which are not covered by the policy. As with all policies it will be important for periodic review to ensure compliance with changing legislation and Council direction.

Definitions: - (as per Assessment Act)
i.e. rates, area rates,
business occupancy, etc.

- **Satisfactory Payment Method:**

- (1) Arrangement whereby **residential** and **commercial** account arrears and current tax levy are paid in full by installments not exceeding two years from date of agreement.
- (2) Arrangements whereby **Business Occupancy** account arrears are paid in full by installments not exceeding one year from date of agreement.
- (3) Special Circumstances: (Financial Position of Taxpayer makes (1) above unmanageable)

- 3.1) Residential – Income Guidelines for application of this Section shall be the same as for the Low Income Tax Exemption. The limits are \$14,500 for single income and \$17,500 for multiple income. Owner Occupied Home only! (Does not apply to Summer Homes, Vacant Land, or Rental Properties)

Qualifying Criteria:

- a) CBRM shall require the taxpayer to provide proof of income in the form of income tax returns or other documents deemed to be acceptable by the Financial Services Department. In addition, records of expenditures related to the property (i.e. power, oil etc.) may also be requested.
- b) Pre-authorized payments shall be the only means of payment acceptable under this arrangement.
- c) The maximum term of an arrangement shall be at the discretion of the Management of the Financial Services Department, but shall not exceed Three (3) Years.

Procedure where Qualifying Criteria has been met:

- a) Process Property for Tax Sale where applicable.
- b) Waive administrative fee structure as per Criteria 4 below.
- c) Grant Low Income Tax Exemption for current and future years during which the established arrangement applies.
- d) Effective the month of the arrangement no further interest charges shall be applied until the term expires.
- e) Where accumulated interest on an account is in excess of 10% of the total property taxes owing, a one-time interest adjustment may be made reducing the interest balance to NIL. This adjustment will be done annually in March of each year during the term of the arrangement. The amount of the adjustment will be pro-rated according to the amount paid over the previous 12 months.

Conditions:

- a) All Qualifying Criteria have to be met before arrangements can be accepted under this section
- b) Failure to keep the terms of the arrangements under this policy will result in the property being placed on the next available Tax Sale.

Payment in full will be required to settle the account prior to the date of the sale.

- c) Arrangements under this section may be applied only once to an account for any one assessed owner.

3.2) Commercial/Business Occupancy – Special Circumstances: (Financial Position of Taxpayer makes (1 and/or 2) above unmanageable)

Where a Commercial Property has been listed for Tax Sale and the taxpayer can substantiate their inability to comply with Section 1 and/or 2 of the policy, the management of the Financial Services Department has the authority to adjust interest upon full settlement of the principal tax balance. Such practice will only be done after the Financial Services Department have done a financial review and due diligence to ensure the viability of the business will require such action.

Collection Procedure:

1. In the case of taxes and rates levied on real property, any account with arrears in excess of 2 years billings shall be processed for tax sale. Properties with less than two years may be processed for tax sale in accordance with Part (6) Section 134 (1) of the *Municipal Government Act*.
2. Tax sale process consistent with Legislation, once initiated shall not be halted without full payment of the account, satisfactory payment arrangements being made, legislated process exceeding authority of Municipality started, intervention by Courts or directive from Council to cease action.
3. Business Occupancy tax or any other levy which does not form a lien on real property shall be considered for collection action 60 Days from date of billing. The issue of warrants, seizure of property, small claims court action etc. shall not be initiated until after March 31st of the year in which the taxes were levied. Action shall not be halted without full payment of account, satisfactory payment arrangement, legislated process exceeding authority of Municipality started, intervention by courts or direction from Council to cease action.

4. Collections cost of \$200.00 shall be applied to account balance immediately prior to the issue of the initial Tax Sale letter. A further \$200.00 shall be added at the time when a Title search is requested. An additional \$75.00 shall be added at the time the first published advertisement is prepared. A \$25.00 charge for posting the tax notice on the property will be applied to the account. There is also a deed preparation and registration fee in the amount of \$265.00. These fees are in addition to charges applicable under the Assessment Act. Account payment shall be applied to any such charges prior to affecting interest and tax levy.
5. Collection action shall be consistent with appropriate Legislation.
6. For the purpose of administration of legislated requirements covering tax collection, the Manager of Financial Services shall perform the duties of the Treasurer or Director of Finance.
7. In cases where individuals or companies supply goods or services to the Regional Municipality no payment of same shall be carried out if the individual or company is in tax arrears. The Municipality shall have the right to control payment according to tax account situation. (This clause also forms part of the Procurement Policy of the Municipality.)

Approved by Cape Breton Regional Council Tuesday, February 15, 2000.

Amended by Council: September 27, 2005; April 15, 2008