



**Corporation of the Municipality of Temagami**

**Memo No  
2019-M-174**

**Memorandum to Council**

☒ **Staff**

**Subject:** Taxes Receivable, 2016 and Prior

**Agenda Date:** November 7, 2019

**Attachments:**

**RECOMMENDATION**

BE IT RESOLVED THAT Council receive Memo 2019-M-174, Taxes Receivable 2016 and Prior, for information.

**INFORMATION**

In July, letters were sent to ratepayers who owe taxes for 2016 and prior years. These letters highlighted the amount owing, notified that in October registration procedures would commence if there was no communication, offered a monthly payment amount and included a simple agreement and preauthorized payment form to make the acceptance of the monthly payment amount more streamlined.

As an incentive, it was pointed out that should discussions be held prior to the property being registered, it would save costs initially of about \$1,200 up to around \$3,000 to the end of the registration process. For Council's information, costs incurred in the tax registration and sale process can be added to the amount owing and recovered through future sales.

Also for Council's information, the payment amount communicated to the property owner was based on the amount owing as well as estimates of future taxation and penalties and interest with the intent to have the tax account current in five years. Once properties fall into this level of arrears, there are few quick fixes which will have the properties become current overnight.

From a review of where we presently sit, there are 85 properties on our list of those who owe us funds in 2016 and beyond for a total about owing of \$617,960.09. Of these, 46 properties owing a total of \$87,157.31 (14.10%) are owned by the Province of Ontario. We have been working with the Province and have made some headway in identifying whether there should be amounts paid to the Municipality and if not why not. We have receive some payments but have not yet received information on these properties.

There are four properties owing a total of \$47,301.26 (7.65%) that have entered into payment agreements. A further 6 properties owing a total of \$146,123.65 (23.65%) are presently in discussion of how we can best receive the monies we are owed and avoid the tax registration process.

This leaves 29 properties owing a total of \$337,377.87 (54.60%) that will be sent for registration. With the number of court challenges that have happened in the last 20 years or so dealing with tax registration and sale process, most municipalities our size outsource this work. It is our intention to send these to Realtax whose only business is tax registration and sales.

For the properties where we are presently in discussion, if we cannot reach an agreement that is reasonable then these will be sent for registration during the month of November. For an agreement to be reasonable, it has to be demonstrated that the payment amount will see the amount owing clear in an acceptable time frame. If payments are structured in such a way that they are barely paying the present monthly penalty and interest charges then clearing the balance owing is doubtful.

We are bound by the Municipal Act on how payments are applied to tax accounts. First, payments are applied to any amounts owing for penalties and interest and then to tax balances owing starting with the amount that has been owing the longest. Amounts added to the tax roll for collection of other balances owed or for tax registration costs are treated as taxes for the purposes of added penalties and interest and applying payments received.

Once a property has been registered, for the first 283 days, the owner is able to enter into an extension agreement with the Municipality which is a more formal process to accept a payment plan. The owner can also pay the amount owing in full. If, after 365 days from registration, the property taxes remain unpaid, the Municipality can arrange to sell the property and has a further 365 days to do so. During this time, and up to the point of time that a new deed has been registered in the case of a sale, the present owner can stop the process by paying the full amount owing.

It is important to have this process annually. Presently, there are some properties where it appears they owe almost ten years of taxes. At that level it makes it more difficult to make payment arrangements that will result in tax accounts returning to a current position.

For properties that owe taxes for 2017, letters will be sent in January 2020.

We will be communicating with the auditor concerning the amounts owed by the Province and an allowance for doubtful accounts provision may be necessary as part of our year end procedures.

**Respectfully Submitted By:**

Craig Davidson  
Treasurer / Administrator