

## 1.0 Purpose

The purpose of this policy is to ensure that the municipality manages all Property Tax Cancellation, Reductions and Refunds as they relate to the Section 357 of the Municipal Act, 2001 effectively and to ensure timely processing to minimize waiting periods for ratepayers. 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 municipality.

## 2.0 Scope

This document will provide guidance to Council and administration and provide a basis for decision-making relating to applications for tax cancellation, reduction, and refund procedures for all ratepayers of the municipality. It is designed to be implemented in accordance with the governing legislation.

More specifically, this policy is written in compliance with the Municipal Act - Part X and in particular Section 357 and related Ontario Regulations made under the Municipal Act, 2001 as amended.

## 3.0 Definitions

**Act of God:** an instance of uncontrollable natural forces outside human control.

**Assessment Review Board:** the Board that hears property assessment appeals to ensure that properties are assessed and classified in accordance with the provisions of the Assessment Act. The Board also hears appeals on property tax matters.

**Assessment Value:** in relation to land, the value that has been attributed to the property by the Municipal Property Assessment Corporation (MPAC).

**Change Event:** Per subsection 34(2.2) of the Assessment Act, a change event includes a change in the use of all or part of the parcel of land, an act or omission that results in all or part of the parcel of land ceasing to be in a class or subclass of real property, and the opting, by a municipality, to have a class or subclass of real property apply or cease to apply within the municipality.

**Decision:** the decision made after hearing the evidence through an appeal conducted by the Assessment Review Board.

**Municipal Property Assessment Corporation (MPAC):** is the body responsible for assessing property throughout the province of Ontario and is not part of the municipal government.

Property Taxes: the total amount of taxes for municipal, and school purposes, levied on a property and includes other amounts added to the tax roll as may be permitted by this policy and/or any applicable Provincial legislation.

Tax Arrears: any portion of property taxes that remain unpaid after the date on which they are due.

Tax Rate: the rate applied to the assessment value of a property to calculate the property's portion of tax to be paid.

Treasurer: is the individual appointed by the municipality who is responsible for handling all of the financial affairs of the municipality on behalf of and in the manner directed by Council.

#### **4.0 Cancellation, Reduction, Refund of Taxes**

4.1 The Municipal Act, 2001, under Section 357 (1) provides for ratepayers to submit applications to their local municipality whereby the local municipality may cancel, reduce or refund all or part of taxes levied on land in the year in respect of which the application is made if,

- a) As a result of a change event, the property or portion of the property is eligible to be reclassified in a different class of real property, as defined in regulations made under the Assessment Act, and that class has a lower tax ratio for the taxation year than the class the property or portion of the property is in before the change event, and no supplementary assessment is made in respect of the change event under subsection 34 (2) of the Assessment Act;
- b) The land has become vacant land or excess land during the year or during the preceding year after the return of the assessment roll for the preceding year;
- c) The land has become exempt from taxation during the year or during the preceding year after the return of the assessment roll for the preceding year;
- d) During the year or during the preceding year after the return of the assessment roll, a building on the land,
  - (i) was razed by fire, demolition or otherwise, or
  - (ii) was damaged by fire, demolition or otherwise so as to render it substantially unusable for the purposes for which it was used immediately prior to the damage;
- d.1) The applicant is unable to pay taxes because of sickness or extreme poverty;
- e) A mobile unit on the land was removed during the year or during the preceding year after the return of the assessment roll for the preceding year;
- f) A person was overcharged due to a gross or manifest error that is clerical or factual in nature, including the transposition of figures, a typographical error or similar error but not an error in judgement in assessing the property; or
- g) Repairs or renovations to the land prevented the normal use of the land for a period of at least three months during the year.

- 4.2 The municipality processes all applications made under Sections 357 (a), (b), (c), (e), and (f) as set forward in the Municipal Act, 2001.
- 4.3 Given the nature of the remaining Sections 357 (d), (d.1) and (g), to process applications, additional documentation and standard criteria are required and / or will be used in determining the cancellation, reduction, and possible refund of taxes for applications as stated below:

Structures damaged by fire, demolition, or otherwise Sections 357(d)(i) and (ii)

- (i) Applications must include a demolition permit issued by the municipality in circumstances where demolition was required.
- (ii) The date of the event which rendered the property substantially unusable is deemed to be the effective date should the resulting damage be due to an Act of God, (ie. Tornado, Hurricane).
- (iii) Applications shall include photos of the structure depicting damage.

Sickness or extreme poverty Section 357(d.1)

- (i) The municipality has delegated the review and determination of applications by way of By-Law to the Assessment Review Board per the delegation of power under Section 357(11) of the Municipal Act, 2001.
- (ii) Upon receipt of an application citing (d.1) – Sickness or extreme poverty, administration will forward the application along to the Assessment Review Board for review. The Assessment Review Board will schedule and coordinate the hearing date and inform the applicant on how to best prepare for the hearing.
- (iii) Upon receipt of an application citing (d.1) administration will provide the necessary forms to the applicant to assist them in preparing for the hearing and gathering the required documentation for review in advance of the formal requests from the Assessment Review Board, namely Form 1790a, 1790b, 1790c, and 1790d.
- (iv) The municipality will participate in the hearing before the Assessment Review Board and act accordingly when the Decision is received from the Assessment Review Board and process any adjustment necessary.

Repairs or renovations Section 357(g)

- (i) Properties shall be classified as Commercial or Industrial for property assessment purposes.
- (ii) The adjustment is limited to 30% of the property taxes related to the assessment value affected by the repair or renovation as determined by the Municipal Property Assessment Corporation and resulting adjustment calculated as 'Affected Assessment Value' X Tax Rate X 30%.
- (iii) Applications made under this section shall be limited in length to not longer than 6 months from the date the repair or renovation commenced.
- (iv) Applications shall include the building permit as issued by the municipality.

- (v) Applications shall include Architectural or Engineered Drawings demonstrating the scope of the project.
- (vi) Applications shall include photos of the structure before construction, during construction, and completion of construction.

## **5.0 Applications**

- 5.1 An application under Sections 357 of the Municipal Act, 2001 must be filed with the Treasurer, using the prescribed form, on or before the last day of February of the year following the year in respect of which the application is made per 357(3) of the Act.
- 5.2 An application may only be made by the owner of the land or by another person who,
  - a) Has an interest in the land as shown on the records of the appropriate land registry office and the sheriff's office
  - b) Is a tenant, occupant or other person in possession of the land; or
  - c) is the spouse of the owner or other person described in clause (a) or (b).
- 5.3 An application under clause 357(1)(f) or (g) may be made by the Treasurer on or before April 30 of the year following the year in respect of which the application is made if no application is made by a person described in clause (a), (b), or (c) within the deadline set out.

## **6.0 Adjustments and Refunds**

- 6.1 Where a property is determined to be eligible for an adjustment the resulting decision and adjustment will be communicated to the applicant through written communication issued by the Tax Department. The communication may be delivered by letter mail or electronic mail.
- 6.2 Where taxes remain owing on a tax account the adjustment shall first be applied to the outstanding debt. Any residual credit may be refunded to the ratepayer should the ratepayer indicate in writing to do so.
- 6.3 Under no circumstances will a refund be issued to a ratepayer where taxes remain past due on the subject tax account.

## **7.0 Penalty, Interest, and Fees**

- 7.1 Where penalty and interest were charged on an account and as a result of a decision to adjust taxes, penalty and interest that no longer applies will be reversed from the account. Penalty and interest may still apply on past due amounts and will not be reversed due to an updated amount due, but rather adjusted to reflect the correct penalty and interest on the revised past due amount.
- 7.2 Where a fee was charged on an account and as a result of a decision to adjust taxes,

the fee is no longer applicable, said fee, will be reversed from the account.

## **8.0 Legal Requirements**

- 8.1 Authority to approve applications under Sections 357 is delegated to the Treasurer, Deputy Treasurer, and Manager, Revenue (minimum of two) per By-law 115-2020, a By-law to Delegate Certain Routine Approvals as amended from time to time.

## **9.0 Responsibilities of Employees and Administration**

- 9.1 Employees of the municipality will adhere to the policy to ensure equitable and consistent treatment to all ratepayers. It is the responsibility of administration to report to Council tax write offs on an annual basis.

## **10.0 Financial Implications**

- 10.1 Financial implications of the Property Tax Cancellation, Reduction and Refund Policy are accounted for through the annual budgeting process. Formalizing the policy will not have any budgetary impacts outside those already routinely accounted for annually.
- 10.2 Consistency in processing applications aid in the well being of the municipality's financial position.
- 10.3 Awareness and monitoring of these applications allows administration and Council to remain informed about factors outside of municipal controls that may impact the levies placed upon a property.

## **11.0 Other Legislation**

- 11.1 Should there be any incongruences between the policy and the governing legislation, the provisions of the governing legislation will prevail.

## **12.0 Policy Review**

- 12.1 This policy shall be reviewed by Council as required.