



## Staff Report

If this information is required in an alternate accessible format, please contact the Accessibility Coordinator at 905-623-3379 ext. 2131.

---

**Report To:** General Government Committee

**Date of Meeting:** January 10, 2022 **Report Number:** FSD-002-22

**Submitted By:** Trevor Pinn, Director of Financial Services/Treasurer

**Reviewed By:** Andrew C. Allison, CAO **Resolution#:**

**File Number:** **By-law Number:**

**Report Subject:** 2022 COVID-19 Property Tax Deferral Program

---

### Recommendations:

1. That Report FSD-002-22 and any related communication items, be received;
2. That the Director of Financial Services/Treasurer be directed to re-establish the COVID-19 Property Tax Deferral Program allowing a deferral of taxes, interest and penalty free, to qualifying taxpayers for a period of up to sixty days for the first six months of the 2022 taxation year; and
3. That all interested parties listed in Report FSD-002-22 and any delegations be advised of Council's decision.

## Report Overview

The COVID-19 pandemic continues to cause financial concerns for some taxpayers, as well as physical and mental health concerns. The Municipality has provided several different financial supports to taxpayers since the beginning of the pandemic.

With the continuing fifth wave of the virus, and public health measures announced on January 3, 2022 which could cause economic hardship for some taxpayers, particularly in food service and recreational industries, Staff are recommending that the COVID-19 Tax Deferral Program and the administrative change to pre-authorized payments allowing for the balance due to be spread over the remaining term of the pre-authorized payment year, be reinstated for 2022.

## 1. Background

- 1.1 At the January 18, 2021 Council meeting, Council approved the recommendations in Report [FSD-003-21 2021 COVID-19 Property Tax Deferral Program](#). This report recommended the establishment of a COVID-19 Property Tax Deferral Program for qualifying taxpayers impacted by COVID-19.
- 1.2 On January 3, 2022, the Province of Ontario announced certain public health measures to curtail the spread of the Omicron variant of the SARS-COV-2 virus that causes COVID-19. The measures include capacity restrictions at retail stores, prohibition of indoor dining, closure of gyms and other measures that cause economic strain to certain taxpayers within the Municipality.
- 1.3 To provide financial support during the fifth-wave, Staff are recommending the same financial supports that were approved in 2021 be re-established for 2022.

### Legislative Ability to Write-off Taxes

- 1.4 As identified in [Report FSD-003-21](#), there are limited opportunities for the Treasurer or Council to write-off property taxes once they have been levied.
- 1.5 Section 354 of the Municipal Act, 2001 states that "Taxes shall not be written off except in accordance with this section." There are three times when the Treasurer shall remove unpaid taxes from the tax roll:
  - a. The council of the local municipality, on recommendation of the treasurer writes off the taxes as uncollectible.
  - b. The taxes are no longer payable as a result of tax relief under section 319, 345, 357, 358, 362, 364, 365, 365.1 or 365.2 or a decision of any court; or

- c. The taxes are no longer payable because the tax liability arose as a result of the reassessment of land under subsection 33(1) of the Assessment Act for a period during which a regulation made under subsection 33 (1.1) of that Act provides that subsection 33(1) of that Act does not apply to land.
- 1.6 At this point, it is my opinion as Treasurer that there are no taxes that are uncollectible from 2021 given the variety of tools that are available for collection and the fact that we are only two weeks into 2022. This authority, historically, has been used for small value write-offs where the cost to collect is higher than the outstanding amount.
- 1.7 The other sections are either not applicable to lower-tier municipalities, or do not apply to the situation at hand. Section 365 could be used to establish a program for unduly burdensome taxes, however this bar is significant and is limited in scope to providing financial support that may be needed at this time.

## **2. Financial Support for 2022**

### **Providing Flexible Payment Options**

- 2.1 While not a relief program, the Municipality does provide taxpayers the ability to have taxes withdrawn from their bank account monthly. This provides taxpayers the ability to spread their payments out monthly rather than four larger payments in February, April, June and September. Staff have been encouraging pre-authorized payment since the pandemic began in March 2020 as a way to provide stable payments to taxpayers, we have seen an uptake on the use of this program.
- 2.2 For new registrations enrolled during the year, a lump sum payment is required in order to place the account in a similar position to all accounts on the plan. For example, an account that missed the January first payment would pay the January withdrawal upfront and begin withdrawals on the first of February. To provide an additional option for residents requesting additional support, upfront payments can be spread over the remaining months. Our pre-authorized payment plan is not normally setup this way due to increased risk of clerical error. Given the pandemic, staff feel this option outweighs the risk and could help residents avoid falling behind if they are unable to pay the catch-up payment; this was utilized in 2021 by taxpayers and was successful.
- 2.3 Staff will be temporarily changing the normal process again for 2022, which is more manual due to system limitations, to allow for new registrants to spread the balance of taxes over the remaining period equally.
- 2.4 Taxpayers enrolled in the pre-authorized payment plan do not pay penalties or interest during the period of enrollment, provided that payments are made as scheduled.

- 2.5 If taxes are withdrawn as part of the taxpayer's mortgage payment, any changes to that payment schedule need to be worked out between the mortgage company and the taxpayer. Financial Services staff received many requests to hold payment or skip a payment; however, we are only able to do that with pre-authorized payments set up through the Municipality.
- 2.6 The Municipality continues to provide the ability to make payments through financial institutions, including the institutions online or telephone banking programs. These payments can be made at the taxpayer's convenience without having to come to the Municipal Administration Centre.
- 2.7 Cheques may be mailed to the Municipality or dropped off at the Municipal Administration Centre.
- 2.8 Currently, the Municipal Administration Centre is open by appointment only, and payments may be made in person through debit, cheque or cash. Staff are recommending the use of debit cards or cheques.

### **Changing Due Dates for Payments**

- 2.9 The interim dates were set in December 2021 through by-law. The selected dates have been advertised and interim bills will be shortly mailed to ensure that we meet the legislated deadlines for mailing of interim tax bills.
- 2.10 When the final tax by-law is brought to Council, the due dates for the final two instalments may be changed from the typical June/September (residential) or August/September (non-residential) dates if the need arises.

### **Waiving of Interest or Penalties**

- 2.11 As a work-around for the due dates in 2020, Staff recommended the waiving of penalties and interest for 60 days which in essence moved the due date by two months. This remains an option for Council.
- 2.12 One of the drawbacks for this method is that all penalties and interest are waived not just the penalties and interest for those impacted by COVID-19. This costs approximately \$100,000 per month in lost revenue, most of which would not be related to COVID-19. Administratively, this is the easiest option to process; however, it is felt that this does not provide fair and equitable treatment to taxpayers as those who were in arrears prior to March 2020 when COVID-19 started would have no interest and penalties on their total arrears. As well, the reason for the arrears could be unrelated to COVID-19 and are not a result of the public health measures to prevent the spread of the virus.

## **Deferral Program**

- 2.13 In January 2021, Staff recommended the development of a deferral program. This followed the successful implementation by other municipalities of similar programs. This program allows qualifying taxpayers to defer payment of their taxes for a set period of time and avoid penalties and interest, if the deferred amount is paid by the due date in full.
- 2.14 Unlike the property tax relief program, there is no requirement to meet the criteria under a by-law defining “unduly burdensome taxes”; this would eliminate the need to provide personal financial information and would be easier to administer as financial means would not be required. It also does not provide interest and penalty relief to all taxpayers, even those not impacted by COVID-19.
- 2.15 Business owners would also be eligible for this program as it would not be considered bonusing as no financial support is being provided.
- 2.16 Staff would utilize the same criteria and processes utilized in 2021, adjusting dates for the appropriate period of time. For example, taxes should be current as of January 1, 2022. It is recommended that the deferral program be administratively easy to apply. Staff will utilize online forms for taxpayers to register for their property and answer a series of questions to determine if they meet the criteria. They will be required to certify that they are providing accurate information and that if the information is not accurate they will be removed from the deferral program.
- 2.17 The deferral program had 21 applicants last year with 15 being approved. The Town of Whitby is considering a program for 2022 based on Clarington’s 2021 program.

## **3. Concurrence**

Not Applicable.

## **4. Conclusion**

It is respectfully recommended that Council approves the re-establishment of the tax deferral program, as implemented in 2021, for qualifying taxpayers in 2022. This program as well as a change in the administration of the pre-authorized payment plan for the 2022 tax year will provide payment options for taxpayers seeking to mitigate personal cash flow concerns.

---

Staff Contact: Jessica James, CMRP(A), Manager of Taxation Services, 905-623-3379 ext. 2609 or jjames@clarington.net.

Attachments:

Not Applicable

Interested Parties:

There are no interested parties to be notified of Council's decision.