

WMG Tax Arrears Enforcement Strategy



What is the WMG Tax Arrears Strategy?

- Tax arrears adversely affect a Municipality's budget process and ability to fund municipal works
- Waiting for the tax sale process requires arrears to be three years old and then takes a further year for enforcement
- Municipalities are rated by Municipal Affairs with respect to the effectiveness of their entire arrears collection efforts, not just tax sales
- The Municipal Act provides powers for Municipalities to collect taxes when they are due, not simply to wait for the tax sale process



What is the Benefit to the Municipality

- The tax enforcement strategy allows the Treasurer to hand off enforcement of arrears to WMG
- This frees up significant staff/treasurer time because they “hand off” enforcement to WMG
- This also makes the law firm “the bad guy”
- It provides transparent, unbiased consistency in enforcement
- It improves arrears ratings
- It passes on 100% of the enforcement cost to the taxpayer
- It reveals errors BEFORE there is a registration on title and avoids a possible slander of title issues that could cause liability to municipalities



What is the Benefit to the Taxpayer

- Registration of a tax arrears certificate breaches mortgage conditions thereby putting the taxpayer offside on their mortgage
- Registration of a tax arrears certificate interferes with the taxpayer's ability to finance thereby adversely affecting their ability to pay arrears
- Costs are lower than tax sale companies are charging for tax sale process
- Taxpayers can enter into payment agreements BEFORE the arrears certificate is registered



What is the Enforcement System

- The system involves various streams depending on the Municipality's knowledge and relationship with the taxpayer
- Standard Stream
 - Demand letter
 - Lawyer's demand letter requiring payment within 30 days.
 - Payment Contract
 - Allows Municipality to accept payments but still preserve the oldest arrears in the event there is a breach and tax sale is required
 - Further Enforcement on Breach
 - Seizure or Sale



What is the Enforcement System

- High Risk Debtor
 - Where the debtor is a repeat offender
 - Where there is concern the debtor may abscond with assets
 - Where there is concern about the value or state of the property
 - Where the debtor's whereabouts are unknown
- Information Search
 - Equifax
 - Property Search
 - PPSA Search
- Treasurer's warrant
 - Seizure of bank accounts or other assets
 - Seizure of personal property



What is the Enforcement System

- Tax Sale Process
 - Last resort
 - Sell property
 - Once Tax Sale is started, Payment of entire cancellation price is required
Unless a payment agreement is negotiated with and approved by Municipal Council – requires meeting and by-law. Taxpayer can not negotiate a binding deal without involving Municipal Council and Treasurer can not accept part payments after tax arrears certificate is issued



Q&A



390 Bay Street, Suite 500
Sault Ste. Marie, ON P6A 1X2

Tel: 705-949-6700

E-mail: pcassan@wishartlaw.com

www.wishartlaw.com