

# Town of Truro – Policy & Procedure Manual

**Subject:** Accounts Receivable Policy  
**Policy Number:** P110-002  
**Approval Date:** March 3, 2003  
January 9, 2006  
**Departments:** Finance

## 1. BUSINESS OCCUPANCY TAX ACCOUNTS

- 1.1 For purposes of this Business Occupancy Tax Account section, the term "tax account" will mean Business Occupancy Tax Account.
- 1.2 After the due date of November 1<sup>st</sup> in any tax year, any tax account with a balance owing may be sent to the Town's collection agency for collection, except in the following circumstances:
- (a) If a tax account, because of a special billing, has a final bill due date in any tax year, later than the normal November 1<sup>st</sup> due date, the tax account may be sent to the Town's collection agency for collection if it has a balance owing after the due date for the final bill for the tax year for that tax account, as shown on the special billing.
  - (b) If a tax account provides the Town office with five (or less) postdated cheques, dated the 5<sup>th</sup> day of each month from November through to March for the tax year, totaling enough to bring the tax account's balance owing, including an estimate for monthly interest calculated by Town office staff, to a zero balance by the end of the applicable tax year (for example: March 31, 2003 for the 2002/2003 tax year), the tax account may be sent to the Town's collection agency for collection if any of the postdated cheques are returned by the bank as uncashable, or there remains a balance owing at the end of the applicable tax year. Any credit balance created by the postdated cheques will be applied to the next year's tax billing.
- 1.3 The Northern Region Assessment Office is the Provincial department responsible for assessing tax accounts in the Town of Truro, including opening and closing of business occupancy accounts. It is the business owner's responsibility, under the Assessment Act, to notify the Northern Region Assessment Office within 30 days, of an opening of business, or a change in space occupied, or a closing of business, or a change in mailing address.

If a tax account is expecting a reduction in its tax billing by reason of, an adjusted assessment value, or a closing of business, or for some other reason, the Town

will only adjust the tax account balance if it has received the appropriate change forms from the Northern Region Assessment Office. If the Town office has not received the appropriate change forms from the Northern Region Assessment Office, the tax account must be paid in full by the due date, and will be subject to the collection agency process under Section 1.2 above. The Town will refund any credit balance created by an assessment change form received from the Northern Region Assessment Office, within 30 days of receiving the notice from the Northern Region Assessment Office.

Where the actual date of a business occupancy closing is prior to the effective date on the Closing of Business Form, and the Assessment Office has confirmed the actual date of a business occupancy closing in writing, the tax office will adjust taxes and interest back to the actual closing date rather than the effective date on the Closing of Business form.

- 1.4 If the Town receives an Opening of New Business form and Closing of Business form for the same tax account during the year, and all tax bills to that tax account are returned by Canada Post as undeliverable, Town office staff will make a reasonable effort to find the correct mailing address for the business owner, and failing to find the correct mailing address for the business owner, will send the tax account to the Town's collection agency for collection if the balance owing is \$500 or greater, or will write off the balance owing if it is less than \$500.
- 1.5 There will be no interest adjustment for a tax account unless the tax bills for the tax account have been returned by Canada Post as undeliverable, and a correct mailing address for the tax account has been received by the Town, from the Northern Region Assessment Office, or from some other source. If a corrected mailing address for a tax account has been received by the Town, the tax office will issue a tax bill or notice with a revised due date that is the later of: 1) if the tax bill is the interim tax billing for the year: 30 days from the date of the revised tax bill or notice, or the due date of the normal interim tax billing; or, 2) if the tax bill is the final tax billing for the year: 30 days from the date of the revised tax bill or notice, or the due date of the normal final tax billing; or, 3) if the tax bill is a special tax billing other than the normal interim or final billing: 30 days from the date of the revised tax bill or notice, or the due date of the special tax billing.
- 1.6 Tax accounts will be notified on the final tax billing that accounts may be sent to a collection agency if unpaid after the November 1<sup>st</sup> due date. Staff will make reasonable effort to obtain the correct mailing address for any account returned as undeliverable by Canada Post, including phone calls and inquiries to the Northern Regional Assessment Office. After the November 1<sup>st</sup> due date, staff will send out an "Advance Notice of Collection Proceedings" letter stating that the tax account may be sent to a collection agency if it remains unpaid by November 15<sup>th</sup>. Staff will follow up the letter with reasonable effort to make contact with the business occupant by phone, before sending the account to collection.

## 2. **REAL PROPERTY TAX ACCOUNTS**

- 2.1 For purposes of this Real Property Tax Account section, the term "tax account" will mean Real Property Tax Account.
- 2.2 In accordance with Section 134 (2) of the Municipal Government Act, in October each year, any tax account with taxes in arrears for the preceding three fiscal years, will be sent an "Advance Notice of Tax Sale Proceedings" letter, and any tax account with taxes in arrears for the preceding one or two fiscal years, may be sent an "Advance Notice of Tax Sale Proceedings" letter.
- 2.3 In accordance with the Municipal Government Act, after the November 1<sup>st</sup> due date each year, tax sale proceedings will be commenced for any tax account with taxes in arrears for the preceding three fiscal years, and tax sale proceedings may be commenced for any tax account with taxes in arrears for the preceding one or two fiscal years.

## 3. **WATER UTILITY RECEIVABLES**

- 3.1 For purposes of this Water Utility Receivables section, the term "water account" will mean any water receivable account for which water service can be terminated (shut off) for failure to pay.
- 3.2 During the months of April to October, any water account outstanding for more than two billing periods will be notified on the billing notice that water service will be terminated (shut off) if the water account remains unpaid. Town staff will follow up the notice with a phone call or visit and make reasonable effort to speak to the property owner for the water account, before it is shut off.
- 3.3 During the months of April to October, water service for any water account outstanding for more than two billing periods may be terminated (shut off), unless the water account is paid in full by the due date, or the Water Utility and the customer have entered into an arrears payment arrangement which should include post-dated cheques.
- 3.4 If a water bill or notice is the final billing for an inactive water account, the water bill or notice shall include a statement that if the water account remains unpaid after the due date, it will be sent to the Town's collection agency.

## 4. **OTHER RECEIVABLES**

- 4.1 For purposes of this Other Receivables section, the term "receivable account" will mean all receivables of the Town not referred to in Sections 1, 2, and 3 above, including but not limited to: General Fund receivables, Water Utility receivables, and Stadium/Ballfield receivables.

- 4.2 Town staff will maintain an aged list of other receivables outstanding.
- 4.3 When a receivable account goes over 60 days old, the account will be sent an "Advance Notice of Collection Proceedings" letter.
- 4.4 After the due date specified in the "Advance Notice of Collection Proceedings" letter, the receivable account may be sent to the Town's collection agency for collection, unless the Town or Water Utility and the customer have entered into a payment arrangement which should include post-dated cheques.
- 4.5 Town staff will make reasonable effort to obtain the correct mailing address for any receivable account returned as undeliverable by Canada Post.
5. Any payment arrangement made between the Town or Water Utility and any receivable customer should include post-dated cheques, and should be structured so that the receivable balance including an estimate for interest will be paid off by the end of the applicable fiscal year (for example: March 31, 2003 for the 2002/2003 fiscal year).
6. Effective January 1, 2003, any billings by the Town of Truro shall state that payments must be **received by** the Town Office on or before the due date. Interest added to any account after the due date will not be adjusted if the payment is received by the Town after the due date. Interest may be adjusted if the Town has evidence of an incorrect mailing address for any receivable account.
7. Any Receivable account sent to a collection agency may be written off if the Town is advised in writing by the collection agency that the receivable account has a zero percent chance of being collected.

## 8. **TAX ADJUSTMENTS**

Under the Assessment Act, Sections 62 and 63, a property owner or business occupant has the right to appeal their assessed value for real property or business occupancy if they believe they are assessed incorrectly. Unless directed by a court of law, the Town of Truro will provide a tax adjustment only for the current fiscal year and the previous fiscal year, when notice of an adjustment in assessed value is received in writing from Service Nova Scotia and Municipal Relations, Assessment Services. (January 9, 2006)