



STAFF REPORT

To: Council

From: Michelle Williams, Director of Finance

Approved by: Warren MacLeod, Chief Administrative Officer

Date: December 11, 2024

Subject: **Tax Sale Policy Amended December 11, 2024**

ORIGIN

Director of Finance is requesting to update the Tax Sale Policy concerning redemption of properties where HST was collected from the sale.

RECOMMENDATIONS

THAT Council of the Municipality of the District of Shelburne approve the attached Tax Sale Policy as amended.

DISCUSSION

The Municipality of the District of Shelburne received confirmation from our Auditors regarding the HST treatment of including HST in the redemption cost of tax sale properties and determined that it be worthwhile to have the Auditor's advice implemented by policy so that should this question come up in the future, redeemers and their lawyers can be provided with the policy as a complete answer to the question. The Municipality has consulted with our legal advisors, and they agree. The treatment of HST has always been the same in the past but we are requesting it be formalized in the policy.

Ultimately this will save time and money for the Municipality so that any future staff/counsel would not need to seek further accounting and legal advice on the issue as again, the policy would provide the complete answer to a question from a redeemer as to why the HST must be paid.

ATTACHMENTS

Tax Sale Policy Amended



Policy 33 **TAX SALE**

POLICY PURPOSE

- 33.1 It is the Policy of the Municipality of the District of Shelburne that all property taxes be collected in a timely manner. Property tax accounts that fall into arrears will be subject to collection efforts that ultimately can result in tax sale.

POLICY DETAILS

- 33.2 Effective April 1, 2018 until March 31, 2019, property shall be sold for tax sale if taxes are in arrears for the preceding two fiscal years. Section 134(1) of the *Municipal Government Act* states “property *may* be sold for taxes if the taxes with respect to the property are not paid in full for the taxation year immediately preceding the year in which the tax sale proceedings are commenced, but the proceedings shall not commence before June 30th in the year immediately following that taxation year.” Section 134(2) of the *Municipal Government Act Section* states “property *shall* be put up for tax sale if taxes are in arrears for the preceding three fiscal years.”
- 33.3 Subject to the collection limit identified in s. 43.8 of the Collection Policy, effective April 1st, 2019, property shall be sold for tax sale if taxes are in arrears for the preceding one fiscal year. Section 134(1) of the *Municipal Government Act* states “property *may* be sold for taxes if the taxes with respect to the property are not paid in full for the taxation year immediately preceding the year in which the tax sale proceedings are commenced, but the proceedings shall not commence before June 30th in the year immediately following that taxation year.” Section 134(2) of the *Municipal Government Act Section* states “property *shall* be put up for tax sale if taxes are in arrears for the preceding three fiscal years.”
- 33.4 When Municipality of the District of Shelburne sends the Preliminary Tax Sale Notice, pursuant to Section 138 of the *Municipal Government Act*, it shall be policy of Municipality of the District of Shelburne that any person notified must provide payment in full to Municipality of the District of Shelburne within thirty days of the date of the preliminary notice.
- 33.5 **HST on Redemption of Tax Sale Properties.** Where a property has been sold for taxes at a tax sale, which is subject to HST, and such HST has been paid by the tax sale purchaser; it shall be the policy of the Municipality of the District of Shelburne that any party redeeming such tax sale property shall be provided with a redemption amount which includes the amount of HST paid by the tax sale purchaser and that the full redemption amount, including such amount of HST, must be to the Municipality in order to redeem the property.

REPEAL

~~33.633.5~~ Tax Sale Policy adopted by Council of the Municipality of the District of Shelburne on the 26 day of March, 2018, is hereby repealed.

THIS IS TO CERTIFY that the Council of the Municipality of the District of Shelburne duly passed the policy respecting Tax Sale on 26 day of March 2018.

SIGNED this _____ day of _____, 2024

WARDEN

CHIEF ADMINISTRATION OFFICER

Approved by Council: March 26, 2018

Effective Date: March 26, 2018

Amended Date: November 26, 2019 (amend sections include 33.2, 33.3, 33.4)

Amended Date: June 23, 2021 (amend section 33.3)

Amended Date: December 11, 2024 (add a new section 33.5, amend old 33.5 to be 33.6)