

Background and Previous Council Direction

Background

Correction of Prior-Year Assessment Errors (“The Circumstances Report”)

When an error occurs on the assessment roll, Administration may only correct the error within the current year. Where an error from a prior year resulted in a property owner incurring taxes or penalties in error, Council’s approval is required to cancel or refund those taxes to the property owner.

To facilitate these corrections, Administration has historically delivered the Circumstances Report twice annually to Council, providing recommendations for the cancellation or refund of taxes incurred because of a prior-year property assessment error.

Errors that currently qualify for inclusion on the Circumstance Report are focused on situations where the assessment of a property included an objective error of fact that was not identified within the subject taxation year, and commonly include situations where:

- A property owner is not notified of a change to their assessment (e.g., an assessment account is set up in error and an assessment notice is mailed to the incorrect address);
- The City was notified of the error but did not correct it within that same year;
- Another department within The City was notified of the error, but Assessment & Tax was not informed and was therefore unable to correct it; or
- A property or business’s taxable status changed mid-year but the change was not processed correctly and must be corrected to pro-rate the amount of taxes owing.

The City currently budgets \$1 million per year for the correction of prior-year assessment errors via the Circumstance Report. Actual costs for the prior 5 years are summarized below in table 1.

Table 1: Prior-Year Error Corrections Costs – 5 Year	
Year	Amount
2019 (1, 2)	\$209,626.42
2020	\$52,623.22
2021	\$268,419.10
2022	\$301,905.63
2023	\$162,916.42

Compassionate Property Tax Relief Program

The *Dorothy Motherwell Compassionate Property Tax Penalty Relief* program was launched in 2018 and has continued to be offered since, with one review occurring in 2019. The program allows taxpayers of owner-occupied residential properties to receive relief from property tax penalties incurred when they are unable to pay their taxes by the deadline due to a “Significant Life Event” (i.e., death or critical illness diagnosis of the taxpayer, or an “immediate family member.”). The program does not impact the tax levy, only penalties.

The City currently budgets \$25,000.00 per year for the Compassionate Property Tax Penalty Relief Program (the maximum currently available under Charter Bylaw 1H2018). Costs to The City of the program over its duration are summarized below in table 2.

Table 2: Compassionate Penalty Relief Costs Since Inception			
Year	Accounts (#)	Total \$	Avg.\$/ Account
2018	26	\$5,347.55	\$205.66
2019	25	\$8,216.54	\$316.02
2020	6	\$2,082.88	\$347.15
2021	15	\$2,422.99	\$161.53
2022	26	\$6,108.79	\$234.95
2023	29	\$7,789.90	\$268.61
Average:	21	\$5,328.11	\$255.65

Previous Council Direction

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
2023 May 09	EC2023-0457	<p>Notice of Motion – Compassionate Property Tax Penalty Relief Policy Updates</p> <p>Council directed Administration to: (a) recommend an updated Charter Bylaw and new Council Policy to delegate tax relief authority to Administration to cancel, reduce, refund, or defer taxes to: (i) Provide compassionate property tax relief in accordance with an updated program; and (ii) Correct prior year errors in limited circumstances where property owners incurred property tax or penalties in error (i.e., errors identified within two years after the error occurred, consistent with current practice); and (b) Create an annual reporting mechanism to ensure compliance with the principles of fairness and equity to taxpayers.</p>
2019 December 16	PFC2019-1105	<p>Compassionate Property Tax Penalty Relief Report Back</p> <p>Following the offering of the Compassionate Property Tax Penalty Relief program for two property taxation cycles, Administration reported back with findings of the program, and Council approved the continued offering of the program in accordance with the principles and guidelines outlined to support the preliminary program.</p>
2018 July 25	PFC2018-0761	<p>Delegation Bylaw to support the Compassionate Tax Penalty Relief Program</p> <p>Charter Bylaw 1H2018 (see below in this attachment for details about the bylaw) was presented to Council for approval. As a Charter Bylaw, a public hearing was required, but no one addressed Council with respect to Charter Bylaw</p>

		1H2018. Council approved the Charter Bylaw, which also triggered Administration to begin offering the Relief Program.
2018 June 25	PFC2018-0325	<p>Compassionate Property Tax Penalty Relief</p> <p>Administration reported to Council with a jurisdictional scan of other municipal, provincial and federal tax relief programs, proposed criteria, guidelines and definitions for the Compassionate Property Tax Penalty Relief program. Council approved the program, with the program itself pending approval of the delegation Charter Bylaw.</p>
2017 September 11	NM2017-30	<p>Notice of Motion - Dorothy Motherwell Tax Penalty Relief</p> <p>Arising from a taxpayer's personal circumstances interfering with their ability to pay their taxes on time, Council approved a Notice of Motion to cancel a portion of the taxpayer's taxes, and also to direct Administration to investigate other tax forgiveness programs and the impact to City tax revenues and legal ramifications of canceling taxes due to extraordinary circumstances, and to return with recommendations in Q2 2018.</p>

Bylaws, Regulations, Council Policies

Both the existing programs and proposed Council Policy rely on several pieces of interrelated legislation, regulations and bylaws:

Municipal Government Act ("MGA")

Section 305 of the MGA governs the correction of the assessment roll. Per section 305(1)(a), the assessor may correct the assessment roll for the current year only. For this reason, prior-year errors cannot be corrected under the authority of section 305, and they must instead be addressed via section 347.

Section 347 of the MGA permits Council to, if it considers it equitable to do so, cancel or reduce tax arrears, cancel or refund all or part of a tax, or defer the collection of a tax. This is the mechanism by which penalties are cancelled or refunded for compassionate purposes, as well as the mechanism by which prior-year taxes or penalties levied or collected in error may be cancelled or refunded through the Circumstances Report.

Note that section **203(2)(d)** of the MGA normally prevents Council from delegating its power with respect to taxes under section 347, as outlined above. However, the City of Calgary Charter, 2018 Regulation modifies the MGA as outlined below to permit this delegation.

City of Calgary Charter, 2018 Regulation ("Charter")

Section 4(5)(b) of the Charter modifies section 203(2)(d) to permit Council to delegate its power with respect to taxes under section 347 to a maximum of \$500,000 per taxation year.

Section 9(1) of the Charter requires a public hearing in respect of the proposed bylaw in accordance with section 216.4 of the MGA, with notice provided in accordance with section 606 of the MGA.

Section 10(4) of the Charter requires any bylaw made under the Charter to include the words “Charter Bylaw” in its name.

Tax Penalty Cancellation Delegation Charter Bylaw 1H2018

Note: Charter Bylaw 1H2018 would be amended by the proposed bylaw.

Charter Bylaw 1H2018 utilizes section 4(5)(b) of the Charter, outlined above, to delegate authority for up to \$25,000 in tax cancellations, reductions, refunds, or deferments to the Chief Financial Officer for the purposes of the Compassionate Property Tax Penalty Relief Program.

Tax Penalty Bylaw 8M2002

Pursuant to sections 344 – 346 of the MGA, Tax Penalty Bylaw 8M2002 establishes penalties of 7% each on July 1 and October 1 following the payment deadline, and 1% on the first of each month commencing on the first day of January following the year the taxes are imposed, on any amount of taxes unpaid after the payment deadline.

Bylaw 8M2002 sets out the penalties that may be cancelled or refunded under the Compassionate Property Tax Penalty Relief Program, or when correcting a prior-year error which caused penalties to accrue, where relevant.

Tax Instalment Payment Plan (TIPP) Bylaw 9M2002

Bylaw 9M2002 enables Taxpayers to pay their taxes by way of monthly instalments. While enrolled in TIPP, a Taxpayer does not incur penalties, making them ineligible for compassionate property tax penalty relief (i.e., no penalties can be incurred to relieve them of). If a TIPP agreement is terminated, such as if the Taxpayer does not pay by the monthly deadlines set out in their agreement, their taxes are deemed due and payable immediately upon termination of the agreement, and penalties may apply at that time. In this case, a Taxpayer may then qualify for compassionate relief under the proposed Council Policy.

Municipal Assessor Bylaw 49M2007

Bylaw 49M2007 establishes the designated officer position of Municipal Assessor in accordance with the MGA, details the various powers, duties and functions of the Municipal Assessor, and establishes reporting lines and authority to delegate.

Business Improvement Area Tax Bylaw (varies – approved annually for each Taxation Year; [2024 BIA Tax Bylaw linked for reference](#))

The BIA Tax Bylaw establishes penalties of 7% each on April 1 and July 1 following the payment deadline for BIA taxes, and 1% on the first of each month commencing on the first day of January following the year the taxes are imposed, on any amount of taxes unpaid after the payment deadline.

BIA tax penalties may be cancelled or refunded due to corrections of a prior-year error in the assessment or taxation of a business for BIA tax.