

APR 12 2021

ITEM: 13.2 C2021-0578

Distribution

CITY CLERK'S DEPARTMENT

C2021-0578

Attachment 1

Background

This report is in response to the financial challenges faced by many property owners in paying their taxes as a result of the pandemic and economic factors in the local and broader economies. While Calgarians have prioritized the payment of their property taxes through challenging times many are struggling, and relaxation of the existing property tax penalty structure will provide some relief to those who need it.

Context

To support the timely payment of properties taxes, the *Municipal Government Act of Alberta* Sections 344 and 345 allows a municipal council by bylaw to impose a penalty in the year in which a tax is imposed, or any year after the tax is imposed, if the tax remains unpaid after the date shown on the tax notice. The City of Calgary Bylaw 8M2002 authorizes penalties for the non-payment of taxes.

Previous Council Direction

On 2020 September 14, Council approved the recommendations of Report C2020-0890, including:

1. Approve the cancellation of 50% of the portion of the property tax comprised of the penalties imposed under section 2(b) of Bylaw Number 8M2002 to be charged on 2020 October 1, and;
2. Approve that the requirement for a taxpayer who joins the Tax Instalment Payment Plan (TIPP) after January 1 of the current year to pay the total of missed instalments beginning from January 1 of the current year, under Section 7(5) of Bylaw Number 9M2002, be waived up to and including 2020 December 31.

On 2020 July 27, Council directed Administration to report back to Council no later than 2020 September 14 with a resolution under section 347 of the MGA to approve the cancellation and/or amendment of the portion of the property tax comprised of the penalties imposed under section 2(b) of Bylaw Number 8M2002 that would be imposed on 2020 October 1, with consideration given to incentivizing early payment while allowing deferral of payment with relaxed penalties, but incorporating the borrowing or carrying costs of loaned money, with the following scenarios:

1. Change the current penalty to 0%;
2. Change the current penalty to 1.5%;
3. Change the current penalty to 3.5%;
4. Provide other scenarios that incentivize early payment while allowing deferral of payment with relaxed penalties;

On 2020 April 6, Council approved the recommendations of Report C2020-0382, including the following:

2. Approve the cancellation of the portion of the property tax comprised of the penalties imposed under section 2(a) of Bylaw Number 8M2002 that would have accrued between July 1, 2020 and September 30, 2020; and
3. Approve that the requirement to pay an administration fee equal to 2% of the total amount of missed installments for those taxpayers who join TIPP after January 1, under section 7(5) of Bylaw Number 9M2002 be suspended until 2021 January 1.

Table Timeline

DATE	REPORT NUMBER	DIRECTION/DESCRIPTION
4/6/2020	C2020-0382	<p>2020 Property Tax Related Bylaws</p> <p>This report directed Administration to eliminate the 2020 July 1 late payment penalty for 2020 property taxes that were outstanding 2020 June 30.</p>
07/27/2020	C2020-0885	<p>Notice of Motion Re: Financial Relief for Taxpayers</p> <p>This report directed Administration to report back no later than 2020 September 14 with a recommendation to amend or cancel the 2020 October 1 late payment penalty for property taxes outstanding 2020 September 30</p>
09/14/2020	C2020-0890	<p>Financial Relief for Taxpayers</p> <p>This report directed Administration to reduce the 2020 October 1 late payment penalty for property taxes from 7% to 3.5%, and waive the requirement for taxpayers joining the Tax Instalment Payment Plan after January 1 of the current year to pay the total of missed instalments from January 1.</p>

Bylaws, Regulations, Council Policies

The following bylaws and policies inform property tax penalties.

Municipal Government Act of Alberta

City of Calgary Bylaw Number 8M2002 A Bylaw of The City of Calgary to Fix the Penalty on Unpaid Taxes

City of Calgary Bylaw Number 9M2002 A Bylaw of The City of Calgary for the Implementation of the Tax Instalment Payment Plan