

# **TAX RECEIVABLE SUMMARY AND TAX RECOVERY PLAN**

# WHY

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## ✘ Analysis

- + Get the same information from all municipalities
- + Determine A/R collection procedures are effective
- + Set an annual plan to collect taxes (Jan to Dec)
- + Identify what taxes are owed to a municipality
- + Identify the age of tax receivables

# TAX RECEIVABLE SUMMARY – STARTING POINT

- ✘ Financials statements – notes
  - + Taxes Receivable report as one total
  - + Taxes report broken down by tax typeSelect the correct template

4. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Taxes and rates	\$ 78,776	81,896
Tax rebate	20,299	14,240
Provincial funding	<u>34,905</u>	<u>60,515</u>
	133,980	156,651
Less: Allowance for doubtful accounts	<u>47,519</u>	<u>51,255</u>
	<u>\$ 86,461</u>	<u>105,396</u>

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	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
<b>Taxation</b>		
Poll tax	\$ 213,668	\$ 220,895
Business tax	35,650	44,791
Water and sewer tax	<u>20,800</u>	<u>20,800</u>
	<u>270,118</u>	<u>286,486</u>

## OPTION ONE

### GUIDELINE TEMPLATE FOR TAXES RECEIVABLE SUMMARY

#### Option 1: For Those Municipalities that Report All Taxes Receivable Together

Summary of Taxes Receivable as of December 31, 2018					
Total Receivable			Accounts With Payment Plan		
	Tax Payers #	Amount \$	Tax Payers #	Amount \$	
<b>Taxes Receivable</b>					
A	Owed for current tax year (2018)				
B	Owed for preceding tax year (2017)				
C	Owed for two years preceding (2016)				
D	Owed for three years preceding (2015)				
E	Owed for Four years preceding (2014)				
F	Owed for over four years (2013 and older)				
<b>Total Taxes Receivable (Dec 31)</b> <b>(A + B + C + D + E + F)</b>		<b>0</b>	<b>\$ -</b>	<b>0</b>	<b>\$ -</b>
<b>Allowance for Doubtful Accounts for Taxes Receivable</b>					

# TAX RECEIVABLE SUMMARY

# OPTION TWO

**Option 2: For Those Municipalities that Report Separate Types of Taxes Receivable**

Summary of Taxes Receivable as of December 31, 2018				
Total Receivable		Accounts With Payment Plan		
Tax Payers #	Amount \$	Tax Payers #	Amount \$	
<b>I. Poll Taxes Receivable</b>				
A Owed for current tax year (2018)				
B Owed for preceding tax year (2017)				
C Owed for two years preceding (2016)				
D Owed for three years preceding (2015)				
E Owed for Four years preceding (2014)				
F Owed for over four years (2013 and older)				
<b>Total Property Taxes Receivable (Dec 31)</b> (A + B + C + D + E + F)	0	\$ -	0	\$ -
<b>II. Property Taxes Receivable (Include Residential and Commercial)</b>				
A Owed for current tax year (2018)				
B Owed for preceding tax year (2017)				
C Owed for two years preceding (2016)				
D Owed for three years preceding (2015)				
E Owed for Four years preceding (2014)				
F Owed for over four years (2013 and older)				
<b>Total Property Taxes Receivable (Dec 31)</b> (A + B + C + D + E + F)	0	\$ -	0	\$ -
<b>III. Business Taxes Receivable</b>				
A Owed for current tax year (2018)				
B Owed for preceding tax year (2017)				
C Owed for two years preceding (2016)				
D Owed for three years preceding (2015)				
E Owed for Four years preceding (2014)				
F Owed for over four years (2013 and older)				
<b>Total Business Taxes Receivable (Dec 31)</b> (A + B + C + D + E + F)	0	\$ -	0	\$ -
<b>IV. Water &amp; Sewer Taxes Receivable (Include Residential and Commercial)</b>				
A Owed for current tax year (2018)				
B Owed for preceding tax year (2017)				
C Owed for two years preceding (2016)				
D Owed for three years preceding (2015)				
E Owed for Four years preceding (2014)				
F Owed for over four years (2013 and older)				
<b>Total Water &amp; Sewer Taxes Receivable (Dec 31)</b> (A + B + C + D + E + F)	0	\$ -	0	\$ -
<b>Total Taxes Receivable (Dec 31)</b> (A + B + C + D + E + F)	0	\$ -	0	\$ -
<b>Allowance for Doubtful Accounts for Taxes Receivable</b>				

# TAX RECEIVABLE SUMMARY

# DEMONSTRATION TAX RECEIVABLE SUMMARY



# COMMON CHALLENGES

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- ✘ Missing a header
- ✘ Missing Allowance for Doubtful Accounts
- ✘ Missing tax payers on a payment plan
- ✘ Municipal system driven reports

# TAX RECOVERY PLAN

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## PARTS OF THE PLAN

# PARTS

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- ✘ Cover page
- ✘ Section A
- ✘ Section B

# COVER PAGE

## MUNICIPALITY OF [REDACTED]

Tax Recovery Plan Dated December 31, 2018

Tax Recovery Actions and Plans for the Municipal Fiscal Year 2019

Date Created: [REDACTED], 2019

Date Amended: [REDACTED], 201[REDACTED]

# SECTION A

## Municipality of

Tax Recovery Plan Dated December 31, 2018

### **A. Status of the Objectives of the Tax Recovery Plan Dated December 31, 2017:**

The Town was able to recover [REDACTED] % of the outstanding and current taxes receivable for the municipality fiscal year that ended 2018. The stated objective for the Tax Recovery Plan dated December 31, 2017 (the municipal fiscal year 2018) was [REDACTED] %.

Summary of reasons for **meeting** / **not meeting** the 2016 objective include:

We need an overview what worked:

1. The Actions that worked included:
  - A. [REDACTED]
2. The actions that we need to look at changing include:
  - A. [REDACTED]

(Amount of tax collected/Taxes from Financial Statement + Billing for the year)

# SECTION B - OBJECTIVES

Summary of reasons for **meeting / not meeting** the 2016 objective include:

We need an overview what worked:

1. The Actions that worked included:
  - A. [REDACTED]
2. The actions that we need to look at changing include:
  - A. [REDACTED]

## **B. The Objectives of the Tax Recovery Plan Dated December 31, 2018**

The Town's objective is to recover [REDACTED] % of the outstanding tax receivable by December 31, 2019.

In order to ensure the availability of sufficient municipal services, it is important that residents and businesses make their payments to Council by June 30, 2019, or otherwise be placed on the Town's arrears listing and held subject to the Town's arrears recovery actions as presented in this report.

Under the Government of Newfoundland and Labrador's Community Sustainability Partnership (CSP), the Town must implement and maintain a Tax Recovery Plan and Tax Receivable Summary by establishing objectives, timelines and procedures to recover unpaid taxes from the current and previous years.

The Town is subject to these accountability measures in order to receive future Municipal Operating Grant (MOG) funding and a share of Provincial Gas Tax Revenue Sharing funding.

The Town must also present municipal audited annual financial statements in compliance with Public Sector Accounting Board (PSAB) standards and an approved annual budget to receive municipal operating grants.

Moreover, the Town will take all reasonable actions towards the recovery of taxes in arrears while ensuring the tax recovery process being followed is fair and reasonable to the tax payer and the Town, and within the authority provided under the *Municipalities Act, 1999*.

# SECTION A – TAX YEAR PLANNING SCHEDULE

## Municipality of

Tax Recovery Plan Dated December 31, 2018

### Tax Year Planning Schedule

- Tax Notices are mailed out By the end of January 2019;
- Taxes are due on June 30, 2019
- Taxes are considered unpaid after July 1, 2019
- Taxes are considered in arrears after July 1, 2019; and
- Tax Recovery Plan begins January 1, 2019.

# TAX RECOVERY PLAN HOW TO USE THE FORM



# COMMON CHALLENGES

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- ✘ Resurfacing the previous year plan(s)
- ✘ Header not completed
- ✘ Dated incorrectly
- ✘ Section A missing previous year's objective
- ✘ Reasons for **meeting / not meeting** the Objective Missing
- ✘ Tax Year Planning Schedule not complete

# THE MUST KNOWS

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- ✘ The documents need to be complete
- ✘ June 30<sup>th</sup> is the date
  - + Early is good
  - + Later is not so good
  - + The issue is time to complete the work

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