

Town of Mount Carmel-Mitchell's Brook-St. Catherine's

Policy and Procedure

Taxation Policy

Effective: April 27, 2020

POLICY STATEMENT

Taxes are a main source of revenue for the Town of Mount Carmel-Mitchell's Brook-St. Catherine's. Tax revenue finances services such as garbage collection, street lighting, fire protection and recreation. Each year, the Town sets tax rates as legislated by the *Municipalities Act, 1999*.

PURPOSE

This Taxation Policy establishes the responsibilities, internal controls, authorizations, and procedures ensuring the timely, accurate, and efficient preparation and collection of taxes.

AUTHORITY

As per **Motion # 2020-04-27-033** at a meeting held April 27, 2020, and further to the *Municipalities Act, 1999* and the *Taxation of Utilities and Cable Television Companies Act*.

TAX STRUCTURE

Poll Tax: \$230

Business Tax: 3/10 of 1% of Gross Revenue

Minimum Business Tax: \$80

Utility Tax: 2.5%

POLL TAX

In accordance with the *Municipalities Act, 1999*, poll tax applies to all individuals 18 years and over living or owning property within the municipality with a taxable income at, or exceeding, the basic personal amount (exclusive of OAS) as established by the Canada Revenue Agency.

126. (1) A council may impose an annual tax, to be known as "the poll tax" on

- (a) a person who is 18 years of age or older and who is ordinarily resident in the municipality during the financial year;
- (b) a person who is 18 years of age or older and who is employed in the municipality for not fewer than 90 days in total during the financial year of the council; and
- (c) an individual, partnership, association or corporation who is not ordinarily resident in the municipality but owns real property in the municipality.

DUE DATE

Taxes are due, in full, by June 30th each year. Balances outstanding after June 30th are considered to be in arrears.

WHERE CAN I PAY MY TAXES?

Payments can be made in-person at the Town Office (408 Main Road North, Mount Carmel) during regular business hours.

Payments can be mailed to: Town of Mount Carmel-Mitchell's Brook-St. Catherine's, General Delivery, Mount Carmel, A0B 2M0

Payments can be made by telephone with Visa or Mastercard by calling the Town Office (709-521-2040) during regular business hours.

A locked drop box is also available outside the Town Office for after-hours submissions.

ACCEPTED METHODS OF PAYMENT

Taxes can be paid with cash, cheque, money order, Visa, Mastercard, or debit.

The Town will accept postdated cheques.

Cheques payable to: Town of Mount Carmel

U.S. cash will not be accepted. Payments tendered by cheque in U.S. funds will be accepted based on the exchange rate established by the Town's financial institution on the day of the deposit.

FAILURE TO RECEIVE A TAX BILL

Failure to receive a tax bill does not excuse a taxpayer from the responsibility of tax payments. It is the taxpayer's responsibility to notify the Town in writing of any mailing address changes.

EXEMPTIONS

In accordance with s.127 of the *Municipalities Act, 1999*, individuals who fall below the basic personal amount (exclusive of OAS) as established by Canada Revenue Agency are exempt from paying poll tax.

127.(1)(c) upon application to a council, a person whose income from all sources for the taxation year under the *Income Tax Act* (Canada) immediately before the date on which a poll tax is due is less than the basic personal exemption provided for under that Act, or a greater amount which the council may determine.

(2) An application for an exemption under paragraph (1)(c) shall be made before July 1 in a financial year in order for that exemption to be applicable to that financial year.

(3) For the purpose of paragraph (1)(c), pension income received under the *Old Age Security Act* (Canada) and pensions and allowances that the Lieutenant-Governor in Council may prescribe by regulation shall not be considered to be income.

Notwithstanding s.127, a tax bill will be delivered to all individuals 18 years and over living or owning property within the municipality. Where an individual applies for exemption, they must file an exemption request form at the Town Office by June 30th of each year.

Eligibility for exemption will be reviewed by the Town Clerk upon application and will require proof of income in the form of the Canada Revenue Agency's Notice of Assessment for the previous year.

COLLECTION METHODS

Tax bills are mailed annually in April.

Statement of arrears will be mailed twice annually (July and October) to all taxpayers with outstanding balances over \$25.

Accounts with arrears in excess of \$500 as of December 31st will have their name submitted to credit recovery or small claims court.

TRANSFER OF PROPERTY

Individuals must notify Council in writing of a sale or transfer of property.

Taxes owing and unpaid at the time a property is exchanged will become the responsibility of the new owner.

BUSINESS TAX

In accordance with s.120-125 of the *Municipalities Act, 1999*, anyone advertising a sale of goods or services within the municipality must be charged a business tax based on gross revenue (3/10 of 1% of gross revenue). Businesses are required to submit a sworn statement of gross revenue for the previous year annually by February 1st. Failure to provide documentation will result in Council estimating the gross revenue for the business and taxes will be established based on the estimate.

120. (1) A council shall impose an annual tax, to be known as "the business tax", on all businesses carrying on business in the municipality.

121. (1) Where a property tax has not been imposed by a council, property tax is not applicable to a business because it has no fixed place of business or a place of business cannot be assessed under the *Assessment Act, 2006*, the council shall set the business tax as a percentage of the gross revenue of the business.

122. (1) A business subject to the business tax calculated under subsection 121(1) shall submit a sworn or affirmed statement as to its gross revenue in the preceding year by February 1 of the following year.

(2) Where a business does not submit a statement of its gross revenue the council shall estimate the gross revenue of the business for the preceding year and bill for taxes based on its estimate.

125. (1) A council may impose a minimum business tax on all businesses operating in the municipality.

TAX INCENTIVE FOR NEW BUSINESSES

New businesses will be taxed at minimum for their first year in operation, as per Motion #2018-02-12-028 at a meeting held February 12, 2018.

UTILITY TAX

In accordance with the *Taxation of Utilities and Cable Television Companies Act*,

5. (1) A council may by resolution impose on a utility an annual business tax at a rate of not more than 2.5% on the gross revenue of the utility for the preceding year derived within the city or municipality served by the council.

(2) For the purpose of the tax imposed under subsection (1), the utility shall submit to the council by February 1 of the current year a sworn or affirmed statement as to its gross revenue derived in the preceding year within the city or municipality served by the council.

(3) Where a utility did not carry on business in a city or municipality during the preceding year, the council of that city or municipality may estimate the gross revenue of business and bill for tax under subsection (1) based on its estimate.

(4) Where a utility does not submit a statement of its gross revenue under subsection (2), the council shall estimate the gross revenue of that utility derived in the preceding year within the city or municipality served by the council and impose the tax based upon its estimate.

Utilities include, but are not limited to, Bell, Eastlink, and Newfoundland Power.

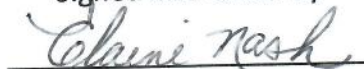
OUTSIDE WORKERS

Considering the cost of administration and the lack of financial gain to the Town, poll tax will not be levied to outside workers under section 126(b) of the *Municipalities Act, 1999*.

Reviewed and Approved by Town Council

April 27, 2020

Signed into Order by



Elaine Nash, Mayor