

**Policy Title: Tax Refunds**

**Policy Number: 04-02-09**

**Section: Finance and Accounting**

**Effective Date: September 27, 2023**

**Approved by:**

**Council**

**Subsection: Taxes**

**Last Review Date: N/A**

**Owner Division/Contact:**

**Finance Division, City Manager's Department**

## Policy Statement

The City issues Tax Refunds in specific circumstances and transfers unclaimed tax payments/refunds to general revenue.

## Purpose

This policy provides guidance to City staff on the issuance of Tax Refunds and identifies conditions under which unclaimed Tax Payments/Refunds will be transferred to City's general funds.

## Scope

This policy applies to all City staff who are responsible for issuing, recording and reporting Tax Refunds.

## Exclusions

This policy does not apply to tax rebates under Sections 361 and 365 of the *Municipal Act, 2001* and Tax Refunds due to adjustments to the Assessment Roll under Section 341 of the *Municipal Act, 2001*.

## Legislative Authority

This policy is written in compliance with:

- The *Municipal Act, 2001* and related Ontario Regulations made under the Act, as amended, and all other applicable legislation
- Public Sector Accounting Standards, and
- Corporate policies, procedures and City by-laws

## Related Policies

Related policies include, but are not limited to, the following:

04-11-13 - Processes for Receipt, Deposit and Refund of Payments

04-04-01 - Journal Entries

04-05-12 - Payment Requests

## Definitions

For the purposes of this policy:

“Assessment Roll” is a publicly available list, prepared by the Municipal Property Assessment Corporation (MPAC), of all assessable properties in Mississauga that includes the information the City requires to calculate property taxes.

“City” means The Corporation of the City of Mississauga.

“Indemnity Agreement” means a legally binding document that protects one party (the City) against any potential losses, damages or claims by the other party that may result from a particular activity.

“Stale Dated Cheque” means a cheque that is older than six months with respect to the cheque issuance date; the cheque itself is not necessarily invalid.

“Tax Refund” means the full or partial return of a tax payment.

## Conditions for Issuing a Tax Refund

### Qualified Recipients

A Tax Refund can be issued to:

1. The current property owner(s), as identified on the current Assessment Roll
2. An individual/organization identified in a letter of direction provided to the City by the current property owner(s), or
3. An individual/organization identified by an agent or representative who is acting on behalf of the current property owner under the authority of a letter of authorization

### No Interest Paid

The amount of a Tax Refund is limited to the actual amount to be refunded; no interest is paid.

## Refund Request Fee

The City charges a fee for each Tax Refund request as set out in the City’s Fees and Charges By-law, as amended.

### Refund Request Fee Exemptions

The City does not require a Refund Request Fee if the Tax Refund being requested is related to:

- Tax Adjustments as defined by Section 357 and 358 of the Municipal Act, 2001

- Internal errors, or
- Payments that staff are unable to apply to an appropriate tax account

### **Minimum Tax Refund**

The City will only issue a Tax Refund if it is more than the Refund Request Fee. There is no minimum Tax Refund amount in cases where there is a Refund Request Fee exemption.

## **Tax Refunds**

### **Overpayments**

In the event of an overpayment, the overpayment will be left on the tax account to credit future taxes payable. If requested, a refund can be issued to a qualified recipient.

### **Payments Made in Error**

A payment made in error by the current property owner is deemed to be an overpayment and is addressed using the process detailed above.

If a party other than the current property owner made a payment in error, they must provide the City with an appropriately executed Taxpayer Indemnity Agreement and Direction Form and provide proof of the payment made in error. If the party requesting the refund is using a power of attorney, all relevant documents must also be submitted.

An Indemnity Agreement is used to process refunds in cases of full payments made in error on an account. An Indemnity Agreement cannot be used to refund partial payments because partial payments are considered overpayments and follow the process set out above.

### **Stale Dated and/or Returned Tax Refund Cheques**

In cases of Stale Dated Cheques and returned refund cheques, the City will make reasonable efforts to validate recipient information and/or to find updated recipient information as appropriate/required:

- If new information (such as a new address) is found, the cheque will be cancelled and a new cheque will be issued
- If the recipient is still the owner of the property:
  - The cheque can be cancelled and the credit applied to the relevant tax account, or
  - The cheque can be reissued at the request of the owner
- If the recipient is no longer the owner of the property and no new information can be found, the City's process for general unclaimed tax payments will be followed

### **Unidentified Payments**

In cases where there is not enough information available to determine where to apply the tax payment or the owner of the account (where the payment was applied) has confirmed the payment does not belong to their account, the City will make reasonable efforts to find the payee or the tax account to which the payment should be applied.

If the City is unsuccessful in finding the payee or the tax account to which the payment should be applied, the process for general unclaimed tax payments will be followed.

## General Unclaimed Tax Payments/Refunds Process

The City will make reasonable efforts to determine where a payment should be applied, or to issue a refund, as appropriate.

If after six years, the City has been unable to determine how to appropriately direct funds, and the funds are greater than the current Tax Refund request fee, the funds will be included in a list of all active and unclaimed Tax Payments/Refunds. If the funds are less than the Tax Refund request fee, the City will transfer the funds to the City's general funds, free from any claims.

The Director, Finance & Treasurer, in consultation with the Manager, Revenue & Taxation, is responsible for publishing a notice in a local newspaper advising that a list of unclaimed Tax Payments/Refunds is available on the City's website. The notice must advise that qualified recipients are required to prove their claims within 90 days of the publication of the notice.

Upon the expiration of 90 days, the Director, Finance & Treasurer, in consultation with the Manager, Revenue & Taxation, may transfer all unclaimed funds to the City's general funds, free from any claims. If there is a claim after the 90 days and within two (2) years of the notice, a refund may be issued from the account to which the money was transferred, subject to approval as per the authorization limits given in the table below:

Unclaimed Tax Refund Value	Approving Authority
\$0 - \$50,000	Supervisor, Tax Billing & Accounting
\$50,001 - \$100,000	Manager, Revenue & Taxation
\$100,001 and above	Director, Finance & Treasurer

## Revision History

Reference	Description
GC-0397-2023	Approved by Council September 27, 2023.