



Emerging Issues Task Force Hot Topic

Hot Topic Number: 16-01

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Hot Topic Heading: The Tax Recovery Process

Description

Alberta municipalities rely on property taxes to provide services, make infrastructure improvements and meet financial obligations. It is, therefore, important that all property taxes are collected. The Government of Alberta (GOA) has passed legislation to ensure the municipality can collect the taxes that are due. The Municipal Government Act (MGA) gives the municipality the authority to enforce payment of legally levied taxes [reference Part 10]. The tax recovery process is an important means through which a municipality maintains its fiscal health by collecting taxes due it.

Commentary

The purpose of the tax recovery process is to provide a means through which a municipality receives the taxes to which it is entitled. To guide and assist a municipality through the process, Alberta Municipal Affairs has a publication *Tax Recovery: A Guide For Alberta Municipalities* (Guide). The comprehensive Guide can be found at:

http://www.municipalaffairs.alberta.ca/documents/ms/Tax_Recovery_updated_08-13.pdf

The Guide provides that a municipality, the assessed person and Alberta Municipal Affairs all have a role in the tax recovery process. The municipality is the central participant and has a number of responsibilities in the tax recovery process (reference the Guide). Given these numerous responsibilities, it is extremely important that a process be put in place that ensures the steps are completed properly and at the proper times. It is critical that the municipality ensures that all steps are followed. Failure to do this may result in the tax recovery process being set aside by the courts and the municipality being directed to begin the process all over again.

The legislation (MGA Section 331) obligates the assessed person to pay taxes. However, the legislation tries to achieve a balance by ensuring the landowner is advised of the key steps occurring during the tax recovery

process and is made aware of the options available and opportunity for the taxes in arrears to be brought up-to-date.

It is important for a municipality to be aware of and plan around key dates established by legislation. For example, in the case of land, the tax arrears list must be sent to the Registrar of Land Titles no later than March 31 and the public auction date must be between April 1 and March 31 in the year after the property was placed on the tax arrears list.

Alberta GFOA's Emerging Issues Task Force encourages Alberta municipalities to become familiar with the tax recovery process information and step-by-step instructions provided by the Guide.

If you would like more information regarding the Guide please contact the Municipal Services Branch of Municipal Affairs, toll-free by Dialing 310-0000, then 780-427-2225, to speak to an advisor.

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