

COMMITTEE OF THE WHOLE - OCTOBER 22, 2001

TREASURER'S WRITE-OFF OF UNCOLLECTABLE BUSINESS TAXES AND ASSOCIATED PENALTIES AND INTEREST

Recommendation

The Director of Finance in consultation with the Property Tax Manager recommends:

That business taxes outstanding in the amount of \$283,334 (City portion \$45,690) and penalty and interest in the amount out \$67,830 totaling \$351,164 be considered uncollectable and be written off.

Purpose

The purpose of this report is to obtain Council's approval to write-off taxes that the Treasurer has ascertained to be uncollectable in accordance with Section 441(1) of the Municipal Act.

Background - Analysis and Options

As part of the 1998 Current Value Assessment reform, the Business Occupancy Tax (BOT) was eliminated and there is no longer a need to issue a separate tax bill to each tenant. Property taxes are now billed to the property owner as a realty tax. Collection of the realty tax is secured by the property. The BOT did not enjoy the same protection and therefore amounts billed are uncollectable if a business claims bankruptcy or simply goes out of business.

The recommended amounts for write-off have had all possible collection actions taken and there remains no chance of recovery. In the case of a bankruptcy, the City is considered an unsecured creditor on the BOT, leaving the chance of any remittance very slim.

The City's share of the \$351,164 business tax write-off, including the Fire area levy, totals \$45,690 and penalty and interest of \$67,830. This amount has been provided for as an allowance in the City's books. The balance of the write-off is apportioned to the Region of York, the School Boards and the Water and Wastewater funds.

This now reduces the receivables for Business Occupancy Taxes to 0, and Council will not receive any further requests for write-off of this now redundant tax.

Conclusion

Approval of this request will reduce the receivable balance of Business Occupancy Taxes to 0. The chart below summarizes the percentage of write-off done by year.

	1997 \$	1996 \$	1995 \$	1994 \$	1993 & Prior \$
BOT Levied	37,119,246	35,187,919	33,565,280	33,323,088	31,295,806
Write-off's to Date	1,077,635.	1,023,751.	1,164,194.	1,688,227.	2,184,654.
Percentage	2.90	2.91	3.47	5.07	6.98

Attachments

Treasurer's Write-off Listing

Report prepared by:

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Respectfully submitted,

Barry E. Jackson, CGA
Director of Finance

