



Property Tax Penalty



Purpose

- ▶ To update the structure for the legislated, non-discretionary penalty applied to late property tax payments from two annual due dates to one annual due date
 - ▶ Community Charter Section 235 authorizes municipalities to establish bylaws setting due dates and assessing penalties for payments made after the tax due date
 - ▶ Provincially-mandated penalty rate is established at 10% in the Municipal Tax Regulation B.C. Reg. 426/2003, section 3

Current Tax Penalty Bylaw No. 8639

- ▶ Current bylaw adopted in 2001
 - ▶ Split the provincially legislated ten per cent penalty
- ▶ Split-penalty, two due-date structure for late property tax payment
 - ▶ Five percent of the property taxes outstanding after the first working day in July
 - ▶ A further five percent of the property taxes outstanding after the first working day following the August Civic holiday.

Background

- ▶ Payment options and communication methods have improved
 - ▶ Notice of tax due date via print, social media, website
 - ▶ Financial institutions providing more options
 - ▶ Prepayment options with interest
 - ▶ Online payments directly to tax accounts
 - ▶ Home owner grant available online

Background

- ▶ Among the larger Okanagan and other interior BC municipalities listed below, Kelowna is currently the only municipality with a split-penalty, two due-date structure:

Vernon	Lake Country	Peachland	Kamloops	Salmon Arm
Osoyoos	Quesnel	Penticton	Summerland	Spallumcheen
Merritt	Revelstoke	Oliver	Coldstream	Williams Lake
Armstrong	Nelson	Creston	Cranbrook	West Kelowna

Discussion

- ▶ Split penalty, two due-date structure is administratively costly
 - ▶ More resources are spent on taxpayers who pay late
 - ▶ Additional notices and processing time required for second due date
 - ▶ High-value activities to best serve residents are affected by extra resources managing late taxpayers
- ▶ Majority of taxpayers pay their property taxes on time
 - ▶ 90% of taxpayers pay on time
 - ▶ 95% of taxes collected by the due date

Proposed Property Tax Penalty Bylaw No. 11971

- ▶ Single due-date, ten percent penalty of the property taxes outstanding after the first working day in July

Discussion

- ▶ Offers efficiencies and savings in staff time, printing and postage costs
- ▶ Potentially increases compliance to make payments on time
- ▶ Aligns the property tax penalty with most other Okanagan and Interior BC municipalities

Conclusion

- ▶ The proposed Property Tax Penalty Bylaw will:
 - ▶ Provide for a more equitable use of resources for all taxpayers
 - ▶ Result in savings and efficiencies to apply to other City services and resources to continue to best serve taxpayers and the community



Questions?

For more information, visit kelowna.ca.