## Tax Incentives and Penalties

**Disclaimer:**

***This draft bylaw has been prepared by staff in the Advisory Services and Municipal Relations Branch of the Ministry of Government Relations, not legal experts. It is intended for guidance/illustrative purposes only and may be reworded to suit local conditions and requirements. It is always advisable to obtain the advice of a solicitor in drafting bylaws.***

**(MUNICIPALITY STATUS) OF (NAME / #)**

**BYLAW NO \_\_\_\_\_\_**

**A BYLAW TO ESTABLISH PROPERTY TAX INCENTIVES AND PENALTIES**

The Council of the \_\_\_\_\_\_\_\_\_ of \_\_\_\_\_\_\_\_\_ in the Province of Saskatchewan enacts as follows:

1. Due Date

Property and other taxes imposed by the \_\_\_\_\_\_\_\_[[1]](#footnote-1) are deemed to be imposed on the first day of January in each year and shall be due on \_\_\_\_\_[[2]](#footnote-2).

1. Penalty on Arrears of Taxes
   1. Taxes which remain unpaid after the 31st day of December of the year in which they are levied shall be subject to a penalty.
   2. *Use ONE of the following sections to state the penalty applied to arrears of taxes:* 
      1. The method of calculating the penalty shall be a simple rate of \_\_\_% [[3]](#footnote-3) per annum, added on January 1st applied to the total taxes that remain unpaid as at January 1 of the year in which the penalty is being applied.
      2. The method of calculating the penalty shall be a simple rate of \_\_\_% [[4]](#footnote-4) per month, added on the first day of each month applied to the total taxes, excluding any penalties previously added during the current year, that remain unpaid at the end of the month preceding the month in which the penalty is being applied.
      3. The method of calculating the penalty shall be a compound rate of \_\_\_% [[5]](#footnote-5) per month, added on the first day of each month applied to the total taxes and penalties that remain unpaid at the end of the month preceding the month in which the penalty is being applied.
   3. The penalty charges are to be added to and shall form part of the tax roll.

**CONDITIONAL PROVISION [[6]](#footnote-6)**

1. Penalty on Current Taxes
   1. Where current taxes remain unpaid after the due date noted in section 1 of this bylaw, there shall be added thereto a penalty, calculated at the rate of \_\_\_\_% [[7]](#footnote-7) of the unpaid tax as at the first day of each month in which the penalty is being applied.
   2. The penalty charges are to be added on the first day of each month in which there are unpaid taxes.
   3. The penalty charges are to be added to and form part of the tax roll.

**DISCRETIONARY PROVISION[[8]](#footnote-8)**

1. Incentive Program – Prompt Payment
   1. Discounts shall be allowed from the time the notice of the levy is sent [[9]](#footnote-9) until \_\_\_\_\_[[10]](#footnote-10), to encourage prompt payment of: [[11]](#footnote-11)
      1. the current year’s taxes on property;
      2. special taxes;
      3. local improvement special assessments.
   2. Payments of current taxes received:
      1. from the time the notice of the levy is sent until the end of \_\_\_\_\_\_\_ [[12]](#footnote-12) shall be eligible for a discount of \_\_\_\_% [[13]](#footnote-13) of the amount paid;
      2. during the month of July shall be eligible for a discount of \_\_\_\_% [[14]](#footnote-14) of the amount paid;
      3. during the month of August shall be eligible for a discount of \_\_\_\_% of the amount paid;
      4. during the month of September shall be eligible for a discount of \_\_\_\_% of the amount paid;
      5. during the month of October shall be eligible for a discount of \_\_\_\_% of the amount paid; and
      6. during the month of November shall be eligible for a discount of \_\_\_% of the amount paid.

**DISCRETIONARY PROVISION [[15]](#footnote-15)**

1. Incentive Program – Prepayments
   1. From January 1[[16]](#footnote-16) until \_\_\_[[17]](#footnote-17), discounts shall be allowed with respect to the prepayment of: [[18]](#footnote-18)
      1. the current year’s taxes on property;
      2. special taxes;
      3. local improvement special assessments.
   2. The rate of discount relative to prepayment of taxes[[19]](#footnote-19)
      1. shall be \_\_\_%. (*Constant discount)*[[20]](#footnote-20)

**OR**

* + - 1. during the month of \_\_\_\_ shall be \_\_\_\_%;[[21]](#footnote-21)
      2. during the month of \_\_\_\_ shall be \_\_\_\_%;
      3. during the month of \_\_\_\_ shall be \_\_\_\_%;
      4. during the month of \_\_\_\_ shall be \_\_\_\_%; and
      5. during the month of \_\_\_\_ shall be \_\_\_\_%.[[22]](#footnote-22) *(Declining discount)*

**DISCRETIONARY PROVISION [[23]](#footnote-23)**

1. Incentive Program – Arrears of Taxes
   1. A rebate shall be allowed with respect to the payment of tax arrears and penalties.[[24]](#footnote-24)
   2. Where a person pays less than the total amount of arrears and penalties, the rebate shall be apportioned.
   3. Payments of tax arrears and penalties during the month of January shall be eligible for a rebate of \_\_\_\_% [[25]](#footnote-25) of the penalty applied on January 1.
   4. During each subsequent month during which the rebate is allowed, the rate of rebate is decreased by 1/12th.
2. Education Property Taxes

Sections 4, 5, and 6[[26]](#footnote-26) do not apply to property taxes levied on behalf of a school division.

1. Repeal Previous Incentive and/or Penalty Programs

Bylaw/s #xxxx is/are hereby repealed

1. Coming Into Force

This bylaw shall come into force on [specify date].

|  |  |
| --- | --- |
|  |  |
|  | Mayor / Reeve |
| [SEAL] |  |
|  |  |
|  | Administrator |

Read a third time and adopted

this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Administrator

1. Insert name of municipality [↑](#footnote-ref-1)
2. Due date should be no later than December 31st. If the due date is before December 1st, the municipality must impose a penalty on taxes owing after that date – see Section 45.2, Regulations. [↑](#footnote-ref-2)
3. Simple rates will be between 9% and 25% per annum. [↑](#footnote-ref-3)
4. Simple monthly rates will be between 0.750% and 2.08% - this is equivalent to annual rates of 9% and 25% respectively. [↑](#footnote-ref-4)
5. Compound monthly rates will be between 0.720% and 1.876% - this is equivalent to annual rates of 9% and 25% respectively. [↑](#footnote-ref-5)
6. Municipalities shall charge penalties on current taxes if the due date is earlier than December 1st – see subsection 45.2, Regulations. Delete this section if it is not applicable. [↑](#footnote-ref-6)
7. The monthly penalty rate must be at least 0.5% but not greater than 1.5%. [↑](#footnote-ref-7)
8. Municipalities may allow a discount for prompt payment of current taxes. [↑](#footnote-ref-8)
9. The “time the notice of the levy is sent” is the date on which taxes notices are sent to taxpayers. [↑](#footnote-ref-9)
10. Insert the termination date of the period during which incentives are available. This date may be on or before the due date specified in section 1 of this bylaw. This date can not be later than November 30. [↑](#footnote-ref-10)
11. Indicate the types of taxes which qualify for this incentive. [↑](#footnote-ref-11)
12. Specify last date during which the greatest amount of incentive is available. [↑](#footnote-ref-12)
13. Maximum discount is 15%. [↑](#footnote-ref-13)
14. Discounts may remain the same or decrease from that offered the previous month until the date specified in clause 4(a). Amend terminology to capture multiple months where the incentive remains constant. [↑](#footnote-ref-14)
15. Municipalities may provide incentives for the prepayment of taxes. [↑](#footnote-ref-15)
16. Or some other date after January 1st [↑](#footnote-ref-16)
17. If a prepayment discount is offered for more than one month, the greatest percentage must be offered in the first month and may be held constant or decrease each subsequent month. Therefore, if a prepayment discount is being offered, the municipality must determine the start and end periods. [↑](#footnote-ref-17)
18. Indicate the types of taxes which qualify for this incentive. [↑](#footnote-ref-18)
19. The prepayment discount may either be constant or it may decline during the period the discount is being offered. [↑](#footnote-ref-19)
20. Maximum discount is 15% [↑](#footnote-ref-20)
21. Maximum discount is 15%. Discount rate in subsequent months may not exceed rate offered during first month. [↑](#footnote-ref-21)
22. Add additional months if required. [↑](#footnote-ref-22)
23. Municipalities may allow incentives for the early payment of tax arrears and penalties. This option works well in those situations where a municipality utilizes a simple rate applied only on January 1st. Other applications will result in negligible rebates. [↑](#footnote-ref-23)
24. If the municipality is offering the penalty rebate for a portion of the year, define the period (e.g. from January 1 until April 30) [↑](#footnote-ref-24)
25. Maximum rebate is 60% of the penalty levied on January 1. [↑](#footnote-ref-25)
26. Amend these section numbers if necessary [↑](#footnote-ref-26)