

2024 Write-off of Uncollectible Property Taxes and Accounts Receivable

Date: August 29, 2025
To: General Government Committee
From: Controller and Chief Accountant
Wards: All

SUMMARY

This report provides information on accounts receivable amounts that were written off as uncollectible in 2024 under delegated authority provided to the Controller and Chief Accountant, including property tax amounts owing, outstanding receivables for invoiced services and Provincial Offences Act (POA) fines.

This report recommends that Council deem uncollectible and approve for write-off certain property tax amounts owing on 13 individual property tax accounts, comprising 118 receivable amounts which total \$824,656, that relate to taxation years 1989 to 2024. Staff are recommending these property tax receivable amounts for write-off as they are no longer returned on the assessment roll, or for which further collection efforts and recovery of outstanding amounts are extremely unlikely to be successful.

For the fiscal year ending 2024, the Controller and Chief Accountant, in accordance with delegated authority as provided in the City's Financial Control By-Law, has approved the write-off of \$1,893,544 in outstanding receivables for various services invoiced by City Divisions where collection is considered doubtful.

The Controller and Chief Accountant has approved the write-off of 20,636 POA cases totalling \$3,492,998.47. In all cases, no amounts were recovered since debtors could not be located or were deceased and/or had no assets, or exhaustive collection efforts proved futile.

There is no financial impact in the 2024 fiscal year from these write-offs since amounts owing are not recognized as revenue until paid or unless there is a reasonable expectation of collection.

RECOMMENDATIONS

The Controller and Chief Accountant recommends that:

1. City Council deem the unpaid property taxes levied in all years (including interest and penalties that have accrued on those unpaid taxes up to the time of write-off) on the 118 receivables listed in Attachment 1, uncollectible, and direct the Controller and Chief Accountant to remove these amounts from the tax assessment roll by writing them off.

FINANCIAL IMPACT

This report considers three components:

1. The total estimated property tax amounts to be written off with the adoption of the recommendation in this report is \$824,656, consisting of a municipal portion (which includes added charges) of levied taxes of \$208,001, a provincial education portion of \$89,458 and an additional \$527,197 in interest charges and fees as at July 7, 2025. The provincial education portion of \$89,458 to be written off will be recovered from the various schoolboards as these amounts have already been paid to the respective schoolboards.

The total write-off amount of \$824,656 represents an extremely small percentage of the total amount of taxes billed over the period 1989 to 2024. In general, the City annually collects 97% of all taxes in the year billed, with a long-term collection success rate of over 99.9 percent.

The penalty/interest portion of the total write off amount is considered to be an estimate. Since interest accrues on tax accounts on a monthly basis, the amount of interest/penalty to be written off will continue to increase until the date the actual write-off is approved and processed. The write-off of the recommended amounts will have no impact on the current year's budget, as these amounts have been provided for in the Non-Program Allowance for Doubtful Tax Receivables Account in prior years.

2. Amounts totalling \$1,893,544 listed in Attachment 2 (representing 0.25% of \$762 million total billable revenues for 2024, excluding grants and billable revenues for Parking Tags, Tax and Utilities) were written off by the Controller and Chief Accountant in 2024 in accordance with delegated authority provided in the City's Financial Control By-law, after completion of appropriate collection efforts. These amounts, which are included in the City's Accounts Receivable sub-ledger have been provided for in the City's Allowance for Doubtful Accounts and expensed in previous years; as such, there was no impact to 2024 operating expenditures. Details of actions taken, and the recommended write-offs are noted in the Comments section below.

3. Through delegated authority, amounts totalling \$3,493,246.42 Provincial Offences Act defaulted fines deemed uncollectible were written off by the Controller and Chief Accountant in 2024 in accordance with delegated authority provided in the City's Financial Control By-law, after completion of appropriate collection efforts.

There is no financial impact to the City's revenues arising from these POA defaulted fines write-off. Revenues reported in the City's general ledger reflect only the portion of the outstanding POA fines that are deemed collectible.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

The City of Toronto Municipal Code Chapter 71, Financial Control, authorizes the Controller and Chief Accountant to "write-off outstanding amounts owing to the City as uncollectible, if the amount is not more than \$50,000 and is not an amount raised as taxation or deemed to be taxes, except for items added to the tax bills for collection purposes only and not as a result of a tax or assessment appeal".

The Financial Control By-law also states, "Write-offs of amounts owing to the City in excess of \$50,000 must be approved by Council except for tax reductions as a result of a successful appeal of assessment or taxes by taxpayer".

A further amendment to the Financial Control By-Law of June 24, 2008, authorizes the Controller and Chief Accountant to write-off amounts up to \$500,000 where the City Solicitor has attempted to recover the amount owing and has concluded that the amount is uncollectible.

At its meeting held on June 26 and 27, 2024, City Council adopted [Item GG13.2 "2023 Write-Off of Uncollectible Property Taxes and Accounts Receivable"](#) which recommended City Council deem the unpaid property taxes of 182 receivables totalling \$1,950,451 as uncollectible and directed the Controller and Chief Accountant to remove this amount from the tax assessment roll. In addition, the report also recommended City Council deem the POA fines totalling a value of \$6,051,456 as uncollectible and direct the Controller and Chief Accountant to remove this amount from the respective account by writing it off.

At its meeting held on February 11, 2025, City Council adopted amendments to Chapter 71, Financial Control Bylaw authorizing the City's Deputy Treasurer to write off outstanding debt.

COMMENTS

Property Taxes Collection

The Revenue Services Division uses internal collection procedures, external bailiffs, and ultimately the municipal tax sale process as avenues to collect unpaid property taxes. Property Tax Account Statements/overdue notices are mailed to property owners in arrears advising of the overdue property taxes. Property owners with unpaid balances are issued up to five overdue notices each year, one at the beginning of each year and at the first and third installment due dates of each of the interim and final property tax bills. Revenue Collectors also contact owners by telephone and/or by letter to attempt to secure suitable payment arrangements with property owners. Final Notices are issued to property owners in April (for residential properties) and in November (for non-residential properties) where unpaid amounts exist from the previous taxation years remain.

A Final Notice advises the property owner that failure to pay arrears will result in their account being transferred to a bailiff for collection. It allows the property owner one last opportunity to make full payment or to make suitable payment arrangements within 21 days of the issuance of the Final Notice.

Internal collection efforts are deemed exhausted when there has been no response to a Final Notice and where the property owner cannot be reached, and where no suitable payment arrangements have been made. These accounts are then transferred to an external bailiff company to attempt to collect the unpaid taxes on behalf of the City. A Notice of Issuance to Bailiff is issued to the property owner indicating that their outstanding tax arrears have been issued to an external bailiff company. It advises that any further payments on the outstanding amounts must be made to the bailiff directly, including bailiff fees.

In accordance with the provisions set out in the City of Toronto Act, 2006, the City will commence tax sale proceedings on properties where:

- two or more years of taxes remain unpaid, and
- all collection efforts, by both City staff and the bailiff, have proven unsuccessful.

In circumstances where tax sale proceedings are ineffective or inappropriate, the City of Toronto Act, 2006 provides a mechanism to write off unpaid taxes.

Under the City of Toronto Act, 2006, Section 319(4)(b) allows taxes to be written off as uncollectible “if the recommendation of the treasurer provides a written explanation of why conducting a tax sale would be ineffective or inappropriate.” For amounts recommended for write-off in Attachment 1 to this report that no longer exist on the assessment roll, conducting a tax sale on these properties would not be appropriate since the unpaid taxes in all cases relate to tax accounts/properties that are no longer valid parcels.

In certain circumstances where tax arrears remain on an account that is no longer returned on the assessment roll, the unpaid taxes can be apportioned amongst current tax accounts that formed part of the former parcel of land (e.g., the new parcels created following a severance or re-development of a property). In other cases, the apportionment of old arrears to new parcels is not possible, due to a lack of information concerning how the taxes should be apportioned, or to the passage of time, or other factors. In these cases, the tax sale process cannot be used to collect the taxes because the original parcel (against which the arrears are associated) no longer exists.

Property Taxes Recommended for Write-off as at July 7, 2025

Revenue Services staff have conducted a review of properties with outstanding taxes that are no longer returned on the assessment roll. As a result of the review, staff have initiated the apportionment process for several properties as a method to recover the unpaid taxes. Where unpaid taxes are apportioned to properties that are still returned on the assessment roll, normal collection processes will continue to apply.

The properties in Attachment 1 have been grouped into categories, identifying why the arrears are being recommended for write-off, and why conducting an apportionment would not be feasible, and consequently why a tax sale would be ineffective and inappropriate. Some properties have multiple tax years in arrears. An outstanding receivable balance from each tax year is considered a separate receivable. In Attachment 1, there are 118 receivables recommended for write-off from 13 individual properties, grouped within the following categories:

- a) Properties returned on the assessment roll in error. There are no appeal or legislative mechanisms available to correct these errors. An example of this is a duplicate assessment that has not been removed from the assessment roll in a timely manner. Apportioning these amounts would essentially result in double taxation of a parcel of land. As such, the outstanding amounts are not truly taxes owing, rather, the tax amounts were created as a result of errors on the assessment roll. There are 89 receivables from 10 properties in this category, totalling \$185,425 to be written off. These receivables are displayed in Attachment 1, Table 1.
- b) The properties in this category are exempt from taxation and should have been exempt for the years to which the arrears relate. As such, these tax amounts cannot be collected, as they are not truly taxes that are owed. There are seven receivables from two properties in this category, totalling \$60,693 to be written off. These receivables are displayed in Attachment 1, Table 2.
- c) This category includes receivables related to ancillary charges that were added to the tax assessment roll, such as Miscellaneous Charges, Fire Charges, MLS (Municipal Licensing Standards) Charges, and Business Improvement Area (BIA) levies. These amounts are not property taxes in the traditional sense but were added to the roll for collection purposes. In some cases, these charges reflect minor residual amounts that remain after the primary obligation has been

resolved. Due to administrative or legal limitations, these amounts are no longer collectible and are therefore recommended for write-off. There is one receivable in this category, totalling \$36 to be written off. This receivable is displayed in Attachment 1, Table 3.

- d) This category includes properties for which a Notice of Vesting has been registered, transferring ownership to the municipality as a result of prolonged tax arrears and non-payment. Once vested, the municipality assumes ownership, and any outstanding tax balances associated with the previous owner become non-collectible. These amounts are no longer legally recoverable and do not represent valid receivables. Therefore, they are recommended for write-off. There are 21 receivables from one property in this category, totalling \$578,501 to be written off. These receivables are displayed in Attachment 1, Table 4.

Billable Services

Accounts receivable invoicing, revenue recognition and collections are decentralized within the City. As part of their collection efforts, City Divisions that invoice for services are required to review their outstanding receivables on a regular basis and establish appropriate allowances for all accounts where collection is considered doubtful. In collaboration with the Revenue Services Division (RSD), these provisions are reviewed annually for adequacy and adjustments are made where appropriate.

Divisions are required to send invoices under \$1,000 to two collection agencies. If the first collection agency is unsuccessful within six months, the amount is sent to the second collection agency for another six months. As a general practice, amounts over \$1,000 are forwarded to Legal Services for collection action which may include litigation or small claims court action. Legal Services may recommend settlement based on the information available. Once all collection efforts have been exhausted and senior management staff, Legal Services and/or the City's contracted collection agencies have deemed the amount(s) to be uncollectible, a write-off request is initiated and the required approvals are obtained from the appropriate Division, Director of Revenue Services and the Controller and Chief Accountant.

All write offs are added to the Debtors Watch List for review by Purchasing and Materials Management Division (PMMD), who use the Debtors Watch List as a tool necessary to adhere to the City's Right to Reject Debtors and Set Off Policy (FS-PMMD-26).

Table 1 outlines the total write-offs by each Division generating the initial accounts receivable. The explanation and breakdown for each Division for the amounts recommended by the Controller and Chief Accountant for write-off are provided in Attachment 2.

Table 1: Amounts Approved for Write-off by the Controller and Chief Accountant in 2024 with reference to Chapter 71, Toronto Municipal Code, Financial Control

Division	Write off < \$50K (Note 1)	Write off Between \$50K and \$500K (Note 2)	Total	% of Billable Revenue	Billable Revenue in Millions(\$)
City Planning	\$2,007		\$2,007	0.10%	2
Economic Development & Culture	\$8,442	\$150,000	\$158,441	2.0%	9
Engineering & Construction Services	\$168		\$168	0.002%	6
Parks & Recreation	\$138,116		\$138,116	0.73%	19
Seniors Services and Long-Term Care	\$197,507	\$51,378	\$248,885	0.40%	63
Solid Waste Management Services	\$16,083		\$16,083	0.03%	51
Toronto Fire Services	\$8,010		\$8,010	0.03%	27
Toronto Water	\$70,282	\$1,129,173	\$1,199,455	4.0%	30
Transportation Services	\$122,379		\$122,379	0.23%	54
TOTAL written off	\$562,994	\$1,330,551	\$1,893,544		

Note 1: Individual amounts less than \$50,000 written off by the Controller and Chief Accountant under delegated authority.

Note 2: Individual amounts between \$50,000 and \$500,000 written off by the Controller and Chief Accountant as recommended by the City Solicitor.

Provincial Offences Act Defaulted Fines

POA defaulted fines are managed by Court Services based on court ordered fine amounts and associated surcharges, costs and fee amounts recorded in the Province's Integrated Court Offences Network system and supporting court documents. On May 22, 2018, City Council adopted [Item AU12.1](#) requesting that the Director of Court Services review the 'Write-Off Policy for Fines under the Provincial Offences Act Deemed Uncollectible' and submit to Council proposed revisions to the [Policy](#) to reflect existing practices. An updated policy was approved by City Council in October 2019.

City Council also requested through the adoption of [Item AU12.1](#) that the Director of Court Services implement processes to ensure compliance with the updated policy. The Provincial Offences Act defaulted fines approved by the Controller and Chief Accountant under delegated authority reflects the application of these newly implemented processes.

The City makes every effort to collect unpaid fines. Collection tools utilized by Court Services include collection agencies, tax-roll, civil enforcement, licence suspension and plate denial.

The City currently contracts 12 collection agencies to collect POA defaulted fines. All defaulted fines are referred to a collection agency based on the age of the defaulted fine. Cases are rotated every six months to another collection agency within the same assignment category. Contractual performance incentives are applied and the percentage of cases referred to a collection agency varies accordingly. Cases may be recalled from collection agency when it is determined the account is eligible to be added to municipal tax rolls.

The City applies defaulted fine amounts to municipal tax rolls and pursues civil enforcement at the Superior Court of Justice. Legal Services may recommend settlement based on the information available.

The City notifies the Ministry of Transportation of all persons with defaulted fines eligible for enforcement through licence suspension and vehicle owner plate denials.

Once all collection efforts have been exhausted and where there are circumstances that arise for various reasons where unpaid fines are unlikely to be collected, staff from Court Services and Legal Services complete an annual assessment of the defaulted fines in accordance with internal procedures and the City Council Write-Off Policy for Fines under the Provincial Offences Act Deemed Uncollectible. A recommendation is then made to the Controller and Chief Accountant for write-off approval under delegated authority. Cases with an amount that exceeds \$500,000 are recommended by the Controller and Chief Accountant to City Council for write-off approval.

On June 21, 2024, the Controller and Chief Accountant approved the write-off of 20,636 Provincial Offences Act defaulted fine amounts deemed uncollectible with a total value of \$3,492,998.47. Fifteen of these cases with a total of \$2,029.80 were expunged as they were no longer eligible for various reasons, for example payments received.

Following receipt of approval from the Controller and Chief Accountant, Court Services proceeded to update the cases in the Integrated Court Offences Network (ICON) with the write-off code CW (Council Write-Off). A total of 20,621 cases valued at \$3,490,968.67 were updated with CW write-off code. Table 2 organizes these cases based on their Council Write-Off Policy categories.

Table 2: Provincial Offences Act Fines approved for write-off by the Controller and Chief Accountant in 2024 (Based on Council Write-Off Policy)

Council Write-Off Policy Category	Number of Cases	Dollar Value
A – Deceased Person	1,712	\$ 783,952.96
C – Collection efforts exhausted	559	\$2,950.81
G – Debtor cannot be located	18,350	\$2,704,064.90
Totals	20,621	\$3,490,968.67

In addition to the CW write off list there were 4 cases with Deceased Person (DP) codes with a total dollar value of \$2,277.75 that were purged by the Province. These cases have been reviewed by Legal and confirmed as eligible for write off.

A total of 20,625 cases valued at \$3,493,246.42 were purged from ICON by the Province on October 11, 2024. Table 3 reflects the total POA fines purged from ICON.

Table 3: Provincial Offences Act Fines purged from ICON.

Council Write-Off Policy Category	Number of Cases	Dollar Value
A – Deceased Person	1,716	\$ 786,230.71
C – Collection efforts exhausted	559	\$2,950.81
G – Debtor cannot be located	18,350	\$2,704,064.90
Totals	20,625	\$3,493,246.42

Of the total \$3,493,246.42 in uncollectible POA fines that have been approved by the Controller and Chief Accountant for write-off, approximately \$300,000 (approximately 9%) pertain to offences that occurred prior to the transfer of provincial court administration to the City in 2002.

No Financial Impact to the City of Toronto

It is important to note that writing off these defaulted POA fines has no financial impact to the City. Defaulted POA fines reside on the Province's ICON system. Accrued fine revenues reported in the City's SAP system reflect only the portion of outstanding fines that are deemed collectible. Writing off fines deemed uncollectible in accordance with the Council-approved write-off policy has no effect on the City's financial position.

The annual Write-Off process generates administrative efficiencies and is consistent with provincial guidelines and the Council-approved write-off policy. As part of the year-end review process, staff from Court Services, Revenue Services, Legal Services, and Accounting Services will continue to assess the appropriateness of the fines deemed collectible and recorded as receivables in the City's financial records.

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SIGNATURE

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Controller and Chief Accountant

ATTACHMENTS

- Attachment 1: Write-off Uncollectible Property Taxes from Tax Assessment Roll
- Attachment 2: Divisional Breakdown and Explanation of Amounts Recommended by the Controller and Chief Accountant to be Written Off