

**Policy: Tax Arrears and Asset Valuation Allowance Policy**

**Date Originally Approved: November 29, 2001**

**Motion: “The Council approve the Tax Arrears Allowance Policy as presented to Council Committee on November 8, 2001.”**

**Motion carried.**

**Date Amended: November 25, 2010**

**Motion: “That Council approves the Tax Arrears and Asset Valuation Policy, with amendments, as presented.”**

**Motion carried.**

**Municipality of the County of Colchester**  
Tax Arrears and Asset Valuation Allowance Policy

**Background**

The guidelines for determining an allowance for tax arrears and for other receivables is set out in the Financial Reporting and Accounting Manual for Nova Scotia Municipalities.

**Purpose**

The purpose of this policy is to determine asset valuation allowances based on generally accepted accounting principles. The method of calculation should reasonably reflect the exposure of the municipality to tax and other revenue arrears that may prove to be uncollectible.

**Policy**

1. For any remaining business occupancy, invalid assessments, and owner unknown properties- 100% allowance at year end.
  
2. For residential and commercial properties-
  - a) above \$3,000 in arrears for Mobile Homes- Individual assessment
  - b) above \$5,000 in arrears for all other- Individual assessment
  - c) less than \$5,000 in arrears-
    - 5% on Year 1
    - 10% on Year 2
    - 40% on Year 3
    - 60% on Year 4
    - 80% on Year 5
    - 100% on Year 6
  
3. The tax arrears allowance determined for the year will be reviewed for reasonableness and compared to allowances in previous years. In any year, the arrears allowance for taxes shall not be reduced to less than \$150,000.
  
4. For other revenue arrears, an allowance may be determined based on municipal exposure and chances of collection.

<b>Clerk's Annotation For Official Policy Book</b>	
Date of Notice to Council Members of Intent to Consider (7 days minimum): <u>November 9, 2010</u>	
Date of Passage of Current Policy: <u>November 25, 2010</u>	
I certify that this Policy was adopted by Council as indicated above.	
Dan McDougall	December 6, 2010
_____	_____
Municipal Clerk	Date