

## QUESTIONS MOST FREQUENTLY ASKED

### **WHAT IS THE CITY OF PORT COQUITLAM PREPAYMENT PLAN?**

The prepayment plan is an arrangement made by a taxpayer with the City to PREPAY on an equal monthly installment basis the estimated property tax and flat rate utility levies for the following year. The Tax Department administers the plan.

### **WHAT ARE THE BENEFITS OF BEING ON THE PREPAYMENT PLAN?**

- ◆ Easier way of budgeting for your property taxes and utility tax obligations.
- ◆ Your prepayment account earns monthly interest at the rate equal to the prime rate of TD Bank less 4%.
- ◆ Interest earned and applied to taxes is not considered personal income, and therefore is not subject to income tax.
- ◆ In most cases, penalties are avoided when all payments are met and the homeowner grant is claimed.
- ◆ There is no administrative cost.

### **HOW DO YOU DETERMINE THE MONTHLY PAYMENT?**

The monthly payment is calculated by using the following formula: (gross current taxes + total utilities + estimated increase – eligible homeowner grant) divided by 12 = monthly payment. This amount is recalculated annually by the Tax Department and is shown on your Property Tax Notice.

### **HOW DOES IT WORK?**

Once the application is processed, the Plan will automatically deduct the mutually agreed upon monthly amount from the bank account you have provided and this will be credited to your property tax account with the City. Withdrawals are made on the last day of each month.

### **WHERE DOES MY MONEY GO?**

Two accounts are normally set up for every property taxpayer – Property Tax account and Utility Billing account. The funds withdrawn from your bank account are credited into your property tax account where it earns interest on a monthly basis. In February of each year before utility notices are printed, funds from the property tax account are transferred to the utility account to cover current utilities due. The balance of funds collected is applied to property taxes owing on the account.

In May of each year, your property tax notice will reflect all funds previously withdrawn, also taking into account the May and June withdrawals, and interest earned on the account. If your prepayments are in excess of taxes owing, your notice will show a credit balance indicated by a negative amount. If your prepayments are less than taxes owing, your notice will show a balance due, which will be subject to penalties if not paid by the DUE DATE. Ensure you are reading the correct column on your Property Tax Notice that applies to your status:

A: NO GRANT; B: BASIC GRANT (under 65); AND C: ADDITIONAL GRANT (65 Years and Over or Disability).

### **WHAT HAPPENS IF THERE IS NO INCREASE AND I HAVE A CREDIT?**

All credits or overpayments will be allocated to automatically reduce your future monthly payments. The NEW SUGGESTED MONTHLY PAYMENT will be shown on the property tax notice. **IMPORTANT NOTE:** If you have a balance owing you MUST pay the amount by the DUE DATE to avoid penalty. **To modify your prepayment, written request must be received at least five (5) business days prior to the last day of any given month, excluding May and June.**

### **WHEN IS THE BEST TIME TO START?**

The ideal time is in July once all your current year property taxes and water and sewer levies are paid up to date. **Applications must be received by July 16<sup>th</sup> of any given year in order to commence withdrawal on July 31<sup>st</sup> of the same year.**

### **DO I HAVE TO RE-APPLY EACH YEAR?**

No. The prepayment plan continues to withdraw each month until written authorization is received from the applicant to cancel the prepayment withdrawals.

### **DO I HAVE OPTIONS ON THE WITHDRAWAL DATE?**

The automatic monthly withdrawal is a fixed date on the last day of each month and cannot be changed.

### **MY PROPERTY TAXES ARE PAID BY MY MORTGAGE COMPANY. IS IT POSSIBLE TO PARTICIPATE IN THE PREPAYMENT PLAN FOR WATER AND SEWER ALONE?**

Presently the only option available on the prepayment plan includes both property taxes and water & sewer. Check with your mortgage company to see if they will release you from your agreement with them, so you may participate in our prepayment plan.

### **WHAT IF I SELL MY HOME?**

Credits on your property tax account remain on the account. The purchaser will have to assume that credit. Your legal counsel will reflect this on the statement of adjustments upon the sale of your home. **PLEASE CANCEL YOUR PREPAYMENT PLAN AS SOON AS POSSIBLE IF YOUR PROPERTY IS BEING SOLD.** Written cancellation notice must be received at least five (5) business days prior to the last day of any given month.

### **HOW DO I APPLY?**

To register: Detach and complete the Prepayment Application Form, attach a VOID CHEQUE and mail your application to:

**City of Port Coquitlam c/o TAX DEPARTMENT**  
2580 Shaughnessy Street  
Port Coquitlam, BC V3C 2A8  
OR  
FAX TO: Tax Department (604) 927-5401

**IF YOU REQUIRE FURTHER ASSISTANCE OR INFORMATION PLEASE CONTACT THE TAX DEPARTMENT AT (604) 927-5425.**

## TAX PREPAYMENT PLAN

### Terms & Conditions

#### **A. IMPORTANT FACTS**

- Any outstanding taxes and utilities must be paid prior to admission into the plan.
- Utility charges will be paid out of the prepaid funds when due.
- Seniors must apply for the Seniors Waiver on the reverse of the Water & Sewer stub each year.
- If you have a balance owing you must pay the amount by the DUE DATE in order to avoid penalty.
- TO RECEIVE THE HOMEOWNER GRANT BENEFIT, YOU ARE STILL REQUIRED TO SUBMIT YOUR FULLY COMPLETED HOMEOWNER GRANT APPLICATION (IF ELIGIBLE), TO THE TAX DEPARTMENT EACH YEAR BY THE DUE DATE.

#### **B. CANCELLATIONS AND MODIFICATIONS**

1. If you change your bank account or financial institution, you will be required to provide the City with a new 'VOID' cheque.
2. Notification of cancellation or modification **MUST BE RECEIVED IN WRITING AT LEAST FIVE (5) BUSINESS DAYS PRIOR TO THE LAST DAY OF ANY MONTH EXCLUDING MAY AND JUNE.**
3. **AS OF MAY 1<sup>ST</sup> THERE CAN BE NO CANCELLATIONS OR CHANGES TO THE MAY 31<sup>ST</sup> AND JUNE 30<sup>TH</sup> INSTALLMENTS.** There will be a \$25.00 service charge for each payment returned from the bank if not cancelled in time.
4. This agreement is valid until terminated at any time by either party, in writing. **When property is sold it is the responsibility of the taxpayer to advise the City, in writing,** to cancel the prepayment plan.
5. There will be **no refund** of any payments made into the Plan. When a property is SOLD, all credits will remain with the account.

#### **C. PAYMENTS AND INTEREST**

1. Payments will be withdrawn on the last day of each calendar month commencing in July of the year preceding the tax due date and ending in June of the year in which the taxes become due.
2. The monthly payment is based on an estimate only and is not a guarantee of the amount of taxes and utility charges, which may be levied.
3. During May of each year, your annual tax notice will reflect the balance in the prepayment account plus interest and the amount payable to fully pay the year's taxes. This amount will be due on the date taxes are due and **will be calculated on the basis that the May 31<sup>st</sup> and June 30<sup>th</sup> payments will be met.** Any overpayments will remain as credits towards the following year's taxes and will reduce your monthly payments.
4. Interest will be calculated based on the prime rate of the Toronto Dominion Bank less 4.0% and credited to the taxpayer's accounts as of the last day of each month.
5. Under paragraph 14 of Revenue Canada Interpretation Bulletin IT-396R of May 29/84, the interest earned and applied to taxes is considered a reduction of the amount payable, and is not income for income tax purposes.
6. Dishonored plan payments will be subject to a \$25.00 service fee. The Collector may cancel the privilege of continuing in the prepayment plan if **TWO INSTALLMENTS FAIL TO BE HONORED.**
7. The amount of deductions taken by the City may vary in subsequent years. The suggested monthly payment for the following year will appear on the tax notice. There will be mutual consent as to the new amount unless the taxpayer notifies the collector in writing **NO LATER** than the **at least five (5) business days prior to the last day** of any given month (excluding May and June).

**Cancellations and Modifications should be mailed to:**

**City of Port Coquitlam c/o Tax Department**

**2580 Shaughnessy Street**

**Port Coquitlam BC V3C 2A8**

**Or**

**Faxed to: (604) 927-5401**

**At least 5 business days prior to the last day of any given month**  
**(excl. May and June)**

If you require further assistance or information please contact the Tax Department at (604) 927-5425

