



Department of Finance

Overdue Property Tax: Collections and Forgiveness

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One-Page Chapter Summary

Why Is This Important?

- Property Tax represents over \$1 billion per year in revenue for the Province and municipalities
- Forgiveness of overdue property tax represents lost tax revenue and creates a perception of unfairness to taxpayers who remain current with their tax payments
- Over \$30 million in property tax and penalties forgiven during the six-year period covered by our audit

Overall Conclusions

The Department of Finance:

- lacks policies to direct its use of discretionary property tax forgiveness;
- does not actively manage the property tax collections services contracted to Service New Brunswick; and
- lacks detailed criteria and prioritization of properties to be sold for non-payment of property tax.

What We Found

Collections

- Overdue property tax and penalties grew by 16% or \$15 million in five years
- The Department of Finance has not provided sufficient direction to Service New Brunswick to guide the identification of property tax sale accounts
- The Department does not have documented policies related to the use of *Provincial Offences Procedure Act* in the collection of property tax
- The Province has a 99.1% collections rate on property tax

Forgiveness

- The Department does not have documented policies and procedures for the use of discretionary forgiveness
- We found instances where forgiveness transactions were processed twice in error
- The Department has not received recurring internal audits to ensure system controls are functioning
- The Department did not respond to a 2014 Government directive to review the *Real Property Tax Act*