

# Taxes Recommended for Cancellation (Write-Off)

## Cancellation of Uncollectible Taxes and Penalties

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### Recommendation

That Executive Committee recommend to City Council:

That the cancellation (write-off) of \$21,641.86 in uncollectible taxes, including all accrued penalties, as at December 31, 2020, as outlined in Attachment 1 of the January 18, 2021, Financial and Corporate Services report FCS00081, be approved.

### Executive Summary

This annual report recommends the cancellation (write-off) of uncollectible property and Business Improvement Area taxes and penalties. There are 37 inactive accounts for a total write-off of \$21,641.86.

### Report

Administration has reviewed the inactive accounts on the City's tax roll with outstanding property and Business Improvement Area (BIA) taxes. These accounts reflect unpaid taxes and penalties as of December 31, 2020. As all methods of collection have been exhausted, these account balances are recommended for cancellation (write-off).

The criteria for cancellation (write-off) is described in Attachment 1. The inactive account types and balances are listed in Attachment 2.

### Budget/Financial Implications

Administration has budgeted for uncollectible taxes and penalties.

### Public Engagement

No public engagement was undertaken for this process. This annual report to City Council requests approval to write-off uncollectible taxes and penalties on inactive property and Business Improvement Area tax accounts, for which all methods of collection have been exhausted.

**Corporate Outcomes and Performance Management**

| <b>Corporate Outcome(s): The City of Edmonton has a resilient financial position.</b> |   |  |  |
|---|---|--|--|
| <b>Outcome(s)</b>   | <b>Measure(s)</b>   | <b>Result(s)</b>   | <b>Target(s)</b>   |
| Sound financial policies and practices.   | Value of cancelled (write-off) taxes on inactive BIA accounts on the City's tax roll for which all methods of collection have been exhausted. | 2017 - 0.5%<br>2018 - 0.5%<br>2019 - 0.4%<br>2020 - 0.5% | That annual write-offs of uncollectible BIA taxes do not exceed 0.5% of the annual BIA tax levy. |

**Risk Assessment**

| <b>Risk Element</b>                             | <b>Risk Description</b>   | <b>Likelihood</b> | <b>Impact</b> | <b>Risk Score (with current mitigations)</b> | <b>Current Mitigations</b>                    | <b>Potential Future Mitigations</b> |
|---|---|-------------------|---------------|--|---|-------------------------------------|
| Generally Accepted Accounting Principles (GAAP) | The City would not be following accounting best practices by retaining these uncollectible accounts in its financial statements | 1                 | 1             | 1  | All methods of collection have been exhausted | Not Applicable                      |

**Attachments**

1. Cancellation (Write-Off) Criteria By Category
2. Account Balances Recommended for Write-Off by Category

**Others Reviewing this Report**

- B. Andriachuk, City Solicitor