



# Tax Installment Prepayment Plan

## Tax Installment Prepayment Plan (TIPP)

TIPP is an arrangement made by a taxpayer with the Municipality of the District of Lunenburg to prepay the estimated property tax levies for the following year. The Municipality's Tax Office administers the plan. The tax levies include all applicable area rates (fire, sewer, hydrant charges, road maintenance, street lights, etc.)

### There are two prepayment options:

#### OPTION A: Pre-defined Amount

The customer determines a monthly payment amount toward their account due at the end of each month, or makes 12 equal payments based on prior year tax billing due at the end of each month.

#### OPTION B: Full Amount

Payment in full on due date based on the interim and final tax billing.

### What are the benefits of enrolling in TIPP?

- Easier budgeting for your property tax obligations.
- There is no administration fee, although your prepayment amounts do not earn interest.
- Interest is avoided when all payments are met and the balance in your account is sufficient to cover the tax bill.

Once your application is processed, the Municipality will automatically deduct the payment from the bank account you have provided. This amount will be credited to your property tax account with the Municipality. Withdrawals are made on the last day of each month.

### Choosing Option A?

The monthly payment is usually calculated by using the following formula:

**Prior year tax bill divided by 12 = monthly payment.**

This assumes your taxes are fully paid before the prepayment plan begins. If this is not the case a monthly deduction plan can be arranged to bring your account up to date so that the prepayment plan can begin.

You can also set the monthly installments of your choice. Keep in mind that if your account does not have enough funds to pay your tax bills at the time they come due, the balance must be paid by the due date to avoid interest penalties.



### Where does my money go?

A Property Tax account is set up for each property. The funds withdrawn from your bank account are credited into your Property Tax account.

On the May interim tax bill and the October final tax bill of each year, your property tax notice will reflect all funds previously withdrawn from your bank account.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 interest if not paid by the due date.

### What happens if there are insufficient funds in my bank account?

If there are insufficient funds in your bank account, the payment will be reversed and you will be responsible for NSF charges. You will be notified of the issue. Upon the second NSF on your tax account during any calendar year, your prepayment plan will be revoked.

### When is the best time to start?

The ideal time to start TIPP is in November, once all your current year property taxes are paid up to date. Applications must be received by the 16th of any given month in order to commence withdrawal at the end of the month.

If you wish to arrange monthly deductions for past due amounts, interest will apply to all overdue amounts and a credit will not accrue to your account until you are completely up to date on your taxes.

### What if I sell my home?

Credits on your property tax account can remain or may be refunded by a written request.

Please cancel your prepayment plan as soon as possible if your property is being sold. Written cancellation notice must be received at least five business days prior to the last day of any given month.

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To register, complete the Prepayment Application Form, available at the Administration Building or online at [www.modl.ca/TIPP](http://www.modl.ca/TIPP)

**For more information on the Tax Installment Prepayment Plan, contact:**



## Municipality of the District of Lunenburg

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