



GRAND VALLEY

STAFF REPORT

To: Mayor Soloman and Members of Council
From: Steven Freitas, Director of Finance/Treasurer
Meeting Date: January 13, 2026
Report Number: 2026-005
Subject: Credit Card Payment Acceptance Policy

Recommendation

THAT Council receive the Report – Credit Card Payment Acceptance Policy;

AND FURTHER THAT Council directs that the Town will no longer accept direct credit card payments for property taxes, effective immediately;

AND FURTHER THAT Council directs that the Town inform residents and business owners that they can still pay their property taxes via credit card should they wish, however not directly to the Town but by using third-party service providers who charge the fees directly to the property owner;

AND FURTHER THAT Council directs that the Town does not endorse any specific third-party service provider;

AND FURTHER THAT Council direct staff to create a communications plan to effectively inform departments, residents and business owners of the changes being made to the acceptable forms of payment for property taxes;

AND FURTHER THAT Council approves the policy as presented for immediate implementation.

Executive Summary

Purpose

To propose changes to the acceptance of credit cards as a direct payment option for property taxes and create a policy for immediate implementation.

Key Findings

The Town currently allows property owners to pay property taxes via credit cards (Visa or Mastercard) in the office or via phone, without applying any surcharges. Based on the analysis presented in this report, payments of tax bills by credit card directly to the Town is not recommended because of the significant additional costs to the Town with no other financial advantage. There is no evidence that arrears are reduced where credit card payments have been permitted. However, electronic payments by EFTs, PAP, or through mortgage companies, along with non-electronic methods including debit, cash and cheques are recommended, and taxpayers should be encouraged to use these options.

Financial Implications

The financial impact of discontinuing the option to allow taxpayers to pay property taxes directly to the Town via credit cards are estimated to generate savings of \$40,000.

Report

Background

Under [Resolution Number 2023-11-37](#), Council received the [Report – Update on Costs of Receiving Credit Cards as Payment Options](#) and directed staff to investigate a 2% surcharge on all payments by credit cards by July 1st, 2024.

Discussion

Current Situation

The Town currently allows property owners to pay property taxes via credit cards (Visa or Mastercard) in the office or via phone, without applying any surcharges.

The following analysis briefly outlines the numerous disadvantages of allowing property taxes payments via credit cards without applying any surcharges:

Cost Burden: When a municipality absorbs these costs, it effectively means that all taxpayers are subsidizing the payment choice of those using credit cards, which is not considered a responsible use of public funds. This is inequitable to taxpayers. Taxpayers

who pay their taxes by cash, debit, cheques, direct deposits, through mortgage companies or other payment methods - that is, those who choose not to use the credit cards - would pay the cost to the Town of the use of credit cards by others. Taxpayers paying by credit card receive additional benefits, such as, points, air miles, cash-back, additional privileges, etc. and they will also enjoy interest free credit for a brief period. In effect, these benefits are subsidized by the Town when the costs are be recovered across all taxpayers.

High-Value Transactions: Property tax payments are typically large, so the percentage-based processing fees represent a substantial expense for the municipality.

Lack of Financial Advantage: Municipalities often conclude that accepting credit cards directly offers no other financial advantage, such as a guaranteed reduction in arrears.

Alternative, Lower-Cost Options: Most municipalities offer alternative payment methods that are more cost-effective for both the Town and the taxpayer, such as online banking, pre-authorized payment plans, debit card payments, cash or cheques.

Credit Card Surcharges

Council has directed staff to investigate a 2% surcharge on all payments by credit cards.

Typically, municipalities do not directly accept credit cards as an acceptable method of payment for property taxes due to the significant processing fees (interchange fees) charged by credit card companies (which could range from 1.75% to 3.0%). In recent years, there has been a shift in the municipal sector to allow property tax payments via credit card, but typically done using third-party service providers who charge the fees directly to the property owner.

The federal rules surrounding applying surcharges for credit card payments are set by the Financial Consumer Agency of Canada (FCAC). Following a class action settlement in October 2022 which amended card network rules, merchants (including municipalities) can now add a surcharge when collecting payment via credit cards, provided they adhere to specific rules and disclosure requirements. The specific rules do not allow merchants to apply surcharges that are higher than the actual cost to accept the credit card and require significant disclosures.

The following rules apply to merchants under the FCAC:

- **Cost Recovery Only:** The surcharge amount must not be higher than the actual cost the municipality incurs to accept the credit card. Municipalities often charge between 1.75% and 2.00% as a result.

- **Maximum Cap:** The surcharge has a maximum cap of 2.4% of the transaction amount.
- **No Double Dipping:** A surcharge cannot be applied in addition to a separate service or convenience fee for the same transaction.
- **Advance Notice:** The municipality must provide advance written notice (at least 30 days) of its intention to surcharge to its payment processor (acquirer) and the relevant payment card networks (Visa/Mastercard).
- **Eligible Cards:** Surcharges are only permitted on credit card transactions, not on debit or prepaid cards.
- **Transparency and Disclosure:** The municipality must clearly inform the customer about the surcharge before the transaction is completed, allowing them the option to use an alternative payment method like debit or cash to avoid the fee.

Disclosure requirements include displaying information on surcharges at:

- The point of sale, both in the Town office and online.
- The entrance of the Town office.
- The surcharge must appear as a separate line item on every receipt.

Source: [Government of Canada - Credit Card Merchant Surcharges and Fees](#)

Interchange Fees

Interchange fees are higher on premium cards that offer rewards, cash back and other perks for customers. For in-person (card-present) transactions, the rate varies from 0.92% for a Mastercard that doesn't offer rewards to 2.08% for a Visa premium card. For phone and internet (card-not-present) transactions, the rate varies from 1.45% for a Visa card without rewards to 2.54% for Mastercard premium cards. It is also noted that Visa and Mastercard typically adjust interchange fee rates twice a year in October and April.

Sources:

- [BDC Canada - About Credit Card Fees](#)
- [Mastercard's Canadian interchange rates](#)
- [Visa's Canadian interchange rates](#)

Due to the large range of fees, it can be difficult to determine a charge to pass on to property owners which is not “higher than the actual cost to accept the credit card”. As a result, most municipalities do not directly accept credit card payments to avoid merchant fees. Instead, they typically direct residents to use a third-party service provider which charges a convenience fee directly to the taxpayer with the municipality receiving the billed amount.

Analysis of Implementing a Surcharge

By implementing a surcharge, a municipality can try to ensure that the costs associated with credit card processing are covered by those using the service, rather than being subsidized by all taxpayers. However, this process is not a recommended option for the Town as the process to add a surcharge and the rules for surcharging do not make it a cost-effective and viable option.

Credit Card Acceptance

A survey of other municipalities in Dufferin County found the following information regarding credit card acceptance for payment of property taxes:

	Grand Valley	East Garafraxa	Amaranth	Orangeville	Mono	Shelburne	Mulmur	Melanchton
Credit Cards Accepted	YES	YES	YES	YES	NO	YES	YES	NO
Directly by Municipality OR 3rd Party	Direct	3rd Party	3rd Party	3rd Party		3rd Party	3rd Party	
3rd Party Service Provider	-	Paymentus	Paya	Paymentus		Paymentus	Paymentus	
Fee Charged Directly to Taxpayer	None	2.5% (CC) & 1.5% (Debit)	2.5-3.0%	1.75%		1.75%	2.5% (CC) & 1.5% (Debit)	

Of the eight (8) lower tier municipalities in Dufferin County, the Town of Grand Valley is the only municipality that accepts credit cards directly as a payment method for property taxes and with no surcharge. Five (5) municipalities allow credit cards as a payment method for property taxes using third-party service providers who charge the fees directly to the property owner. The remaining two (2) municipalities do not accept credit cards as a payment method for property taxes.

Third-Party Providers: To offer the convenience of credit card payments without bearing the cost, some municipalities direct residents to use a third-party online service provider while others partner with third-party online service providers. These providers charge a convenience fee directly to the taxpayer, usually a percentage of the transaction amount, to cover their own processing costs.

The following is a list of some third-party online service providers (this information is in no particular order, is for informational purposes only, and staff do not endorse or recommend any specific provider):

- Chexy, Kubra, Paya, Paymentus, Paysimply, Paystone, PlastiQ.

If the Town were to partner with third-party online service providers and provide a link from our website, there would be set-up costs for the Town which would need to be investigated. Costs are estimated at \$5,000 with each service provider but can vary.

Tax Arrears

One of the anticipated benefits of accepting credit cards as a payment option for property taxes was for the municipality to see a reduction in tax arrears. The following table, with data from the Annual Financial Information Returns (FIR) for each municipality obtained from the Ministry of Municipal Affairs and Housing (MMAH), shows that there is no direct correlation between the use of credit cards as a payment option in reducing tax arrears. There are many factors that determine the level of arrears, such as current economic factors, and lower than average volume of property sales (which assists in clearing property tax arrears, if any, at the time of sale), but there is no indication that credit card usage reduces arrears.

Table: Correlation between credit card acceptance and tax arrears

	Grand Valley	East Garafraxa	Amaranth	Orangeville	Mono	Shelburne	Mulmur	Melanchton
Credit Cards Accepted	YES	YES	YES	YES	NO	YES	YES	NO
Most Recent FIR Year Available	2024	2024	2023	2023	2024	2024	2024	2024
Total Taxes (SLC 26A 9199 03) - LT, UT & ED as we collect for all	\$9,262,552	\$8,030,108	\$9,369,196	\$70,006,159	\$23,598,904	\$18,116,290	\$9,923,781	\$7,298,313
Taxes Receivable, End of Year (SLC 72A 0290 09)	\$1,034,465	\$1,093,024	\$1,206,302	\$3,403,934	\$2,869,385	\$2,043,415	\$602,675	\$854,280
% of Arrears (Current Arrears/Current Year Taxes)	11.17%	13.61%	12.88%	4.86%	12.16%	11.28%	6.07%	11.71%

Additionally, follow-up surveys confirmed that there is no evidence that tax arrears are reduced where credit card payments have been permitted, and in most cases payment of property taxes via credit cards is very insignificant, at an estimated 1% of all payment methods. In comparison, the estimated percentage of property taxes paid by credit cards for the Town of Grand Valley in 2025 was approximately 19%.

Debit Cards and Other Payment Types

The Town currently accepts debit cards as a payment option. Compared to credit cards, debit cards are encouraged since there are minimal costs involved. The customer’s presence at the Town’s office to use the debit cards is necessary as the code has to be keyed in. The cost to the Town for the use of debit card facility is significantly less than credit cards, with processing fees at around 0.03%.

The Town currently accepts Electronic Funds Transfers (EFTs) [payments made at banks or via internet or telephone banking] as a payment option. Compared to credit cards, EFTs are encouraged since there are minimal costs involved and since the presence of the taxpayers at the Town’s offices to pay bills is not necessary. This option provides taxpayers the ability to

make payments at their preferred banks or 24/7 from virtually anywhere. Payments are generally received by the Town within 3 business days.

The Town also encourages the Pre-Authorized Tax Payment (PAP) Plan. PAP plans allow for property taxes to be automatically withdrawn from a property taxpayer's bank account on a set schedule. Compared to credit cards, PAP plans are encouraged since there are minimal costs involved and since the presence of the taxpayers at the Town's offices to pay bills is not necessary. There are two pre-authorized payment plans currently available with the Town: a 4 Installment Plan and a 10 Installment Plan. Under the 4 Installment Plan, payments are taken over the 4 months which coincide with the regular non-PAP installment due dates of February, May, August and November. Under the 10 Installment Plan, payments are taken over 10 months from February through to November - February to June for the interim and July to November for the final tax bill.

Cost of Outstanding Debt

In terms of costs to the taxpayer for outstanding debts, on average, taxpayers face lower interest costs when owing the Town compared to credit card companies. In accordance with the Municipal Act, 2001, the Town charges 1.25% per month (15% per year) on overdue property taxes. In Canada, average credit card interest rates for Visa and Mastercard typically range from 19.99% to 25.99% APR, with standard purchase rates often around 20-21% and higher rates for cash advances. Low-interest options exist, sometimes under 13% or even lower, while premium rewards cards and store cards can push rates towards 29.99% or higher, varying by issuer and card type.

Sources:

- [RBC Canada - Standard Credit Card Rates in Canada](#)
- [Innovation Federal Credit Union - Average Credit Card Interest Rates in Canada](#)
- [Government of Canada - Credit Card Fees](#)

Conclusion:

The Town currently allows property owners to pay property taxes via credit cards (Visa or Mastercard) in the office or via phone, without applying any surcharges. Council has directed staff to investigate a 2% surcharge on all payments by credit cards.

Based on the analysis, payments of tax bills by credit cards directly to the Town is not recommended because of the significant additional costs to the Town with no other financial advantage. There is no evidence that arrears are reduced where credit card payments have been permitted. However, electronic payments by EFTs, PAP, or through mortgage companies, along with non-electronic methods including debit, cash and cheques are recommended, and taxpayers should be encouraged to use these options.

Recommendation

These recommendations, which are based on staff's analysis, take into consideration the various payment options offered to residents when paying their property taxes. To be fair to all taxpayers in the Town, the recommendations aim to ensure that fees related to the use of the credit cards as a method of payment are borne by the property owner and not the Town.

- That the Town will no longer accept direct credit card payments for property taxes effective immediately.
- That Town staff create a communication plan to effectively inform departments, residents and business owners of the changes being made to the acceptable forms of payment for property taxes. It is important to note that residents and businesses can still pay their property taxes via credit card should they wish, however not directly to the Town but by using third-party service providers who charge the fees directly to the property owner. Communication tactics may include web content, social media, posters/info at the Town office, and information included with 2026 Property Tax Bills (likely in the form of an insert as the amount of text that can be included on the printed property tax installment payment stubs is already fully utilized).

The communication plan will help promote accountability as it realigns taxpayer expectations to support the Town's progress to be fair to all taxpayers in the Municipality by ensuring that fees related to the use of the credit cards as a method of payment are borne by the property owner rather than being subsidized by all taxpayers.

- That the Town does not endorse any specific third-party service provider.

The following is **DRAFT** messaging to be included on the Town’s website under the “Paying Taxes” section related to payment methods (which is similar to messaging on numerous municipality’s websites who do not identify or endorse any specific third-party service provider):

Credit card via third-party payment service

The Town of Grand Valley does not accept direct credit card payments for property taxes. However, you can pay with your credit card through a third-party service provider.

The service provider may charge service fees and there may be restrictions on the types of credit cards accepted. The Town only receives the billed tax amount and is not responsible for the service charges set by your service provider.

The Town processes payments on the date they are received, which could be a few days after you make the payment. Check your service provider’s terms and conditions for their service, charges and payment processing time.

To avoid late payment charges, plan for enough time to process your payment.

The Town will continuously monitor opportunities to use e-commerce technology for the payment of taxes that are efficient and effective for both the Town and taxpayers and how opportunities can be created for the Town to collect taxes that are in arrears, in a more expeditious manner.

Financial Impact

The financial impact of discontinuing the option of paying property taxes directly to the Town via credit cards are estimated to generate savings of \$40,000 to the Town based on the information in the following table with data from fiscal year 2025:

Table: 2025 Payment Transactions and Processing Fees

Based on Moneris Transaction Reports for the Town of Grand Valley over the following periods:

Begin	End	# of Transactions				\$ of Purchases			
		Visa	M/C	Debit	Total	Visa	M/C	Debit	Total
2025-01-01	2025-03-31	179	121	61	361	\$261,379	\$157,714	\$37,969	\$457,063
2025-04-01	2025-06-30	190	114	73	377	\$261,379	\$132,991	\$48,405	\$442,775
2025-07-01	2025-09-30	192	122	63	377	\$266,543	\$168,265	\$38,202	\$473,010
2025-10-01	2025-12-31	158	104	60	322	\$227,510	\$131,204	\$41,766	\$400,480
		719	461	257	1,437	\$1,016,810	\$590,175	\$166,343	\$1,773,328
Processing Fees - 2025 (Jan-Dec)						\$24,836	\$15,820	\$51	\$40,707
Average Fee %						2.44%	2.68%	0.03%	2.30%
Fees - Assuming all payments were made via DEBIT									\$546
									0.03%

Consultations

Attachments

Attachment 1 - DRAFT Credit Card Payment Acceptance Policy

This report was submitted by

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This report was approved by

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