



Unpaid Oil and Gas Property Taxes

Tax Arrears Monitoring Process

Directive

Ministerial Order 096/2024 issued by Alberta Energy and Minerals to the Alberta Energy Regulator (AER) builds on other actions already taken to support municipalities address unpaid oil and gas property taxes. When applying for new well licences and well licence transfers, companies that have been previously identified by municipalities as having unpaid property taxes must confirm that their outstanding municipal taxes across the province do not exceed the maximum threshold or have a repayment agreement in force. Companies seeking to sell their assets have to pay their tax arrears first or have them paid as part of the sale.

As of April 30, 2023, payment of municipal taxes is a mandatory condition for approving new well licence transfers between companies or granting new well licences to companies. Under this process, applications will be closed if a company has a cumulative provincial total of unpaid municipal taxes above the threshold. The threshold is currently set by the AER in consultation with the ministries of Energy and Municipal Affairs at \$20,000. The purpose of the threshold is to avoid imposing additional red tape on municipalities or companies for smaller amounts that may be owing due to administrative issues.

In August 2024 the rules were amended to allow transfers of productive orphan wells and wells under bankruptcy to a new owner. Under the new rules, the AER must only determine if the producer acquiring the well has paid their municipal taxes and meets the threshold. As a result, these wells will continue to produce and generate revenue for municipalities, landowners, and the province.

The ability to monitor municipal tax obligations and performance of licencees required a process to collect information from municipalities. To support this directive, Municipal Affairs and the AER have implemented the following process for sharing data.

Information Sharing Process

Municipal Affairs collects tax arrears information from municipalities on a periodic basis. This includes information on which companies have unpaid tax arrears and have not entered a repayment agreement, or that have not held to the terms of their repayment agreement. The assistance of municipalities is required to submit information to build and update this comprehensive list.

Using the Oil and Gas Company Tax Arrears Notification form, municipalities provide Municipal Affairs information for each company with arrears, including the company name and amount of arrears.

Total tax arrears owed are any outstanding taxes and penalties owed up to December 31, 2024. The Arrears Amount to Report to the AER is the total tax arrears owed less any amount subject to a repayment agreement that is in good standing.

Company Name	Total Tax Arrears Owed	Repayment Agreement in Place (Y/N)	Arrears Amount to Report to AER	Repayment Agreement	Written Off	Paid	Tax Year(s)	Comments or Concerns
Company A	\$10,000	N	\$10,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2019	No repayment agreement
Company B	\$50,000	Y	\$0	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2019	Repayment agreement in good standing.
Company C	\$100,000	Y	\$10,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2019	Partial (\$90,000) repayment agreement in good standing.

An accurate list is important, as there are impacts for companies that are identified as having unpaid taxes without a proper repayment agreement in force. Summary data is provided to the AER to reference when determining whether to accept new well licence and well licence transfer applications. Once the AER has accepted an application, a review is conducted following normal procedures.

Companies identified on the list are required by the AER to provide proof of tax payment, while those not on the list proceed as normal without additional regulatory requirements relating to the ministerial order. This means companies attempting to acquire new well licences or participate in a well transfer that are identified as having unpaid taxes must provide evidence to the AER that their cumulative municipal tax arrears across the province have been paid, or repayment arrangements with the municipalities to which the arrears are owed have been made and remain in good standing. A company requiring this evidence may contact the municipalities to request official municipal documentation for the AER, such as a tax certificate or letter on municipal letterhead. During an audit, the AER may contact municipalities directly to validate this information.

This process is intended to support the ongoing efforts of municipalities to recoup unpaid taxes. It is expected that municipalities will continue to pursue tax recovery outside this process where possible.

Examples of a New Licence Application Process

Company	On Municipal Affairs' List?	Municipal Documentation Required?	Taxes Paid or Repayment Agreement?	AER
A	✓	✓	✗	Application closed
B	✓	✓	✓	Application accepted
C	✗	✗	✓	Application accepted

Note: This table is intended to illustrate only the effect of considering unpaid taxes. AER considers a broad range of factors when assessing applications.

Changes for 2025 intake

For the 2025 intake the forms have been simplified to include only total tax arrears, identifying whether or not a repayment agreement is in place and if so, how much of the arrears should be reported to the AER.

For example, if the payment agreement covers all of the arrears a company owes, and is in good standing, the amount to report to the AER should be listed as zero. If the agreement is only for a portion of the total arrears the amount to report to the AER should be the total arrears less the amount of the repayment agreement.

The June update contains a change to assist Municipal Affairs with understanding the reasons for changes in total tax arrears, whether due to additions, payments, changes in agreements, or write offs.

Beginning with the June 2025 update, for each line on the form identify if the amount previously reported has changed and if so for what reason. The new form asks for a Y/N to identify if the total arrears have changed and then to tick the appropriate box to identify the reason.

Complete the fields below for each company whose tax arrears changed since the previous quarterly update				
Change Reporting	Reason for Change?			
Have the reported arrears amounts changed since the previous reporting? Y/N	Penalties or Taxes Added to Arrears	Repayment Agreement Changed	Arrears Written Off	Arrears Paid
Y	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
N	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Y	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Tax Arrears Reporting

Municipalities are asked to submit information for tax accounts in arrears that meet the following criteria:

- all properties of a company (assessed person), that holds a licence or approval issued by the AER, and
- tax arrears that are not adequately covered by a repayment agreement in good standing.

Tax arrears means all cumulative property taxes levied under Part 10 of the *Municipal Government Act* that remain unpaid after December 31 of the year in which they are imposed. This includes requisitions and penalties but does not include taxes that have been cancelled or written off.

Best practices for a repayment agreement suggest that it:

- be in writing;
- account in some manner for the full amount of municipal taxes, requisitions, and penalties to date, with councils being able to choose to cancel a portion of the arrears (e.g., penalties) if council believes it is equitable to do so; and
- specify whether imposition of additional penalties is suspended during the repayment agreement.

When a company pays their tax arrears, the municipality will update the province on the company's tax status through the quarterly Tax Arrears Monitoring Process.

Completed forms for tax arrears reporting are submitted to MA.UnpaidTaxes@gov.ab.ca.

Key Dates

Municipalities may provide this information annually by March 15, in addition to updates on a quarterly basis **as the status of tax accounts change**. After a municipality's initial annual submission, only the addition of new companies with arrears or updates for previously reported companies with a status change (accumulated additional arrears, entered into a repayment agreement, or paid arrears partially or in full) are necessary to report.

Submissions for Tax Arrears	Municipality Response Date to Municipal Affairs	Municipal Affairs' Response Date to the AER
Annual Submission	March 15	March 31
First Quarterly Update	June 17	June 30
Second Quarterly Update	September 15	September 30
Third Quarterly Update	December 15	December 23

Tax arrears notification forms may be submitted any time, but only the forms received by the municipality response date to Municipal Affairs will be included on the quarterly updates to the AER.

Key Contacts

Questions regarding the tax arrears monitoring process may be directed to MA.UnpaidTaxes@gov.ab.ca or by phone, toll-free by first dialing 310-0000, then 780-422-1377.

Questions regarding which companies are on the list, or how the list will be used, should be directed to the Alberta Energy Regulator at municipal.taxes@aer.ca.