



2021 Tax Amnesty Proposal

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What is Tax Amnesty?

- The City of Richmond is the only Virginia local government authorized by the Commonwealth to offer tax amnesty
- Amnesty allows the Director of Finance to waive penalties and interest (without impacting the principal amount of taxes due) for specific tax types during a specific time period
- This doesn't change any due dates or impact other legal provisions tied to timely payment of taxes
- Amnesty programs held in 2011, 2017, and 2020



Assessment of Penalty & Interest

- For most local taxes, when payment is received after the due date, a 10% penalty is assessed
- For delinquent tax balances, interest is accrued daily, currently at a 10% annualized rate



Assessment of Penalty & Interest

- There are many legal limitations on Finance's ability to waive penalty and interest (P&I)
- For example, P&I cannot be waived when a taxpayer indicates not receiving a property tax bill



Overview of 2021 Proposal

- 2021 Real Estate Tax Amnesty program would be from March 1, 2021, to March 31, 2021
- 2021 Admission, Lodging, and Meals Tax (ALM) Amnesty program would be from April 1, 2021, to April 30, 2021



Overview of 2021 Proposal

- Amnesty is not granted by default, rather a taxpayer would need to complete an application where Finance staff verify what is being paid versus waived
- Payment in full for all prior periods due is needed, or a pay plan with 25% down lasting up to 6 months must be in place, in order to receive a waiver of penalty and interest



Overview of 2021 Proposal

- 2021 Amnesty programs are expected to have net positive effect on FY2021 revenue collections
- The additional taxes collected are anticipated to more than offset the penalty and interest waived



Real Estate Amnesty Details

- Payment (or payment plan up to 6 months) needed for all Real Estate taxes due prior to 1/15/21 to receive penalty and interest waiver
- Per City Code, the application and recertification deadline for Tax Relief for the Elderly and Disabled is March 31, 2021
- The Real Estate Amnesty program won't extend the due date for Tax Relief applications



Real Estate Amnesty Details

- Per City Code, for property owners in the City Assessor's Program otherwise due 2021 Tax Rehabilitation Credits, all 2021 taxes must be received by 6/30/21
- Per City Code, for Tax Relief for the Elderly and Disabled participants, all 2021 taxes due must be received 6/30/21
- So, 6-month payment plans are not recommended for Tax Relief and Rehab Credit participants



Real Estate Tax Amnesty: Risk and Reward

Risk:

- Tax Relief and Tax Rehab Credit participants need to ensure payment of all 2021 taxes by June 30th, regardless of payment plans
- Taxes must be paid or payment plan by March 31st in order to have penalty and interest waived

Reward:

- Property owners can potentially avoid many years' worth of accumulated penalties and interest



2021 Admission, Lodging, and Meals Tax Amnesty

- Payment in full (or payment plan up to 6 months) needed for all taxes due prior to April 21, 2021 in order to get penalty and interest waived
- ALM taxpayers cannot have unfiled monthly periods in order to benefit from the program
- Per City Code, restaurants are not eligible to receive the 3% seller's commission for any meals tax payments received after the due date
- Applications will be required to verify the principal amount of taxes due and how much P&I is waived



Admission, Lodging, and Meals Amnesty: Risk and Reward

Risk:

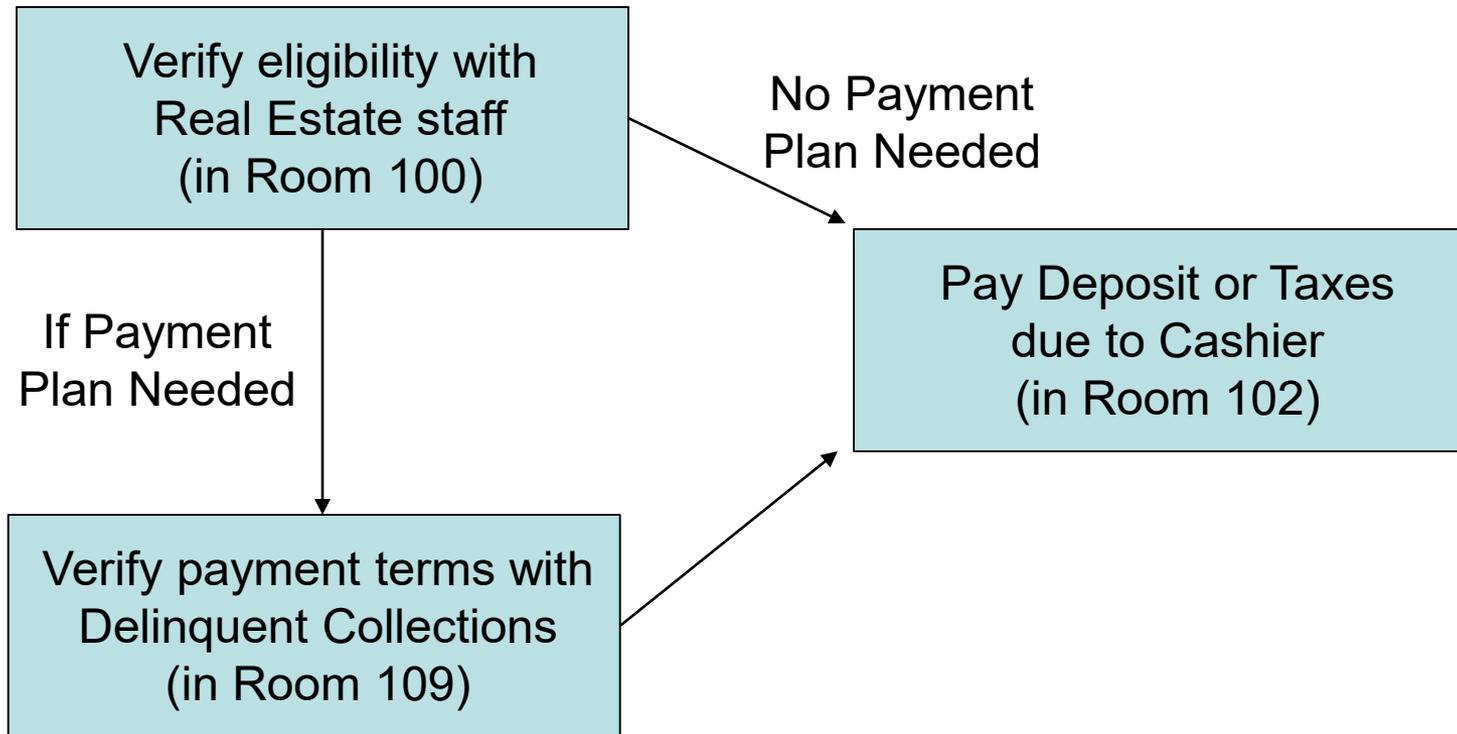
- Taxpayers must ensure there aren't any unfiled monthly periods in order to participate
- Restaurants are ineligible for 3% meals tax sellers' commission until they are fully current
- Taxes must be paid or payment plan by April 30th

Reward:

- Business owners can potentially avoid many years' worth of accumulated penalties and interest



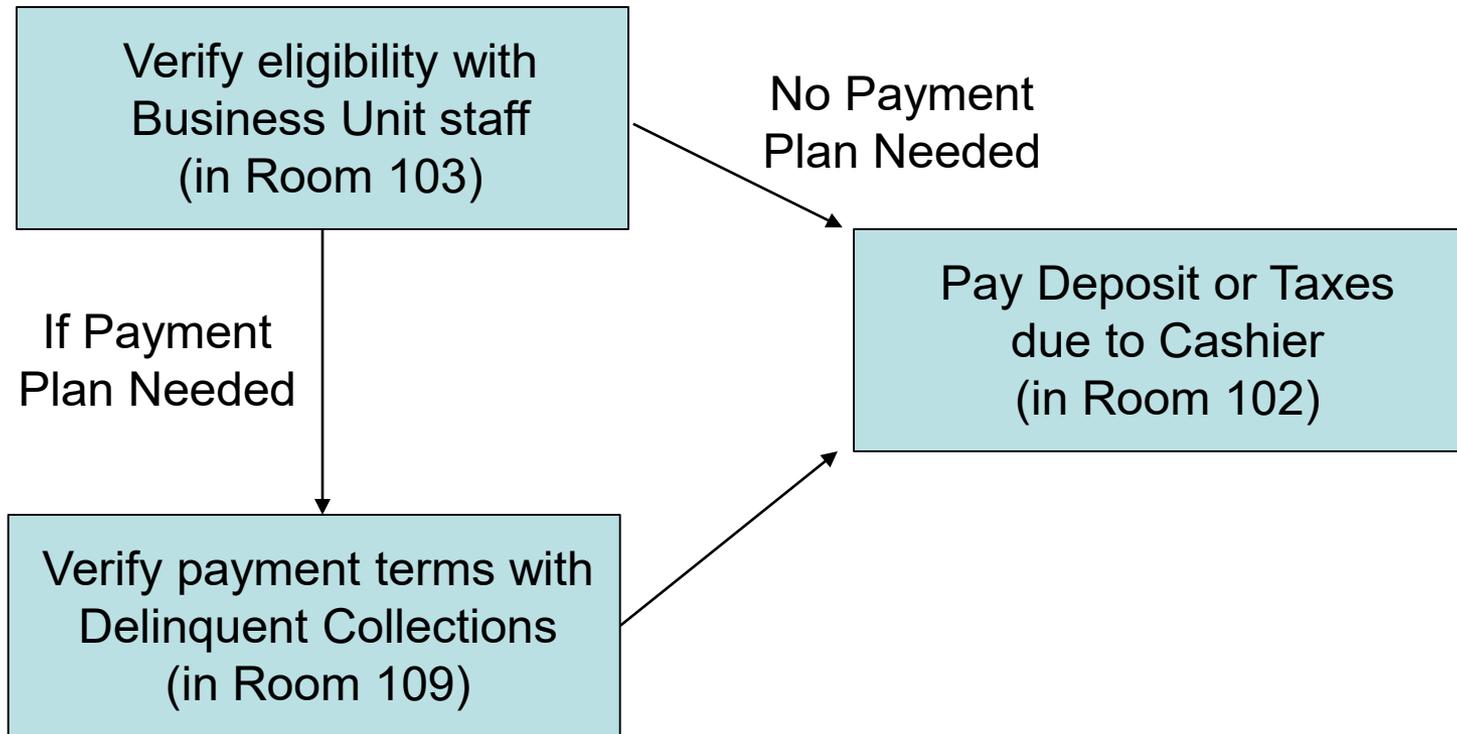
Real Estate Tax Amnesty: Process Flow



Property Owners are recommended to complete their applications as soon as possible, and not wait until the end of the month



Admission, Lodging, and Meals Amnesty: Process Flow



Business Owners are recommended to complete their applications as soon as possible, and not wait until the end of the month



Questions?

