

When the City of Louisville determines that a tax deficiency exists, a Notice of Final Determination, Assessment and Demand for Payment is issued to the taxpayer. This is a legal notice and demand for payment, and should be read carefully, as immediate action is required.

Authority of the Finance Director

A Notice of Final Determination, Assessment and Demand for Payment may be issued for a tax deficiency or estimated tax deficiency resulting from an audit of the taxpayers' records, an underpayment of an amount due on a City tax return, for failure to file a City tax return, or for failure to provide adequate records for an audit.

If the Finance Director determines that any taxpayer has neglected or refused to provide adequate books, accounts and records requested for audit, or that any taxpayer has failed, neglected or refused to collect the tax, to file a tax return, or to pay in full the tax required, the Finance Director may estimate the total tax liability. If estimated, the amount due will be based upon available information, with or without employing the investigative powers of the Finance Director.

So long as a Final Determination, Assessment and Demand for Payment or Jeopardy Assessment remains unpaid, the Finance Director may commence any one or more of the following enforcement procedures:

Request revocation of the taxpayer's sales and use tax license;

Request a summons be issued to the taxpayer to appear in Municipal Court;

Issue a Dstraint Warrant pursuant to LMC 3.20;

Secure the unpaid taxes, penalties and interest by filing a Tax Lien pursuant to LMC 3.20

The Finance Director is authorized to waive, for good cause shown, any penalties assessed. A written request seeking abatement of penalties must be submitted to the Finance Director prior to the payment date for consideration. The LMC does not permit interest to be waived.

Taxpayer Action and Due Dates

A Notice of Final Determination, Assessment and Demand for Payment becomes final, due and payable 30 days from the date of mailing, and such payment must be postmarked on or before the payment due date. The deadline for payment cannot be extended and a taxpayer may not protest the assessed amount or file an appeal once the due date passes.

Options available to satisfy the assessment:

The taxpayer may file the missing tax return and remit payment for the actual taxes due along with any applicable penalties and interest;

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The taxpayer may remit any underpayment amount including applicable penalties and interest;

The taxpayer may remit the amount of the assessment including penalties and interest;

Or, the taxpayer may file a written appeal to the City Finance Director.

Jeopardy Assessment

If the collection of any tax due from a taxpayer, whether or not previously assessed, will be jeopardized by delay, the Finance Director may declare the taxable period immediately terminated, determine the tax, and issue a Jeopardy Assessment and demand for payment which is due and payable immediately.

If deemed satisfactory, the Finance Director may grant a stay of the Jeopardy Assessment if the taxpayer gives security for payment of the taxes.

If the taxpayer disputes the amounts assessed in the Jeopardy Assessment, the taxpayer should pay the full amount assessed and submit a refund claim form or request a hearing.

Penalties and Interest

A Notice of Final Determination, Assessment and Demand for Payment or a Jeopardy Assessment, will include penalty and interest charges. Penalties are assessed at 10% of the tax due (with a minimum of \$15) and simple interest at the rate of 1% per month or part of a month. Special penalties may also apply under certain circumstances.

Burden of Proof

The burden of proof that any items, services, privileges, occupations, or other transactions for which abatement, modification, or exemption from assessed taxation is requested shall be on the taxpayer.

See Tax Guide publications “Penalties, Interest & Other Costs”, “Liens, Foreclosure & County Certification”, and “Dispute Resolution, Hearings & Appeals” for additional information.

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