

The Louisville Municipal Code (LMC) imposes penalties and interest for failure to file a tax return or pay the tax by the prescribed due date and for other costs associated with the City's ascertainment of taxes due, refund claims or collection.

Penalties

The penalty for late filing of a tax return or late payment of taxes due to negligence or intentional disregard of the ordinances or rules and regulations of the City, but without the intent to defraud, is a minimum of \$15 or 10% of the tax due, whichever is greater. Penalties are in addition to any interest imposed.

The penalty for non-filing or non-payment of a tax return with the intent to defraud or evade the tax due is 100% of the tax due plus the amount of tax due. Penalties are in addition to any interest imposed.

The penalty for recurring failure to file a tax return or to pay taxes due, without good cause, for three or more consecutive filing periods, is a minimum \$50 or 50% of the tax amount due, whichever is greater, and is calculated through the third filing period. Penalties are in addition to any interest imposed.

The corporate and partnership penalty for the willful failure to collect, account for, evade or pay any taxes imposed by the LMC is 150% of the total amount of tax not collected, accounted for, paid, or otherwise evaded.

In addition to the personal liability provided in the LMC, an officer of a corporation or a member of a partnership or other entity is subject to this penalty if the corporation, partnership or other entity is subject to filing returns and paying taxes, and if such officer or member, voluntarily or at the direction of his superiors, assumes the duties or responsibilities of complying with the provisions of any tax administered by Section 3.20 of the LMC on behalf of the corporation, partnership or other entity.

Interest

If any amount of sales or use tax is not paid on or before the prescribed due date, interest on the tax amount will be imposed at the rate of one percent (simple interest) per month. Interest accrues from the date the tax payment was due until the date paid.

Cost of Collection

If any person liable for the payment of tax imposed by Chapter 3.20 of the LMC repeatedly fails, neglects, or refuses to pay, and enforcement proceeds by issuance of Determination, Assessment and Demand for Payment have been required three or more times, the Finance Director is authorized to assess and collect, in addition to taxes, penalties and interest, any such additional amounts as are necessary to compensate the City for administrative and collection costs incurred in collecting the delinquent taxes.

Collection costs include, but are not limited to, all costs of audit, assessment, bank fees, hearings, execution, lien filing, distraint, litigation, locksmith fees, auction fees and costs, prosecution and attorney fees.

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The current cost (2017) upon the third Assessment is \$25.00 for each subsequent occurrence.

The current cost (2017) upon the third recording of a Lien is \$40.00 for each subsequent occurrence (an additional \$40.00 is due to record each lien release cost).

County Collection Fees

In cases where a taxpayer has refused or neglected to pay any tax due to the City and a lien has been filed, the Finance Director may certify the amount of tax, penalties and interest due to the County Treasurer of any County in the State in which the taxpayer owns real or personal property. If county collection is required, the taxpayer will be liable to pay an additional 10% of the total amount of taxes, penalties and interest due to cover the certification and collection costs.

Staff and Auditor Fees

It is the duty of every taxpayer to keep and preserve records, books, invoices, receipts and the like for a period of three years. All documentation is subject to open examination by the Finance Director to determine the amount of refund owed or tax due under audit and must be made available at a suitable place within the City.

If the taxpayer does not wish to make records available within the City, then the taxpayer shall enter into a binding agreement with the City to reimburse the City for all expenses incurred, including all reasonable travel expenses, food and lodging based on the time an auditor departs the City and until their return to the City.

If the taxpayer does not provide records in an organized format and the auditors must go through the taxpayer's files, folders, boxes or the like, in order to obtain the records for audit, or if the taxpayer fails to provide the information in a timely fashion, the City is entitled to charge an hourly fee for time spent organizing, gathering, or in any way assembling taxpayer records in any form for audit. The fee will be set by the City Manager or the Finance Director and shall be based on the actual labor costs incurred.

Refund Processing Fees

If the taxpayer does not provide the required documentation necessary to substantiate a refund claim in an organized format and staff must go through the taxpayer's files, folders, boxes or other documents or records, in any form, the City will be entitled to charge an hourly fee for time spent in excess of eight hours deciphering, organizing, gathering or in any way assembling the taxpayer records. The fee will be set by the City Manager or the Finance Director and shall be based on the actual labor cost incurred. Such liability, if not paid on a direct billing by the City, may be deducted from any refund amount to be paid to the taxpayer.

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