

**CITY OF TIPP CITY, OHIO  
ADMINISTRATIVE POLICIES, PROCEDURES AND REGULATIONS**

**ADMINISTRATIVE POLICY #:** 1047

**SECTION:** Finance

**TITLE:** Collections – Income Tax Delinquencies

Original: December 12, 2012

**Income Tax Delinquencies**

This policy prescribes the steps to be taken in the administration and collection of income tax delinquencies. If at any time it is determined a delinquent income tax account is nearing the statute of limitations for collection processes, that account may be accelerated to a higher step on the collection process to ensure all collection processes are completed prior to the statute of limitations. The only limitation herein is that an account to be submitted for collection in Municipal Court must have had at least one certified letter sent to the delinquent account holder.

Tax delinquencies typically occur for two purposes: **Failure to File** a required tax return and **Failure to Pay** tax due on a return that was filed or an assessment issued by the Tax office. These delinquencies will have certain collection processes in common but may also differ in timing and administration.

Failure to File	Failure to Pay
<p>1. <b>Identification</b> – The City Tax Department will use a variety of means to identify delinquent tax payers. A comparison of current year filers to prior year filers, City issued planning and zoning permits, records of utility customer move-ins/move-outs, check all W-2's received with the annual reconciliations for new and inactive accounts, cross reference tax account addresses with City data base to identify addresses for which we have no current tax account, obtain information from the Ohio Department of Taxation to identify Tipp City residents who filed a State of Ohio tax return, but not a Tipp City return, contact the Ohio Gaming Commission for a list of lottery winners within the 45371 zip code and check to see if these taxpayers reported their winnings, and review of local newspapers will all be utilized to identify persons and businesses located in or doing business within the City of Tipp City.</p>	
<p>2. <b>Collection letter</b> – An initial reminder letter will be sent to both Failure to File and Failure to Pay accounts to determine if they merely forgot to comply and providing an opportunity for compliance. This letter will be sent by first-class mail but will not be sent certified mail at this level.</p>	

Failure to File	Failure to Pay
<p>3. <b>Second collection letter</b> – a delinquency notice will be sent to both Failure to File and Failure to Pay accounts notifying them of the tax delinquency and requesting payment within 20 days. Language in the second notice will be stronger than the initial notice but will not be sent certified mail at this level.</p>	
<p>4. <b>Administrative Subpoena</b> – an administrative subpoena will be issued for Failure to File accounts requiring the individual or business to appear in the Income Tax Department with the required records to permit the completion of the missing tax return.</p>	
<p>5. <b>Certified collection letter</b> – A final delinquency notice will be sent to both Failure to File and Failure to Pay accounts notifying them of the tax delinquency and demanding response within 15 days or criminal charges may be assessed and pursued through Miami County Municipal Court.</p>	
<p>6. <b>Municipal Court</b> – failure to respond to the previous steps will result in the delinquent account holder being cited in Miami County Municipal Court with a misdemeanor criminal charge in accordance with Section 39.50L of the Tappan City Code of Ordinances. Maximum penalties to include: assessment of the tax due along with interest and penalties and a fine of up to \$1,000 and/or imprisonment for a period not exceeding six months for each offense.</p>	

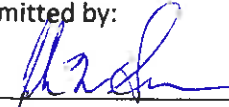
**Collection Agency** - In addition to the steps above, the City may use the services of a collection agency to:

- 1) Assist in identification of those persons/businesses not filing a local income tax return
- 2) Perform collection efforts to include contacting delinquent taxpayers in an effort to enforce compliance
  - a. If the collection agent is unsuccessful in obtaining compliance, the account will be returned to the City for pursuit in Municipal Court.

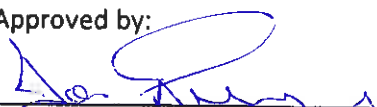
**Amnesty Program** – With approval by City Council, the City may periodically consider the use of an amnesty program to provide an opportunity for voluntary compliance. Benefits of this program will include the delinquent account holder having the ability to bring their account current without progressing through multiple letters and the Court process. Benefits to the delinquent account holder will include abatement by the City of penalties and late filing charges (but not interest due) for prior year returns or payments if an account is made current. This program will not be offered on an annual basis but will be used in special circumstances as needed to encourage compliance.

**Uncollectible Accounts** – The City will occasionally have delinquent tax accounts that extend beyond the statute of limitations for collections. The Finance Director will have authority to review and approve the write-off of accounts deemed uncollectible which are outside the statute of limitations and which have a combined delinquent balance (Tax due + Interest + Penalties) of less than five hundred dollars (\$500.00). The Board of Review established in Section 39.50M of the Tipp City Code will have authority to review and approve the write-off of accounts deemed uncollectible which are outside the statute of limitations and which have a combined delinquent balance (Tax due + Interest + Penalties) between five hundred dollars (\$500.00) and five thousand dollars (\$5,000.00). Accounts deemed uncollectible with combined delinquent balances in excess of five thousand dollars (\$5,000.00) will require Council approval to write-off these balances.

Submitted by:

  
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Date 1-8-2013

Approved by:

  
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Date 1/8/13

