

Penalty and Interest FAQs

If I fail to pay my taxes by the tax due date, what is the amount of penalty and interest assessed by the City of Richmond?

The penalty assessed for failure to file or pay by the tax due date is 10% of the tax amount due. Interest is assessed at 10% per annum (or 10% per year) on the total of the tax amount due plus the penalty. Interest accrues on the balance due daily until the date of payment. In addition, the failure to pay personal property, including machinery & tools taxes, within 60 days of the tax due date incurs an additional 5% late payment penalty.

Change effective 1/1/2012: Interest on all delinquent taxes for the 2012 tax year is 5% per annum. This is the same rate charged by the Virginia Department of Taxation (TAX). The City's rate will be adjusted annually to that used by TAX. For 2010 and prior year delinquent tax balances, the interest rate is 10% per annum. See link to ordinance adopted by Richmond City Council: 2011 Ordinance - Interest on Delinquent Taxes

If I do not receive my tax bill, am I still assessed penalty or interest for failing to pay the taxes by the tax due date?

Yes. The failure to receive a tax bill does not relieve the taxpayer from their responsibility to obtain the necessary information regarding the tax amount due and remit it by the due date without being called upon to do so by the local tax official. The local tax official for the City of Richmond is the Director of Finance.

Is the penalty different for business personal property than individual personal property?

Yes. Businesses are required to (1) file their business tangible personal property tax return by the March 1 due date for filing the returns and (2) pay the taxes assessed by the May 1 tax due date. Both the March 1 filing and May 1 payment dates are subject to a 10% penalty.

Are there any conditions, or circumstances, under which penalty and interest are not assessed for late filings or payments?

Yes. Following are the circumstances under which penalty and interest may not be assessed:

(1) Transfer of real property ownership after January 1 of the tax year. In such circumstances, the Director, upon ascertaining that a property transfer has occurred, may invalidate a bill sent to the prior owner and reissue the bill to the new owner as permitted by Virginia Code § 58.1-3912, and no penalty for failure to pay any tax for any such assessment shall be imposed if the tax is paid within two weeks after the notice thereof is mailed; or,

(2) The failure to file or pay was not the fault of the taxpayer or was the fault of the Director of Finance; or

(3) The failure to file a return or to pay a tax due to the death of the taxpayer or a medically determinable physical or mental impairment on the date the return or tax is due, provided the return is filed or the taxes are paid within 30 days of the due date; or,

(4) There is a committee, legal guardian, conservator or other fiduciary handling the individual's affairs. In such case, the return shall be filed or such taxes paid within 120 days after the fiduciary qualifies or begins to act on behalf of the taxpayer.

(5) **Extreme Financial Hardship** – The Director of Finance may, on a case-by-case basis, determine the proper assessment of penalty and/or interest due to the taxpayer having experienced **Extreme Financial Hardship**. The taxpayer must have experienced an extreme financial hardship in the immediate past tax year or be actively experiencing an extreme hardship in the current tax year. Examples of Extreme Financial Hardship include illness, accident or loss of property, death of a spouse, or other extraordinary circumstance beyond the taxpayer's control.

What are the penalties for failing to file and/or remit Meals, Lodging and Admissions taxes by the due dates for those taxes?

Admissions, Lodging and Meals taxes are considered "trust" taxes. That is, they are collected by the business on behalf of the City and held "in trust" for the City of Richmond until the date they are due to be remitted. The failure to file and remit these taxes in a timely manner can result in criminal charges, e.g. embezzlement, in addition to the usual penalty and interest assessments.