

Penalties and Interest Rates

Late-Filing Penalty

For tax years ending on or after January 1, 2023, the City may impose a penalty not exceeding \$25 for each failure to timely file return, regardless of the liability shown on that return, with the following exceptions:

- This penalty will not be applied to estimated tax returns.
- This late-filing penalty will be refunded or abated the first time a taxpayer fails to timely file a return.

Penalties on Unpaid Tax

A penalty may be imposed on unpaid income tax, including unpaid estimated income tax, equal to 15% of the amount not timely paid.

A penalty may be imposed on unpaid employer withholding tax equal to 50% of the amount not timely paid.

Interest on Unpaid Tax

Interest may be imposed on all unpaid income tax, unpaid estimated income tax, and unpaid employer withholding tax. The interest rate applied to unpaid balances for a given calendar year equals the Federal short-term rate, rounded to the nearest whole number percent, plus five percent (5.0%). The rate shall apply for the calendar year next following July of the year in which the Federal short-term rate is determined under Section 1274 of the Internal Revenue Code.

<u>Calendar Year</u>	<u>Annual Interest Rate</u>
2018	6.00%
2019	7.00%
2020	7.00%
2021	5.00%
2022	5.00%
2023	7.00%
2024	10.00%
2025	10.00%