

## **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.

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