

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	January 18, 2022
Action Required:	Approval of Refund of Business License Tax Payment
Presenter:	Todd Divers, Commissioner of the Revenue
Staff Contacts:	Jason Vandever, City Treasurer Todd Divers, Commissioner of the Revenue
Title:	Refund of Business License Tax

Background:

Entity incorrectly filed and paid for a 2021 business license for a project that was located in Albemarle County. The filing and payment was timely. The entity subsequently discovered that it should have applied for and paid for a license in Albemarle County. It then applied to the Commissioner of the Revenue for a refund of the license tax paid in error.

The City is required to refund business license taxes paid in error with interest per Code of Virginia 58.1-3703.1 (A) (2) (e). The amount paid for the 2021 business license was \$9,580.83. In addition, Code of Virginia 58.1-3703.1 (A) (2) (e) states: "Interest shall be paid on the refund of any BPOL tax from the date of payment or due date, whichever is later, whether attributable to an amended return or other reason. Interest on any refund shall be paid at the same rate charged under 58.1-3916." The interest amount is \$680.37.

Discussion:

City Code requires Council approval for any tax refunds resulting from an erroneous assessment in excess of \$2,500 (City Code Sec. 30-6b). Payment of interest is also required in accordance with Section 14-12(g) of the Charlottesville City Code.

Per City Code Sec. 30-6(b), the Commissioner of the Revenue has provided to the City Attorney information necessary to enable her to consent to the determination of the Commissioner of the Revenue that the tax paid by the taxpayer was erroneous and should therefore be refunded. The refund has therefore been approved for presentment to Council by the City Attorney, Commissioner of the Revenue, and City Treasurer.

Alignment with City Council's Vision and Strategic Plan:

n/a

Budgetary Impact:

The refund will reduce current year Business License Tax revenue (GL 410150) by \$9,580.83 and Interest Revenue (GL 400120) by \$680.37.

Recommendation:

Approval of the tax refund.

Alternatives:

n/a

Attachments:

Interest Calculation

Council Resolution

Refund Interest Calculation

Payment	Paid Date	Refund Date	Days	Rate	Payment Amount	Annualized Interest	Tax Refund	Interest Refund
2021 BL	3/1/2021	1/19/2022	324	8%	\$ 9,580.83	\$ 766.47	\$ 9,580.83	\$ 680.37

**RESOLUTION
AUTHORIZING REFUND TO TAXPAYING ENTITY OF BUSINESS
LICENSE TAXES PAID FOR 2021**

WHEREAS, the Commissioner of the Revenue has determined that Entity paid 2021 Business License Tax to the City of Charlottesville in error; and

WHEREAS, Entity has requested a refund of the amount paid in error; and

WHEREAS, the Commissioner of the Revenue has certified that a refund of taxes paid is due in the amount of \$10,261.20; and

WHEREAS, City Code Section 30-6(b) requires City Council approval for any tax refund exceeding \$2,500.00; now, therefore,

BE IT RESOLVED by the Council for the City of Charlottesville, Virginia, that the City Council hereby authorizes the City Treasurer to issue a refund of \$10,261.20, payable to Entity.