

CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA



Agenda Date:	July 18, 2022
Action Required:	Approval of Refund of Business License Tax Payment
Presenter:	Todd Divers, Commissioner of the Revenue
Staff Contacts:	Todd Divers, Commissioner of the Revenue Lisa Robertson, City Attorney Jason Vandever, City Treasurer
Title:	Authorizing a refund of \$8,132.19 to a taxpaying entity or business, for business license tax paid in error for 2022 (1 of 2 readings)

Background

Ownership of a Charlottesville City business changed in August of 2021. In addition to filing for a renewal of their business license for 2022 under the new entity, they mistakenly submitted and paid for a renewal under the old entity. We subsequently discovered that the old entity had ceased operations and therefore did not need a 2022 business license. We, therefore, are obliged to refund the tax collected 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 2022 business license was \$7,891.76. 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 \$240.43.

Discussion

City Code requires Council approval for any tax refunds resulting from an erroneous assessment in excess of \$2,500 . 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

Community Engagement

n/a

Budgetary Impact

The refund will reduce current year Business License Tax revenue (GL 410150) by \$8,132.19. If revenues in GL 410150 are not sufficient to cover such refund, funds shall be drawn from the Citywide reserve (GL 1631001000).

Recommendation

Approval of the tax refund.

Suggested Motion: *“I move the RESOLUTION authorizing a refund of \$8,132.19 to a taxpaying entity or business, for business license taxes paid in error for 2022”*

Alternatives

n/a

Attachments

1. Refund Calculation
2. Resolution