



# County Technical Assistance Service

Published on e-Li (<http://eli.ctas.tennessee.edu>)

January 21, 2021

## Settlement of Taxes

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Dear Reader:

The following document was created from the CTAS electronic library known as e-Li. This online library is maintained daily by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other e-Li material.

Sincerely,

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## Settlement of Taxes

**Reference Number:** CTAS-1582

Monthly Report. On or before the tenth day in each month the trustee must report to and make settlement for all taxes collected during the preceding month with the county mayor and with the financial agent or treasurer of each municipality and pay over to the same the amounts shown by the respective settlements to be due each.<sup>1</sup>

Annual Financial Report. The trustee must make a full and complete financial report on or before the first Monday in September, for the year ended June 30, of the condition of the trustee's office. This annual financial report is filed with the county mayor and with the county clerk who provides a copy of the report to each member of the county legislative body on or before the next meeting of the county legislative body. This report is same as required pursuant to T.C.A. § 5-8-505.<sup>2</sup> It is the duty of the county mayor to submit a copy of this settlement, showing all debits and credits, to the county legislative body at the following term for inspection, which must be entered upon the minutes of the county legislative body.<sup>3</sup>

The trustee is not allowed any commission when the trustee fails to make the required filing, and in the event commissions are allowed when the filing is not made, any citizen and taxpayer of the county may bring suit against the trustee and the trustee's bondspersons and recover for the use of the state and county all commissions illegally paid or allowed.<sup>4</sup> Upon settlement of the trustee's accounts with the county mayor, the trustee is entitled to receive credits for the trustee's commissions and for all legal disbursements.<sup>5</sup>

Report of Delinquent Taxes and Double Assessments. Annually, at the July meeting of the county legislative body, the trustee is required to present a report to the county legislative body of all delinquent taxpayers and double assessments in the county. This report must be verified by affidavit of the trustee and filed with the county clerk and must be spread upon the minutes of the county legislative body and municipality, respectively.<sup>6</sup> The county legislative body is required to examine the report and allow the trustee a credit for the taxes so reported insolvent or delinquent and for double assessments, provided the county legislative body is satisfied that the taxes are uncollectible because of reasons other than the failure of the trustee to collect them.<sup>7</sup> A list of the allowances must be made out and certified by the county clerk and transmitted to the proper authorities of the state, county and municipality, respectively.<sup>8</sup> The county legislative body may not allow the trustee a credit for any item on the report, even though duly sworn to by the trustee, if, after examining each credit, the county legislative body has knowledge or information showing the item to be inaccurate.<sup>9</sup> All of the items for which the county legislative body does not allow a credit are charged against the trustee or his or her surety.<sup>10</sup>

Insolvent Property. Insolvent property is that subject to tax liens, special assessments, improvement district liens, and other similar liens securing obligations in excess of the amount for which the property can be sold to a private purchaser at a tax sale. Formerly, Tennessee statutes contained provisions by which insolvent property could be compromised and settled, but these have been repealed.

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<sup>1</sup>T.C.A. § 67-5-1902(a).

<sup>2</sup>T.C.A. § 67-5-1902(b)(1).

<sup>3</sup>T.C.A. § 67-5-1902(b)(3).

<sup>4</sup>T.C.A. § 67-5-1902(b)(2).

<sup>5</sup>T.C.A. § 67-5-1905.

<sup>6</sup>T.C.A. § 67-5-1903(a).

<sup>7</sup>T.C.A. § 67-5-1903(b)(1).

<sup>8</sup>T.C.A. § 67-5-1903(c).

<sup>9</sup>T.C.A. § 67-5-1903(b)(2).

<sup>10</sup>T.C.A. § 67-5-1903(d).

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