



County Technical Assistance Service

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Penalty and Interest

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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Penalty and Interest

Reference Number: CTAS-1581

To the amount of tax due and payable, interest of one and one-half percent (1.5%) shall be added on March 1, following the tax due date and on the first day of each succeeding month.¹ Specific statutory provisions may affect imposition of penalty and interest for those in the military and for property transactions involving the Federal Deposit Insurance Corporation.

There is no statutory authority which authorizes the trustee to waive accrued penalty and interest.² Courts, using equitable powers, may relieve a taxpayer of interest and penalty under certain conditions; however, a taxpayer's inability to pay because of financial misfortune will not excuse the imposition of penalty and interest on the unpaid taxes.³

Municipal property taxes become delinquent on the delinquency date established by charter or existing law. As is the case with county taxes, municipal taxes not paid on or before the established delinquency date accrue interest of 1.5 percent, beginning on the first day of March following the tax due date and continuing on the first day of each succeeding month.⁴

Reappraisal and Collection of Penalty and Interest. If a county is undergoing a countywide reappraisal and the values established by the reappraisal program are not turned over to the county by October 1 of the tax year, no penalty and interest may be collected until five months after the date the tax roll is completed. The assessor is required to provide the trustee with written notification which specifically states the date that the tax roll was delivered to the trustee so that the five month period can be determined.⁵

¹T.C.A. § 67-5-2010(a)(1). Special provisions may apply to Shelby and Giles counties.

²See T.C.A. §§ 67-5-2801 and 67-5-2802. See also *State v. Delinquent Taxpayers*, 526 S.W.2d 453 (Tenn. 1975) (There is no statutory predicate for a suit for the forgiveness of taxes, penalty, or interest, and no case law in this jurisdiction supports such a procedure.).

³*Daniel v. Metropolitan Government*, 696 S.W.2d 8 (Tenn. 1985); *State, for Use of City of Chattanooga v. Bayless*, 209 S.W.2d 504 (Tenn.Ct.App. 1948) (Chancellor has power to give equitable relief against enforcement of tax penalties under meritorious conditions.).

⁴T.C.A. § 67-5-2010(b).

⁵T.C.A. § 67-5-1608.

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