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Multiple Penalty Assessment Policy

Under PCC Section 7.02.700 A through C and MCC Section 12.700 A through C, penalties will be assessed for two instances of late payment and one instance of underpayment. A tax filer could face all three penalties at once if deadlines are not met and insufficient payments are made.

Under PCC Section 7.02.700 F and MCC Section 12.700 F, the Bureau may waive or reduce any penalty determined under Sections 7.02.700 A through C and 12.700 A through C, for good cause and consistent with written policies.

Under this authority, penalties will be assessed in the following order:

1. Late payment/filing penalty for filing/paying after the original due date (up to 25% of tax)
2. Late payment/filing penalty for filing/paying after the extended due date (up to 25% of tax)
3. Underpayment penalty (5% of underpayment)

Penalties are cumulative. A tax filer who violates all penalty provisions will be assessed the penalty for each violation. However, it is not the City or the County's desire to assess penalties equal to 55% of the tax. Penalties will be assessed in the above order. Once a penalty is assessed at 25% (5% plus 20%), all subsequent penalties that are due for the tax year are limited to 5% each.

This policy does not limit the 100% penalty for a failure to file for three or more consecutive years. The 100% penalty is a part of the initial penalty calculation, which will be assessed without limitation. Additionally, this policy does not limit penalties assessed on separate tax years, even if returns for multiple tax years are filed at the same time.

Example 1: ABC Inc. fails to file an extension and payment at 4/15/02. On March 30, 2003, the combined return is filed with a Multnomah County tax liability of \$650 and a Portland tax liability of \$900, for a combined amount due of \$1,550. This return should be assessed a late penalty (for each program) for filing after the original due date. There is no penalty assessment for filing after an extended due date, since an extended due date was never granted. Since the delinquency is for four months or more, a total of 25% of the total tax should be assessed for each program.

Additionally, an underpayment penalty is due for both programs since 90% of the current fee and tax, or 100% of the prior year's fee and tax was not paid by the original due date. Underpayment penalties are limited to 5% so the total penalty will be 30%. Note that the late filing penalty is based on the total fee/tax liability and the underpayment penalty is based on the underpayment amount. There may be a different tax base to be used to calculate these penalties. In this example, however, the late filing penalty and underpayment penalty is assessed against the same number since no prepayment was received.

This policy is adopted by the Revenue Bureau pursuant to PCC Section 7.02.210 A and MCC Section 12.210 A.

7-8-2009

Sue Klobertanz

Date

Director, Revenue Bureau

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Revised 1998, 2004, 2009