CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

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Penalty Assessment Policy

It is the policy of the Revenue Bureau License & Tax Division to assist businesses with compliance and to encourage future voluntary compliance with Portland City Code 7.02 and Multnomah County Code Chapter 12. A waiver or reduction of a penalty amount may be appropriate in order to accomplish this objective.

Penalties will be assessed per MCC Chapter 12 and PCC Section 7.02. The Bureau is authorized to assess, waive or reduce assessed penalties consistent with written policy.

Waiver of a penalty for late filing/payment or underpayment may be granted for reasonable cause upon receipt of a written request. All taxes and interest must be paid in order for a penalty to be waived. Examples of reasonable cause include:

• Death or serious illness of the taxpayer or in the taxpayer's immediate family,
• Unavoidable and unforeseen absence of the taxpayer from the State of Oregon in the two weeks prior to the due date of the return;
• Destruction by fire, a natural disaster or other casualty (including theft) of the taxpayer's records needed to prepare the return;
• Reliance upon incorrect, written information from an employee of the Revenue Bureau License & Tax Division provided complete information about the matter was given to the Bureau and the taxpayer could not be reasonably expected to be knowledgeable in the subject matter. This would not include the filing due date of a return, unless the return is for a short tax period and there is a discrepancy between the due date for state/federal purposes and city/county purposes;
• An action by a taxpayer that resulted in the penalty assessment on a single tax year which constitutes a first time offense on the part of the taxpayer. This circumstance is only available to a previously compliant taxpayer and does not apply to a taxpayer with penalty assessments on multiple years;
• Payment in full of the entire tax due (via credit carryforward or quarterly payments) by the original due date of the return and a federal extension request was filed with the Internal Revenue Service, but not separately filed with the Bureau; or
• Any other extraordinary circumstance that prevented the taxpayer from complying with the City Code and the County Code. The determination that an event was extraordinary and entitles the taxpayer to a penalty waiver is solely up to the Bureau.

The Bureau may require proof and/or third party substantiation in order to approve the penalty waiver request.

A penalty waiver will be granted one time only. The Director of the Revenue Bureau or his/her management designee may approve a penalty waiver. The Director's designee may determine that it is appropriate to offer a reduction in penalty. Any reduction in penalty is at the sole discretion of the designee based upon the compliance history of the business and the circumstances resulting in the assessment of penalty. Generally, no penalty will be reduced below the initial penalty assessment of 5% of the tax liability.

7-8-2009	Sue Klobertanz
Date	Director, Revenue Bureau

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