



Penalty Cancellation Policy and Best Practices

CACTTC AREA V Meeting
February 19, 2014

Jennifer Burkhart & Kamal Singh
County of Orange

Key Revenue and Taxation Code Sections



- 2512
 - Mailed payments = U.S.P.S. postmark date
 - Electronic payments = date received

- 4985.2
 - Reasonable cause and circumstances beyond a taxpayer's control
 - Exercise of ordinary care
 - Absent willful neglect



Sources of Penalty Cancellation Requests



- Written correspondence or telephone calls to Taxpayer Services unit

- Email requests to ttcinfo@tc.ocgov.com

- In person at our public service counter



Penalty Cancellation Policy

- Requests must be provided in writing
 - Letter
 - Email
 - Penalty Cancellation Request Form
 - Declares "under penalty of perjury" to ensure factual information is provided
- Request must include explanation and any documentation to support the request



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OFFICE OF THE TAX ASSISTANT-TAX COLLECTION
Nancy J. Patis, CPA
P.O. Box 1000
121 N. Main Street, 2nd Floor, Suite 100
Martinez, CA 94553-1000
njp@conncol.com

PENALTY CANCELLATION REQUEST FORM

Please provide the following information for which you are requesting a penalty cancellation. If your request is for more than one year, please include a Penalty Cancellation Request Form for each year. If your current taxes are unpaid, please submit the original payment along with this request. Each tax year must be signed and dated by the taxpayer.

Taxpayer Name

Business Address _____

Debtors Telephone # _____ Email _____

Bill Information Tax Year(s) _____ Penalty Amount \$ _____

Esc. Acc. Supplemental Partial Number (2015) _____

Unrecorded TIC Return on File _____ Assessment No. 01 _____

Please fully describe the reason for filing this claim, attach all supporting documentation to support your request. If you are a business entity, please attach additional sheets to this request.

I declare under penalty of perjury that the above explanation of tax and penalties is true, and accurate to the best of my knowledge and belief and my belief is based on the above information.

Signature _____ Date _____

Sign and mail the request, along with all your supporting documentation to the address below:

Original Copy to: Nancy J. Patis, CPA
All: Penalty Cancellation Request
P.O. Box 1000
Martinez, CA 94553-1000

You may also scan and email this request and all attachments to njp@conncol.com or fax it to (925) 846-5351. All requests will be reviewed and best efforts made to notify the taxpayer within 90 days of completion.

Multiple requests will be reviewed against collection and may incur a penalty.



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Review Process

- Staff Authorized to approve under following guidelines:
 - Payment on the Wrong Parcel < 2 years
 - Error by Assessor, TTC or Auditor-Controller
 - Supplemental or Escape Assessments sent to wrong mailing address
 - Hospitalization on the last payment date (with proof)
 - Lost items with bank statement and check sequence
 - First time data entry errors for online payments
 - New owners that did not receive a tax bill



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Best Practices



- Penalty Cancellation documentation reviewed by staff
 - Written requests/letters
 - Hospitalization back-up
 - Death Certificate
 - Bank Statement for lost items
- Penalty Cancellation Request for Authorization form completed with Approval/Denial recommendation
- Penalties cancelled in system by an authorized staff member (must be different from approver)
- Taxpayer notified in writing of the outcome
- Documentation imaged



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Penalty Cancellation Committee Review



- Tax Collection Managers and Supervisors
- Weekly Meeting
- Review of "gray area" requests
 - Timing
 - Family members
- Standard of consistency



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Insufficient Penalty Cancellation Requests



- Circumstances "in control" of taxpayer
- Financial Hardship
- Human Error
- Accounting/personnel changes
- Out of country
- Did not receive tax bill
- Late U.S.P.S. postmark or private postage meter stamp.
- Non-postmarked mail received after due date



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Staff Authorization Based on Dollar Amount Limits



- TTC or Chief Assistant TTC – Any Amount
- Assistant TTC - \$10,000 or less
- Senior Manager - \$5,000 or less
- Supervisors/Managers - \$2,500 or less



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Internal Quality Control Review



- Monthly review by Taxpayer Services Manager
 - Ensure signatures are present and documents are imaged
 - Ensure signers have authorized dollar limits
- Reviewed by Internal Audit during Redemption review



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Key Statistics



- Approximately 3,000 Penalty Cancellations approved for secured property taxes per year.
- Most common request reason: New Owner
 - No mechanism to receive updates from Assessor



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Efficiencies and Improvements



- Reduction of telephone calls
 - Form is available on website
 - Staff directs taxpayers to send written request
 - Eliminates staff from having "the discussion"
- Increase in email responses
 - Standardize responses from Asst. TTC
 - Fewer challenges



Challenges to Policy Upheld



- Boeing
 - Electronic payment sent to wrong county
- Leisure World
 - Circumstances within a taxpayer's control
- Pitet vs. County of Orange
 - Abuse of discretion related to Office Cancellation stamp



Questions????





OFFICE OF THE TREASURER-TAX COLLECTOR

SHARI L. FREIDENRICH, CPA

P.O. BOX 1438

625 N. ROSS STREET, BUILDING 11, ROOM G-58

SANTA ANA, CA 92702-1438

ocgov.com/octaxbill

PENALTY CANCELLATION REQUEST FORM

(Instructions on reverse)

Please complete the following information for which you are requesting a penalty cancellation. If your request is for more than two tax years, please submit a Penalty Cancellation Request form for each year. **If the current taxes are unpaid, please submit the original payment along with this request.** Each request must be signed and dated by the taxpayer.

Taxpayer Name: _____

Claimant Name: _____
(if different from above)

Mailing Address: _____

Daytime Telephone: () _____ **Email*:** _____

Bill Information: Tax Year(s) _____ Penalty Amount \$ _____

Secured Supplemental Parcel Number (APN): _____

Unsecured TC Reference No.: _____ Assessment No.(s): _____

Please fully describe the reason(s) for filing this claim. Attach all supporting documentation to support your request. If you require additional space, please attach additional sheets to the request.

I declare under penalty of perjury that the above explanation is true and complete to the best of my knowledge and belief and my request meets one of the allowable exceptions listed on the back.

Signature: _____ Date: _____

Sign and mail the request, along with all your supporting documentation to the address below:

Orange County Treasurer-Tax Collector
Attn: Penalty Cancellation Request
P. O. Box 1438
Santa Ana, CA 92702-1438

You may also scan and email this request and all back-up to ttcinfo@ttc.ocgov.com or fax it to (714) 834-5361. All requests will be reviewed and best efforts made to notify the taxpayer within 60 days of a decision.

INSTRUCTIONS FOR PENALTY CANCELLATION REQUESTS
PLEASE REVIEW THIS IMPORTANT INFORMATION BEFORE COMPLETING YOUR REQUEST

A taxpayer may request cancellation of any penalty assessed on a secured or unsecured property by completing and submitting this request. The request is required to be completed with all supporting documentation, and the request must be signed.

The following summarizes key sections of the California Revenue & Taxation (R&T) Code that provide the legal basis to determine when a tax payment is considered timely, or when a tax penalty cancellation request may be granted. For the complete R&T Code go to: http://www.leginfo.ca.gov/html/rtc_table_of_contents.html

R&T Section: Comments:

- 2512** a) Taxpayers who send their payments by mail are cautioned that the U.S. Postal Service only postmarks certain mail, depending on the type of postage used, and may not postmark mail on the same day deposited by a taxpayer. Payments received by mail are deemed received based on the U.S. Postal Service postmark date stamped on the envelope containing the payment (office machine cancellations, foreign postmarks and private metered postage are not acceptable). If the postmark date is after the delinquency date, then the payment is considered late. The delinquent penalty will apply and will not be cancelled. If a payment is received after the delinquency date and does not have a U.S. Postal Service postmark on the envelope, the payment will be considered late and the delinquent penalty will apply and will not be cancelled. Please see important information about postmarks on our website at ocgov.com/postmarks.
- b) Payments made by a County electronic payment option, which include only the Treasurer-Tax Collector's website or automated telephone payment system, are deemed received on the date the transaction was completed. Payments completed on or before midnight of the last payment date as evidenced by a confirmation number will be considered timely. If a confirmation is not received, then the payment was not processed and will not be considered a valid reason to cancel the delinquency penalty.
- c) Payments made through online or home banking systems are deemed received based on the date the payment is actually **received** by the Tax Collector. Payments received on or before 5:00 pm of the delinquency date will be considered timely.
- 2610.5 and 2910.1** Failure to receive a tax bill does not relieve the lien of taxes nor does it prevent the imposition of delinquent penalties.
- 4911(a)** If the taxpayer can demonstrate that the current taxes were paid on a wrong parcel by mistake, the Tax Collector shall cancel the credit on the unintended property and transfer the payment to the property intended. This will occur provided the payment was received a) on time for the correct amount of the tax due, b) before the property has transferred ownership, and c) before two years have elapsed since the date of payment.
- 4920-4925** A penalty may be cancelled if the taxpayer can demonstrate that prior year taxes were paid on a wrong parcel by mistake and the payment was received on time for the correct amount of the tax due.
- 4985** A penalty may be cancelled upon showing proof that the payment was not made timely, or made in the proper amount, because of information provided to the taxpayer in writing by the County.
- 4985.2** A penalty may be cancelled if the failure to pay on time is shown to be for reasons outside a taxpayer's control, provided the taxpayer is not negligent. Failure of the post office to postmark mail timely does not constitute grounds for penalty cancellation under this section. Documentation of events, such as hospitalization on the payment due date is required.

If you have additional questions or need additional assistance, call (714) 834-3411 between 9:00 am and 4:45 p.m. Monday through Friday or e-mail us at ttcinfo@ocgov.com. You may also visit our website at ocgov.com/octaxbill for general property tax information under our Frequently Asked Questions section.



**OFFICE OF THE TREASURER-TAX COLLECTOR
COUNTY OF ORANGE
REQUEST AND AUTHORIZATION FORM FOR PENALTY CANCELLATION**

I, request the cancellation of the following penalties, cost and/or fees in accordance with the Penalty Cancellation Policy of the Tax Collector:

Taxpayer Name:

Tax Year: 2013-14

Date: 2/14/2014

TAX BILL REF ID#	1 st Inst	2 nd Inst	Basic 10%	Coll Fee	Lien Fee	Bad ck Fee	Secured Cost	Red. Fee	1.5% Addl Penalty for the Month(s) of:	Total Penalty Cancellations
1.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		\$
2.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		\$
3.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		\$
4.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		\$

Penalty Cancellation Reason Codes:

Select One: Code Description:

PC 4985 Penalty Cancel

Select One: Code Description:

NW New Owner as of: ()

Check#	\$ Amount:	\$ Amount in 904	Installment 1, 2 or 3
#	\$	\$	
#	\$	\$	
#	\$	\$	
#	\$	\$	

Penalty Cancellation	
Authorized By: _____	Date: _____
Print Name: _____	
Online Penalty Cancellation	
Processed By: _____	Date: _____
Print Name: _____	

Reason for request

<input type="checkbox"/> Denied	
<input type="checkbox"/> Incomplete	_____ (Signature) Date: _____
Reason:	_____

