

Prepayments

Vs

Overpayments

2018

Spring Workshop

Prepayment of Property Taxes

- RSA 80:52-a

*“Any town **by vote** at a town meeting under a proper article in the warrant or by vote of the board of selectmen or the town council and any city by vote of its **governing body may authorize the prepayment of taxes and authorize the collector of taxes to accept payments in prepayment of taxes.**”*

Prepayment property taxes cont.

- *“...any person, firm or corporation **owning taxable property** may, at any time **before notice** of the amount of **taxes assessed** against said property has been received, **make payments on account** of such taxes as will be due and the collector shall receive such payments and give a **receipt therefor and credit the amounts paid** toward the amount of the taxes eventually assessed against said property.”*

Prepayment property taxes cont.

- *“...any town or city which shall vote to authorize the prepayment of taxes the collector of taxes shall give such **bond in the form and amount which the commissioner of revenue administration shall require**, and the collector shall **pay over all** sums so received to the **town treasurer** under the provisions of RSA 41:35.”*

RSA 41:35

Duties of Collector

“A tax collector shall remit all money collected to the town treasurer, or to the town treasurer's designee at least on a weekly basis, or daily whenever tax receipts total \$1,500 or more.”

Prepayment property taxes cont.

- *“No taxpayer shall be allowed to prepay taxes more than 2 years in advance of the due date of taxes..”*



Prepayment property taxes cont.

- ***“No interest shall accrue to the taxpayer on any prepayment, nor shall any interest be paid to the taxpayer on any prepayment which is later subject to rebate or refund.”***



Prepayment property taxes cont.

- **Sample Prepayment Policy 2 yrs...**

TO: Board of Selectmen
FROM: , Tax Collector
DATE:
RE: Pre-payment Policy for Property Taxes

I am requesting that the Board of Selectmen adopt the following policy regarding the acceptance of tax prepayments pursuant to RSA 80:52-a.

Taxpayers shall be allowed to prepay taxes no more than 2 years in advance of the due date of the taxes. No interest shall accrue to the taxpayer on any prepayment, nor shall any interest be paid to the taxpayer on any prepayment which is later subject to rebate or refund.

This policy is adopted with the approval and consent of the Board of Selectmen.

SIGNED:

Prepayment property taxes cont.

- **Sample Prepayment Policy 1 yr...**

TO: Board of Selectmen
FROM: Tax Collector
DATE: November 27, 2017
RE: Pre-payment Policy for Property Taxes

I am requesting that the Board of Selectmen adopt the following policy regarding the acceptance of tax prepayments pursuant to RSA 80:52-a.

Taxpayers shall be allowed to prepay taxes no more than 1 year in advance of the due date of the taxes. No interest shall accrue to the taxpayer on any prepayment, nor shall any interest be paid to the taxpayer on any prepayment which is later subject to rebate or refund.

This policy is adopted with the approval and consent of the Board of Selectmen.

SIGNED:

Overpayment property taxes

- Overpayments are **not automatically kept** as “prepayments” or “credits” to the next billing cycle.



Overpayment property taxes cont.

RSA 80:57 Refund of Overpayments

- *“If any person tenders a payment for any taxes and/or interest, in excess of the taxes levied and interest incident thereto, the **collector of taxes shall** direct the selectmen to issue an order upon the town treasurer to **refund** to the person making such payment or his heirs or assigns the excess sum so paid;”*



Overpayment property taxes cont.

RSA 80:57 Refund of Overpayments(cont.)

- *“...provided, however, that if the sum overpaid is **\$ 5.00 or less, no refund shall be required unless the taxpayer in such case shall apply in writing to the tax collector for said refund within 60 days of actual payment.**”*



Overpayment property taxes cont.

Recommendation:

- If a payment is received which creates an overpayment and there is no instruction as to what to do with the overpayment, the **overpayment is refunded** to the person/entity that created the overpayment.



Overpayment property taxes cont.

Recommendation(cont.):

- If the amount overpaid is less than the \$ 5.00, the amount is written off to interest and not refunded unless the customer requests a refund in writing.



Overpayment property taxes cont.

Recommendation(cont.):

- If two parties make payment on an account, the **second party making payment** (creating an overpayment) **should be refunded**, unless they authorize the tax collector, in writing, to refund the first party.



Questions!

