



County Technical Assistance Service
INSTITUTE *for* PUBLIC SERVICE

July 22, 2024

Penalties and Interest

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained 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 CTAS website material.

Sincerely,

The University of Tennessee
County Technical Assistance Service
226 Anne Dallas Dudley Boulevard, Suite 400
Nashville, Tennessee 37219
615.532.3555 phone
615.532.3699 fax
www.ctas.tennessee.edu

Table of Contents

Penalties and Interest	3
-------------------------------------	----------

Penalties and Interest

Reference Number: CTAS-1521

Pursuant to T.C.A. § 67-5-1512(b), penalty and interest otherwise due on delinquent property taxes does not accrue while an appeal of the assessment is pending before the county or state boards of equalization if the taxpayer, before the delinquency date, pays the undisputed portion or pays the full tax due. For purposes of this subsection, "undisputed portion" means the amount the taxpayer would owe based on the taxpayer's good faith claim for relief. If the full tax due is paid, the city or county collecting official may decline to accept the disputed portion of tax. Delinquency penalty and interest postponed under T.C.A. § 67-5-1512(b) begins to accrue 30 days after issuance of the final assessment certificate of the state board of equalization and until the tax is paid. On motion of the city or county to whom tax is owed, the State Board of Equalization shall dismiss the appeal of any taxpayer who fails to pay delinquent taxes that have accrued on property that is the subject of the appeal, or who fails to pay at least the undisputed tax related to a properly appealed assessment. T.C.A. § 67-5-1512(b).

Any additional tax due following the appeal will accrue interest from the delinquency date at the composite prime rate published by the federal reserve board as of the delinquency date, minus 2 points. T.C.A. § 67-5-1512(c).

Any tax found refundable following the appeal will accrue interest from the delinquency date at the composite prime rate published by the federal reserve board as of the delinquency date, minus 2 points. Sixty days after issuance of the final assessment certificate of the State Board of Equalization, the interest rate on a deferred refund shall increase 2 points until the refund is finally paid. For purposes of this subsection, "deferred refund" means the amount owed to the taxpayer, excluding any penalties and interest. T.C.A. § 67-5-1512(d).

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