



Georgia Department of Revenue
Policy Bulletin ADMIN-2016-01
Policy Bulletin SUT-2016-02
New Interest Rate and New Refund Procedures under House Bill 960
Obligation of Local Political Subdivisions to Certify Designee

Purpose: This Policy Bulletin provides guidance on the new interest rate and new tax refund procedures for sales and use tax, withholding tax, and motor fuel distributor tax under House Bill 960. This Bulletin further provides guidance on sales and use tax refunds of local significance and the obligation of political subdivisions to certify designees to receive confidential information regarding such refunds.

Effective Date: July 1, 2016.

Authority: O.C.G.A. §§ 48-2-35, 48-2-40; Ga. Comp. R. & Regs. r. 560-3-2-.26.

Scope: A Policy Bulletin is intended to provide guidance to the public and to Department personnel. It is a written statement issued to apply principles of law to a specific set of facts or a general category of taxpayers, superseding all conflicting documents and oral directives previously issued by the Department. A Policy Bulletin does not have the force or effect of law and is not binding on the public. It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or subsequent Policy Bulletin.

Issues:

- 1. What is the new interest rate on tax refunds and past due taxes?**
- 2. When will interest accrue?**
- 3. What are the new refund procedures?**
- 4. Which political subdivisions will the Department notify of refund claims of local significance?**
- 5. How will the Department notify political subdivisions of refund claims of local significance?**
- 6. How will the Department determine the proper political subdivision designee for each political subdivision?**

Discussion of Issues:

- 1. What is the new interest rate on tax refunds and past due taxes?**

Effective July 1, 2016, past due taxes and interest-bearing refunds will bear interest at an annual rate equal to the bank prime loan rate as posted by the Board of Governors of the Federal Reserve System in statistical release H. 15 or any publication that may supersede

it, plus 3 percent, to accrue monthly. Such annual interest rate will be determined for each calendar year based on the first weekly posting of statistical release H. 15 on or after January 1 of each calendar year. Based on these parameters, the interest rate for 2016 will be 6.5 percent beginning July 1, 2016.

2. When will interest accrue?

Interest-bearing refunds will accrue interest from the date of payment of the tax to the Department. Interest on past due taxes will accrue from the date the tax is due until the date the tax is paid.

3. What are the new refund procedures?

Beginning July 1, 2016, House Bill 960 requires taxpayers to file refund claims electronically if such taxpayers are required to file returns electronically under O.C.G.A. § 48-2-32. Electronic refund claims must be filed online through the Georgia Tax Center. The Department will reject all claims filed on or after October 1, 2016 in paper format if such claims are required to be filed electronically. Please refer to Policy Statement 2010-10-1 for guidance on perfecting a rejected electronic filing.

Effective July 1, 2016, all sales and use tax refund claims, including claims filed on paper Form ST-12, are required to break down the local sales and use tax portion of the claim. Further guidance on how to file a claim for refund of local sales and use tax will be available on the Georgia Tax Center website and on Form ST-12. The Department will reject all claims for refunds of local sales and use tax filed on or after July 1, 2016 without the local tax break down.

Taxpayers may refile a rejected claim at any time within the statute of limitations. A claim for refund of a tax must be filed by the taxpayer within three years after the date of payment of the tax to the Department.

House Bill 960 additionally requires the Department to notify each political subdivision affected by a “refund claim of local significance.” The bill defines “refund claim of local significance” as “a taxpayer’s claim for refund of sales and use taxes erroneously or illegally assessed and collected or the [D]epartment’s discovery of any overpayment of such taxes, if such claim for refund or overpayment is for an amount equal to or greater than 10 percent of the total yearly average of aggregate sales and use tax distributions to any single political subdivision based on the average of the three most recent calendar years.” A “refund claim of local significance” may consist of more than one pending refund claim filed by a taxpayer.

4. Which political subdivisions will the Department notify of refund claims of local significance?

When a refund claim is for an amount equal to or greater than 10 percent of the total yearly average of aggregate sales and use tax distributions to any single county, the Department will notify the respective political subdivision designees of the county, all municipalities within the county, and all other affected political subdivisions.

5. How will the Department notify political subdivisions of refund claims of local significance?

The Department will provide written notification to the “political subdivision designee” of each city, county, and other political subdivision affected by the claim. A “political subdivision designee” is the chief officer or officers designated by the political subdivision to receive

information about a refund claim of local significance pursuant to House Bill 960. The notification will include the date the refund claim of local significance was filed, the applicable local amount of the claim, and a copy of the confidentiality provisions in O.C.G.A. §§ 48-2-15 and 48-2-35. After the Department has completed an audit of the claim for refund and determined a final refund amount, the Department will supplement the above notice by transmitting to the political subdivision designee the final refund amount for which the political subdivision is responsible.

6. How will the Department determine the proper political subdivision designee for each political division?

As a prerequisite to receiving notifications of claims of local significance, each political subdivision must certify to the Department the name, address, telephone number, and email address of the designee authorized to receive information about a refund claim of local significance. The certification must be mailed on the letterhead of the political subdivision to Department of Revenue, Legal Affairs & Tax Policy, 1800 Century Boulevard, Suite 15107, Atlanta, GA 30345, or emailed to tax.policy@dor.ga.gov. It is the responsibility of the political subdivision to notify the Department if the subdivision changes its designee.