



Legislation Details (With Text)

File #: ID 20-085 **Version:** 1 **Name:** Bank Franchise Tax Refund
Type: Action Item **Status:** Passed
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Title: Consider approval of a Bank Franchise Tax refund for 2012, 2013 & 2014
Sponsors:
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Attachments: 1. Memorandum, 2. Redacted Certificate

Date	Ver.	Action By	Action	Result
4/14/2020	1	City Council	approved	Pass

Subject:

Consider approval of a Bank Franchise Tax refund for 2012, 2013 & 2014

Presented By: Chris Brown, City Attorney

The Bank filed and paid Bank Franchise taxes for tax years 2012, 2013 and 2014. Banks pay Virginia Bank Franchise tax in lieu of business license and personal property tax. This tax is based on the bank's total equity capital minus retained earnings and taxable real estate in the Commonwealth. The tax rate is \$1 per \$100 of 1% with a maximum tax of \$18,000,000. The Bank Franchise tax return is processed by the Virginia Department of Taxation and 80% of the tax is due to the localities where the bank has branches. The tax due each locality is determined by the localities' percentage of deposits in the Commonwealth. The Bank filed returns in 2013, 2014, and 2015 for the tax years 2012, 2013, and 2014 respectively and paid the amount of monies indicated on those returns. The Bank then filed timely amended returns for those years claiming they did not subtract retained earnings and historic credits from their returns. The Department of Taxation initially denied the amended filings over a dispute pertaining to the retained earnings. In October 2019, the Tax Commissioner overruled the denials and sided with the Bank. The Commissioner of the Revenue office received the official notification for refund in the mail February 28, 2020 and received no prior notifications from the Virginia Department of Taxation. After some negotiations, the Bank has agreed not to seek any interest on the refunded monies if refunded by May 1, 2020.