

PREPAYMENT OF JULY 2018 TAXES

As a consequence of recent changes in the way state and local property taxes may be allowable as deductions in the federal tax code, taxpayers have approached City officials about 'prepaying' taxes during calendar year 2017 for tax obligations that will come due in calendar year 2018 or beyond.

The state statutes in Connecticut relative to taxation are strictly construed, meaning, unless the authority is specifically granted or incidental to an authority specifically granted, it CANNOT be assumed that such authority exists. The city cannot infer powers and cannot 'read into' the statutes to find authorities that are not there.

Tax collectors have authority to collect when they have been issued a tax warrant and a rate bill. Unless and until they have these documents, they have no authority to collect. That means tax collectors do not have the authority to collect 'prepayments' of taxes that will come due in July 2018 and beyond.

The Town of Cheshire does have the authority to collect the January 1, 2018 installment during December 2017, because we do have a signed rate bill and tax warrant. Taxpayers are welcome to make those payments now. By law, that entire tax came due on July 1, 2017, and the installments are merely a convenience for the taxpayer. (Some towns, such as Fairfield and Westport, bill quarterly, and are accepting January 2018 and April 2018 installment payments for that reason.) The tax collector's office is committed to being as helpful as possible to taxpayers wishing to pay their January 1, 2018 tax installments during the last days of calendar year 2017. Tax bills were mailed to taxpayers on December 13, 2017, and all of the city's property tax information is available on line on the city website, www.chshirect.org.

The Collector of Revenue have performed due diligence and consulted with the Connecticut Tax Collectors' Association, the Connecticut Association of Municipal Attorneys, the Government Finance Officers' Association, Connecticut Tax Collectors' Association Certification program instructors, and other public officials with knowledge of state law. The Connecticut Tax Collectors' Association has an opinion from its corporation counsel advising that there is no state statute that exists which authorizes tax collectors to accept prepayment of July 2018 tax installments at this time, and that doing so would conflict with state law. This opinion further advised that municipalities need to evaluate the risk of accepting such prepayments when doing so could be considered an effort to evade federal income tax liability. Accordingly, accepting these prepayments is not only contrary to state law and improper not only from a tax collecting perspective, but also contrary to generally accepted cash management and internal control procedures.

For these reasons, the Town of Cheshire Tax Collector's Office will not be accepting 'prepayments' toward July 2018 and future tax installments until a rate bill and a tax warrant has been signed in April 2018 AND the Budget Petition Deadline has passed in May 2018.