

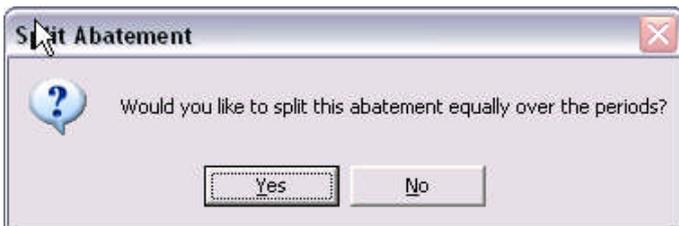
TAX COLLECTIONS: ABATEMENTS AND REFUNDED ABATEMENTS

This information sheet explains what Abatements and Refunded Abatements are, as well as how and when to use them in the tax collection process.

Abatements

When an abatement is required, use code A. This process is intended to abate outstanding principal on non-liened accounts - if lien costs or pre-lien interest exist on an account, it will most likely need to be written off, in addition to processing the abatement. If there is regular, current interest on the account however, the abatement entry will not affect it and the interest will be recalculated the next time that the account is accessed. An abatement will not affect the Cash Drawer or the Cash Account in Budgetary, so no changes are necessary to those settings. Abatements must be verified by pressing **F11** before saving and processing using the **F12** key. On the Budgetary side of the process, the system will credit the taxes receivable account, and debit the abatement account.

If there are multiple periods, the system will ask the following question:



Selecting *Yes* will split the abatement amount over the periods; selecting *No* will apply the abatement to the first period, and any extra will be sent to period 2, and so on.

An example of a standard abatement entry follows:

Period Due:		1) 332.58	2) 67.42	3) 0.00	4) 0.00	Total Pending:	0.00			
Year	Date	Ref	Per	Code	CD	AC	Acct	Principal	Interest	Costs
2004-1	06/22/2005		Aut	A	N	N	R 01-08	250.00	0.00	0.00

An abatement entry cannot be reversed by double-clicking on it – it can only be done manually. The reversal entry would be exactly the same as the initial abatement, except that the amounts entered would be negative, instead of positive. An example of an abatement reversal follows:

Period Due:		1) 150.00	2) 0.00	3) 0.00	4) 0.00	Total Pending:	0.00			
Year	Date	Ref	Per	Code	CD	AC	Acct	Principal	Interest	Costs
2004-1	06/22/2005	Revers	Aut	A	N	N	R 01-08	-250.00	0.00	0.00

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Abatement Interest

The Tax Collections program has the ability to calculate earned Abatement Interest for taxpayers – this is different than the earned interest that can be accrued for customers who make prepayments. Essentially, if an abatement is being granted to a taxpayer who has already paid their bill, either partially or in full, the system can calculate interest that might be due to them. In order for this option to work, the setting for the *Abatement Interest Rate* must be filled out in **M. File Maintenance > 1. Customize > Rate Information**. Enter the interest rate to use for earned Abatement Interest into this field. **By default, this rate is 0 and Abatement Interest will *not* accrue.**

Once the interest rate has been set up, the program will accrue positive interest for the taxpayer on any abatement that would cover an amount that has been paid. The interest will be calculated from the date of the payment, based on the amount of the payment that is being abated. This calculated interest will automatically be filled into the Interest field on the payment line when doing the abatement. If multiple payments were made, each one will have interest calculated from their individual payment dates.

It is important to note that if an account is partially paid, an abatement to that account will apply to the unpaid portion of the bill first. If the abatement is for more than the amount due, the remaining amount will accrue Abatement Interest. For example, if a taxpayer's original bill was for \$2000, they had paid \$1000, and then were issued an abatement for \$1500 – the first \$1000 of the abatement would go towards the unpaid portion of their tax bill. The other \$500 would accrue Abatement Interest.

Refunded Abatements

A Refunded Abatement is accessed using the payment code of R, and is used in cases where a tax holder has already paid on their account, and now an Abatement is being granted. It would only be used in the situation where someone has paid an amount on their tax bill that is *greater than or equal to* the amount of the abatement that they are receiving.

For example, if someone's tax bill was for \$1000, and they had paid \$500, and now the account was being abated for the full \$1000, only \$500 should be refunded, so doing a refunded abatement for the full \$1000 would not be appropriate. In this case though, it would be possible to do an abatement for the unpaid balance and then do a refunded abatement for the \$500 that had been paid so far.

Refunded abatements are two-line transactions. The first line works just like a regular abatement – it credits the Taxes Receivable account in Budgetary, and debits the Abatement account. This line shows with a Period of A and a Code of R. *The second line does not affect Budgetary at all.* This entry will only affect the account in Tax Collections, so that it shows the correct balance due. It is listed with a Period of 1 and a Code of R. This process assumes that the refund will be processed through Accounts Payable in Budgetary and that the account used in the A/P process will be the Taxes Receivable account. If you do not have the TRIO Budgetary program, this information is not relevant.

Tax Collections: Abatements and Refunded Abatements *CONTINUED*

The following is an example of a Refunded Abatement – notice that the two entries generated by the Refunded Abatement cancel each other out, so that the net entry is just 0. In other words, the balance on the Tax Account after the Refunded Abatement will be the same as it was before the Refunded Abatement.

Period Due:		1) 0.00	2) 0.00	3) 0.00	4) 0.00	Total Pending:		0.00		
Year	Date	Ref	Per	Code	CD	AC	Acct	Principal	Interest	Costs
2003-1	11/04/2004		Au	R	N	N	G 1-166-03	111.32	0.00	0.00

Period Due:		1) 0.00	2) 0.00	3) 0.00	4) 0.00	Total Pending:		0.00		
Year	Date	Ref	Per	Code	CD	AC	Acct	Amount		
2003-1	11/04/2004		Au	P	Y	Y	E --- --	0.00		
Comment:										
Pending Transactions										
Year	Date	Reference	Per	Code	Cash	Principal	Interest	Costs	Total	
2003-1	11/04/2004		A	R	N N	111.32	0.00	0.00	111.32	
2003-1	11/04/2004		1	R	N N	-111.32	0.00	0.00	-111.32	

Reversing Refunded Abatements works the same way as refunding a regular Abatement – enter in the same transaction information as if doing a regular Refunded Abatement, but make the amounts negative. This will also reverse the accounting entries in Budgetary. An example of a reversal follows:

Period Due:		1) 0.00	2) 0.00	3) 0.00	4) 0.00	Total Pending:		0.00		
Year	Date	Ref	Per	Code	CD	AC	Acct	Principal	Interest	Costs
2003-1	06/22/2005		Aut	R	N	N	R 01-08	-250.00	0.00	0.00
Comment:										
Pending Transactions										
Year	Date	Reference	Per	Code	Cash	Principal	Interest	Costs	Total	
2003-1	06/22/2005		A	R	N N	-250.00	0.00	0.00	-250.00	
2003-1	06/22/2005		1	R	N N	250.00	0.00	0.00	250.00	