

# Create and Submit an Exoneration

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## Process

[REQUEST AN EXONERATION](#)

## Effective Date

01/01/2026

## Purpose

This task provides specific instructions on requesting an Exoneration. The Locality Representative typically performs this task when a local assessment of individual income tax is incorrect and must be reduced in part or in full. The Special Notes and Procedure will provide information on the manual process of requesting that Virginia Tax process an exoneration.

## Special Notes

- Only authorized Local Representatives may perform this task.
- An Exoneration reduces either fully or partially a liability that is owed by the customer to the locality.
- A locality can only request exoneration entries for current year returns that pertain to customers within its jurisdiction.
- Each packet of Exoneration materials (for a single taxpayer) which includes a completed Exoneration Form 916 and any supporting documentation/record of taxpayer payments should be faxed to Virginia Tax. If multiple exoneration packets need to be submitted to Virginia Tax, they should be faxed to Virginia Tax **one taxpayer submission at a time. Multiple taxpayer exoneration packets should not be co-mingled in a single fax transmission.**

## Procedure

### Responsibility

Authorized Locality Representatives

### Steps

1. Obtain exoneration information received from a customer which may include the following:
  - Written Correspondence
  - E-mail
  - Fax
  - Phone Call
  - Walk-in
2. Review the related assessment and the customer's account.

3. Determine the customer's true liability and if the assessment should be exonerated.
  - A. If local payment(s) have been posted to the taxpayer's account,
    - 1) Print a copy of the payment record and place it aside.
    - 2) Subtract any Partial Payments received by the locality to determine the exoneration recommended that is to be entered on Form 916, Part II.
  - B. If a **portion** of the liability should be exonerated, review and verify the portion of the liability that should be exonerated.
  - C. If **all** of the liability should be exonerated, review and verify the full amount of the liability to be exonerated.
4. Determine if any special circumstances apply.
  - A. If an amended return is received, **do not** include the amended return as an attachment to Form 916.  
**NOTE:** Commissioners of the Revenue do not process amended returns in the local office. Amended returns should be mailed to Virginia Tax for direct processing with a **LAP-Sort 2** form as outlined in [Task-Prepare Returns for Transmittal to Virginia Tax](#) in Locality TARP.
    - 1) If the amended return is a refund, the exoneration requested should be for the full amount assessed, minus any partial payment(s) made.
    - 2) If the amended return is a reduced tax due, the exoneration requested should be for the decreased amount, minus any partial payment(s) made.

**NOTE:** The Treasurer's Office should not accept or deposit taxpayer payments made after an exoneration request have been submitted to Virginia Tax. Any payment received after the exoneration request has been submitted should be forwarded to the Office of Tax Processing Operations for direct processing accompanied by a LAP-Sort 2 form. (Refer to [Task-Prepare Returns for Transmittal to Virginia Tax](#) in Locality TARP.)

5. Access the [Form 916, Request for Correction of an Unpaid/Paid Assessment of State Income Taxes](#) in Locality TARP.
6. Complete the Exoneration Form 916.  
**NOTE:** This form is fillable. A template of this form may be saved to the desktop for future use.
  - A. Complete the Form 916.
  - B. Proof the form and verify that the information is correct.
    - 1) If changes are needed, make corrections as necessary.
  - C. Print the completed Exoneration Form 916.
  - D. Obtain the **signature** of the **Treasurer** on the designated line at the bottom of the form; ensure the Treasurer dates the form.
    - 1) If local payments have been made by the taxpayer which were applied toward the assessment, obtain the payment record printed in STEP 3A.
    - 2) Gather any documentation to be used to support the Exoneration Request, as applicable.
  - E. Obtain the **signature** of the **Commissioner of the Revenue** on the designated line at the bottom of the form; ensure the Commissioner of the Revenue dates the form.
7. Assemble the "packet" of Exoneration materials for the taxpayer which includes the following:
  - Exoneration Form 916 that has been signed by the Treasurer **AND** Commissioner of the Revenue.
  - Supporting documentation, as applicable.
  - Payment documentation, as applicable.  
**NOTE: Failure to obtain both the signature of the Treasurer and Commissioner of the Revenue will delay the processing of the Exoneration request.**
8. Fax the packet of Exoneration materials to Virginia Tax at 804-254-6113 for review and consideration.
9. Archive the packet of Exoneration materials as required by the local office.  
**NOTE:** The local office's policy may require that a paper copy of the form be printed and filed or may require an electronic copy of the form be archived on the desktop or local network.

**NOTE:** A Customer Services Representative will be in contact with the office regarding the Exoneration Request. Please allow 3-4 weeks for Requests to be reviewed. Inquiries should be directed to Virginia Tax at the Locality Hotline, 804-367-9286.

## Publication Date

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