

New York State Department of Taxation and Finance
Taxpayer Services Division
Technical Services Bureau

TSB-M-90
(2) Corporation Tax
(2) Estate and Gift Tax
(2) Income Tax
(2) Miscellaneous Tax
(2) Real Property Transfer
Gains Tax, Real Estate
Transfer Tax, Mortgage
Recording Tax
(2) Sales Tax
December 4, 1989

Interest Rates on Late Payments,
Assessments and Refunds of Tax for
the Period January 1, 1990-March 31, 1990

The Commissioner of Taxation and Finance has determined that the federal short-term rate for the month of October, 1989 is 8%.

Interest rates to be charged or paid on late payments, assessments or refunds of tax which remain or become underpaid or overpaid during the period January 1, 1990-March 31, 1990 are shown in the table on page 2.

The next periodic change in interest rates Will occur on April 1, 1990. A new memorandum will be issued covering the period April 1, 1990 - June 30, 1990.

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Period
 1/1/90 - 3/31/90

<u>Tax</u>	<u>Interest Rate Per 1 Annum</u> <u>Compounded Daily</u>	Refunds	Late Payments and Assessments
Alcoholic Beverage	10% ²		11%
Boxing & Wrestling	10%		11%
Cigarette.	NA ³		11%
Corporation	10%		11%
Diesel Motor Fuel	10% ⁴		11%
Estate	9%		9%
Gift	9%		9%
Hazardous Waste	10%		15% ⁵
Highway Use	10% ⁶		11%
Income	9%		9%
Mortgage Recording	10% ⁷		11% ⁸
Motor Fuel	10% ⁹		11%
Real Estate Transfer	10%		11%
Real Property Transfer Gains	10%		11% ¹⁰
Sales and Use	10%		12% ¹¹
Tobacco Products	NA ³		11%
Withholding	10%		11%

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Daily compounding applies to interest required to be paid by the Tax Commissioner on overpayments or by the taxpayer on deficiencies (as explained in TSB-M-83-(21) Corporation Tax, (3) Gift Tax, (13) Income Tax, (5) Miscellaneous Tax, (15) Sales Tax on and after September 1, 1983. Daily compounding of interest on estate tax became effective January 15, 1983 (see TSB-M-83-(1) Estate and Gift Tax).

2

Subdivision 1 of section 434 of the Tax Law allows interest on refunds of the Alcoholic Beverage Tax (Article 18), but only where payments were made in error. Interest is paid to a date preceding the date of the refund check by not more than 30 days. No interest is allowed for reimbursements.

3

Subdivision Twenty-sixth of section 171 of the Tax Law prohibits the payment of interest on overpayments of the Article 20 taxes.

4

No interest is allowed on a refund to a distributor or a purchaser registered with or licensed by the taxing authorities of another state as a distributor or dealer in diesel motor fuel if the refund check is mailed within 30 days of receipt of the claim for refund in processible form. No interest is allowed for reimbursements.

5

Interest on deficiencies is fixed by statute at 15% per annum (Section 27-0923 of the Environmental Conservation Law).

6

Section 513 of the Tax Law allows interest on refunds of the Highway Use Tax (Article 21), but only where payments were made in error. Interest is paid to a date preceding the date of the refund check by not more than 30 days. Interest is not applicable to refunds or credits made under the provisions of section 503-a(3).

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Section 263(1)(b) allows interest on refunds of the mortgage tax paid in the City of New York.

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Section 258(2) of the Tax Law imposes interest on mortgage tax paid late where such tax is paid in the City of New York and is paid in order to obtain a release or discharge of record upon a mortgage where the mortgagor is not liable for the special additional mortgage recording tax imposed under subdivision 1-a of section 253 of the Tax Law.

9

NO interest is allowed on a refund to a distributor or a purchaser registered with or licensed by the taxing authorities of another state as a distributor or a dealer in motor fuel if the refund check is mailed within 30 days of receipt of the claim for refund in processible form. No interest is allowed for reimbursements, except interest is allowed for reimbursements to a hospital described in section 1116(a)(4) of the Tax Law if the reimbursement check is not mailed within 45 days of receipt in processible form.

10

The interest rate for the balance of unpaid tax being paid by the installment method, or tax for which there is an accelerated due date of the entire remaining unpaid installment balance, is 12.2% for the period beginning on August 1, 1989 and ending on February 28, 1990 (20 NYCRR 603.6).

11

Where the interest rate based on the federal short-term rate plus the additional 3% drops below 12%, interest (compounded daily) is computed at 12% per annum on sales tax assessments or late payments, except where failure to pay is due to reasonable cause and not willful neglect. When it is shown that the failure or delay in payment is due to reasonable cause and not willful neglect, the Tax Commissioner may waive the interest in excess of the minimum statutory rate. The minimum statutory rate for January 1, 1990 through March 31, 1990 is 11%.