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Interest on Underpayments and Overpayments of Federal Taxes

(Current through March 2013)

Interest on underpayments of federal tax must accrue interest, compounded daily, at rates published quarterly by the Internal Revenue Service in accordance with section 6621 of the Internal Revenue Code. (See Rev. Proc. 95-17, 1995-1 C.B. 556, for rules on how to calculate compounded interest.)

The rates for the most recent twelve calendar quarters are as follows:

Rates for Underpayments and Overpayments of Tax

Calendar Quarter	Underpayments	Noncorporate Overpayments	Corporate Overpayments	Large Corp. Overpayments	Large Corp. Underpayments
Apr-Jun 2010	4%	4%	3%	1.5%	6%
Jul-Sep 2010	4%	4%	3%	1.5%	6%
Oct-Dec 2010	4%	4%	3%	1.5%	6%
Jan-Mar 2011	3%	3%	2%	0.5%	5%
Apr-Jun 2011	4%	4%	3%	1.5%	6%
Jul-Sep 2011	4%	4%	3%	1.5%	6%
Oct-Dec 2011	3%	3%	2%	0.5%	5%
Jan-Mar 2012	3%	3%	2%	0.5%	5%
Apr-Jun 2012	3%	3%	2%	0.5%	5%
Jul-Sep 2012	3%	3%	2%	0.5%	5%
Oct-Dec 2012	3%	3%	2%	0.5%	5%
Jan-Mar 2013	3%	3%	2%	0.5%	5%

As can be seen from the above table, the interest rate that applies to overpayments of tax by individuals (and other noncorporate taxpayers) is the same rate that applies to underpayments of tax.

For corporations, the interest rate on overpayments of \$10,000 or less is 1 point less than the rate for underpayments, and the interest rate on the portion of the overpayment in excess of \$10,000 (i.e., "large" overpayments) is 2.5 points less than the rate on underpayments. Corporations also pay interest that is 2 points higher for "large corporate underpayments" (i.e., underpayments of more than \$100,000).

The underpayment interest rates that have applied since 1987 are shown below.

Rates for Underpayments

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1987	9%	9%	9%	10%
1988	11%	10%	10%	11%
1989	11%	12%	12%	11%
1990	11%	11%	11%	11%
1991	11%	10%	10%	10%
1992	9%	8%	8%	7%
1993	7%	7%	7%	7%
1994	7%	7%	8%	9%
1995	9%	10%	9%	9%
1996	9%	8%	9%	9%
1997	9%	9%	9%	9%
1998	9%	8%	8%	8%
1999	7%	8%	8%	8%
2000	8%	9%	9%	9%
2001	9%	8%	7%	7%
2002	6%	6%	6%	6%
2003	5%	5%	5%	4%
2004	4%	5%	4%	5%
2005	5%	6%	6%	7%
2006	7%	7%	8%	8%
2007	8%	8%	8%	8%
2008	7%	6%	5%	6%
2009	5%	4%	4%	4%
2010	4%	4%	4%	4%
2011	3%	4%	4%	3%
2012	3%	3%	3%	3%
2013	3%			

The Pennsylvania Estate and Trust Cybrary

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