

**Change in Interest Rates on Underpayments of Miscellaneous Taxes**  
**(Articles 11, 12-A, 13-A, 18, 19, 20, 21, 26, 26-A, 26-B, and 31)**

Taxpayers are required to pay interest on tax that is not paid on or before the original due date. The interest rate applicable to these underpayments has been increased by two percentage points effective April 1, 2003. The new rate applies to the amount of the underpayment that remains or becomes due on or after that date. The interest rate on overpayments is not affected by this amendment.

The interest rate for underpayments up to and including March 31, 2003, (depending on the tax type) is the sum of the federal short-term rate plus two percentage points (section 697(j) of the Tax Law) or the sum of the federal short-term rate plus three percentage points (section 1096(e)(3) of the Tax Law). Thus, when the new rate takes effect on April 1, 2003, the interest rate on underpayments for those taxes covered by the provisions of 697(j) will be the sum of the federal short-term rate plus four percentage points. For those taxes covered by the provisions of 1096(e)(3), the interest rate will be the sum of the federal short-term rate plus five percentage points.

**Interest Rate Calculation by Tax Type**

**Federal short-term rate plus four percent for the following taxes**

Estate  
Generation-skipping transfer  
Gift

**Federal short-term rate plus five percent for the following taxes**

Alcoholic beverage  
Boxing and wrestling  
Cigarette  
Highway use  
Mortgage recording<sup>1</sup>  
Motor fuel and diesel motor fuel  
Petroleum business  
Real estate transfer

The interest rate for underpayments of the special assessments on hazardous waste (section 27-0923 of the Environmental Conservation Law) will continue to be imposed at the rate of fifteen percent per annum. Additionally, the underpayment rate for fuel use tax (Article 21-A of the Tax Law) remains at one percent per month.

To find the current and previous interest rates on the Tax Department Web site ([www.tax.state.ny.us](http://www.tax.state.ny.us)), enter *interest rates* in the search engine provided on the site.

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<sup>1</sup> Section 258(2) of the Tax Law imposes interest on mortgage tax paid late where the mortgage is a lien on property in the city of New York.