

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

TSB-M-85  
(3) Corporation Tax  
(1) Estate and Gift Tax  
(4) Income Tax  
(1) Real Property  
Transfer Gains Tax  
(3) Sales Tax  
February 28, 1985

Interest Rates on Late Payments, Assessments  
and Refunds of Tax

The Commissioner of Taxation and Finance has determined that the Average One Year Constant Maturity Yield Index for United States Treasury Securities for the period October 1, 1984 through December 31, 1984 is 10%, and the average Prime Rate charged by banks for the same quarter is 11.8%.

As a result, 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 March 1, 1985 through February 28, 1986 are as follows:

<u>Tax</u>	<u>Interest Rate Per Annum Compounded Daily*</u>
Corporation	11.8%
Real Property Transfer Gains	11.8%
Withholding	11.8%
Income	10%
Sales and Use - Refunds	10%
Late payments and assessments	12%**
Gift	10%
Estate	10%

If a review of the average of the One Year Constant Maturity Yield Index for United States Treasury Securities and the average Prime Rate charged by banks as mandated by the Laws of 1981, indicates an increase or decrease is necessary, the next periodic change in interest rate will occur on September 1, 1985. A new memorandum will be issued covering the period September 1, 1985 through February 28, 1986 if a change in rates is required.

\* Daily compounding will apply to interest required to be paid by the Tax Commission 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).

\*\* Interest, compounded daily, is computed at 12% annually (1% per month) on sales tax assessments or late payments when the rate based on the One Year Constant Maturity Yield Index for United States Treasury Securities drops below 12%. When such rate is below 12%, the Tax Commission may waive the interest to the lower rate if it determines that the failure to pay is due to reasonable cause, not willful neglect.

NOTE: This memorandum does not apply to truck mileage, motor fuel, alcoholic beverage, and cigarette taxes.