

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

TSB-M-89  
(2.2) Corporation Tax  
(2.2) Estate and Gift Tax  
(2.2) Income Tax  
(2.2) Miscellaneous Tax  
(1.2) Real Property Transfer  
Gains Tax, Real Estate  
Transfer Tax, Mortgage  
Recording Tax  
(2.2) Sales Tax  
August 28, 1989

Interest Rates on Late Payments,  
Assessments and Refunds of Tax for the  
Period October 1, 1989- December 31, 1989

The Commissioner of Taxation and Finance has determined that the federal short-term rate for the month of July, 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 October 1, 1989-December 31, 1989 are shown in the table on page 2.

The next periodic change in interest rates will occur on January 1, 1990. A new memorandum will be issued covering the period January 1, 1990 - March 31, 1990.

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<u>Tax</u>	<u>Period</u> 10/1/89 - 12/31/89	
	<u>Interest Rate Per Annum</u> <u>Compounded Daily</u>	
	<u>Refunds</u>	<u>Late Payments</u> <u>and Assessments</u>
Alcoholic Beverage . . . . .	10% <sup>2</sup>	11%
Boxing & Wrestling . . . . .	10%	11%
Cigarette . . . . .	NA <sup>3</sup>	11%
Corporation . . . . .	10%	11%
Diesel Motor Fuel . . . . .	10% <sup>4</sup>	11%
Estate . . . . .	9%	9%
Gift . . . . .	9%	9%
Hazardous Waste . . . . .	10%	15% <sup>5</sup>
Highway Use . . . . .	10% <sup>6</sup>	11%
Income . . . . .	9%	9%
Mortgage Recording . . . . .	10% <sup>7</sup>	11% <sup>8</sup>
Motor Fuel . . . . .	10% <sup>9</sup>	11%
Real Estate Transfer . . . . .	10%	11%
Real Property Transfer Gains . . . . .	10%	11%
Sales and Use . . . . .	10%	12% <sup>10</sup>
Tobacco Products . . . . .	NA <sup>3</sup>	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. 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 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 not applicable to refunds or credits made under the provisions of section 503-a(3).

7

Section 263.1(b) allows interest on refunds of the mortgage tax paid in the City of New York.

8

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 for reimbursements, except interest is allowed for reimbursements to a hospital described in section 1116(a)(4) of the Tax Law.

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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 October 1, 1989 through December 31, 1989 is 11%.