

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

TSB-M-90
(2.3) Corporation Tax
(2.3) Estate and Gift Tax
(2.3) Income Tax
(2.3) Miscellaneous Tax
(2.3) Real Property Transfer
Gains Tax, Real Estate
Transfer Tax, Mortgage
Recording Tax
(2.3) Sales Tax
August 27, 1990

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

Chapter 190 of the Laws of 1990 amended Section 697(j) of the New York State Tax Law to provide that the interest rate on Late Payments, Assessments and Refunds of New York State Personal Income Tax, New York City and Yonkers resident taxes, and New York City and Yonkers nonresident earnings taxes, Estate Tax and Gift Tax will be the federal short term rate plus two percentage points. The new change takes effect October 1, 1990. Under prior law, the interest rate applicable to these taxes was the federal short term rate plus one percentage point.

The Commissioner of Taxation and Finance has determined that the federal short-term rate for the month of July, 1990 was 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, 1990-December 31, 1990 are shown in the table on page 2.

The next periodic change in Interest rates will occur on January 1, 1991. A new memorandum will be issued covering the period January 1, 1991-March 31, 1991.

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Period
 10/1/90 - 12/31/90

Interest Rate Per ₁ Annum
Compounded Daily

Tax

	Refunds	Late Payments and Assessments
Alcoholic Beverage	10% ²	11%
Beverage Containers	10% ³	12% ⁴
Boxing & Wrestling	10%	11%
Cigarette	NA ⁵	11%
Corporation	10%	11%
Diesel Motor Fuel	10% ⁶	11%
Estate	10%	10%
Gift	10%	10%
Hazardous Waste	10%	15%
Highway Use	10%	11%
Income	10%	10%
Lubricating Oil	10%	12%
Mortgage Recording	10%	11%
Motor Fuel	10%	11%
Real Estate Transfer	10%	11%
Real Property Transfer Gains	10%	11%
Sales and Use	10%	12%
Tobacco Products	NA	11%
Withholding	10%	11%

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1

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

The beverage containers tax and the lubricating oil tax became effective September 1, 1990.

4

Where the interest rate based on the federal short-term rate plus the additional 3% (referred to as the statutory rate) computes to less than 12%, the interest rate on sales tax, beverage containers tax, and lubricating oil tax assessments or late payments is required to be set at 12% per annum (compounded daily) except where the failure or delay in payment is due to reasonable cause and not willful neglect. When reasonable cause is shown, the Tax Commissioner may waive the interest in excess of the statutory rate. The statutory rate for October 1, 1990 through December 31, 1990 is 11%.

5

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

6

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.

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7

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

8

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).

9

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

10

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.

11

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 upon receipt of a 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 upon receipt of a claim for refund in processible form.