

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

TSB-M-86
(2) Corporation Tax
(2) Estate and Gift Tax
(2) Income Tax
(2) Miscellaneous Tax
(1) Real Property
Transfer Gains Tax
(2) Sales Tax
January 31, 1986

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, 1985 through December 31, 1985 is 7.9%, and the average Prime Rate charged by banks for the same quarter is 9.5%.

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, 1986 through February 28, 1987 are as follows:

<u>Tax</u>	<u>Interest Rate Per Annum Compounded Daily*</u>
<u>Alcoholic Beverage</u>	7.90%
<u>Cigarette</u>	7.90%
<u>Corporation</u>	9.50%
<u>Diesel Fuel</u>	7.90%
<u>Estate</u>	7.90%
<u>Gift</u>	7.90%
<u>Highway Use</u>	7.90% **
<u>Income</u>	7.90%
<u>Motor Fuel</u>	7.90%
<u>Real Property Transfer Gains</u>	9.50%
<u>Sales and Use - Refunds</u>	7.90%
<u>Late payments and assessments</u>	12.00% ***
<u>Withholding</u>	9.50%

* Daily compounding applies 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).

** Highway Use Tax - Interest is not applicable to refunds or credits made under the provisions of section 503-a.

*** 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.

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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 rates will occur on September 1, 1986. A new memorandum will be issued covering the period September 1, 1986 through February 28, 1987 if a change in rates is required.