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**DEPARTMENT OF STATE REVENUE**  
**Information Bulletin #64**  
**Income Tax**  
**July 2007**  
**(Replaces Bulletin #64 Dated December 2006)**

**DISCLAIMER:** Information Bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules, and court decisions. Any information that is inconsistent with the law, regulations, or court decisions is not binding on the Department or the taxpayer. Therefore, information provided in this Bulletin should only serve as a foundation for further investigation and study of the current law and procedures related to its subject matter.

**SUBJECT:** Interest Rates on Assessments of Delinquent Taxes and Refunds for Overpayment of Taxes for Listed Taxes under [IC 6-8.1-1-1](#)

**REFERENCE:** [IC 6-8.1-10-1](#)

### **I. Assessments**

If a taxpayer fails to file a return, fails to pay the full amount of tax, or files a late return with tax due, the taxpayer is subject to interest (and possibly penalty) on any outstanding balance of tax due after the due date of the return under [IC 6-8.1-10-1](#). The interest on nonpayment of tax accrues at the rate established by the Commissioner, from the due date until the date on which full payment of the tax is received.

### **II. Refunds**

A taxpayer that pays more than is legally due may file a claim for refund for which interest is calculated on the overpayment based on the established annual rate. The interest will be applied to any refund after all required refund offsets are made for taxes currently due. Interest will be added to a refund made if the refund is not issued within 90 days of the date on which a refund claim is filed. Interest accrues on refunds until the date the refund is calculated. The accrual of interest or the suspension of accrual cannot precede the payment by more than 30 days.

### **III. Adjusted Interest Rate Established by the Commissioner**

P.L.211-2007 amends [IC 6-8.1-10-1](#) effective July 1, 2007 to provide that the interest rate charged for a tax deficiency and the interest rate paid for an excess tax payment will be the same. The interest rate for the period from July 1, 2007 to December 31, 2007 will be 5%. The rate is the average investment yield on state money during the period from July 1, 2005 to June 30, 2006 plus two percentage points rounded to the nearest whole number.

The interest rate for calendar years after 2007 will be the average investment yield on state money during the state's previous fiscal year, excluding pension fund investments, as determined by the Treasurer of State and reported to the Commissioner of the Department of Revenue on or before October 1 of each year, plus two percentage points rounded to the nearest whole number.

For more information concerning current and past interest rates, please see Departmental Notice #3, available on the Department's web site at [www.in.gov/dor/publications/](http://www.in.gov/dor/publications/).

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John Eckart  
Commissioner

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