

IRS**News Release****Media Relations Office****Washington, D.C.****Tel. 202.622.4000****For Release: 09/15/02****Release No: IR-2003-110**

Change in Interest Rates for the Fourth Quarter of 2003

WASHINGTON – The Internal Revenue Service today announced there will be a change in the interest rates for the calendar quarter beginning October 1, 2003. The interest rates are as follows:

- C four (4) percent for overpayments [three (3) percent in the case of a corporation];
- C four (4) percent for underpayments;
- C six (6) percent for large corporate underpayments; and
- C one and one-half (1.5) percent for the portion of a corporate overpayment exceeding \$10,000.

Under the Internal Revenue Code, the rate of interest is determined on a quarterly basis. For taxpayers other than corporations, the overpayment and underpayment rate is the federal short-term rate plus 3 percentage points. Generally, in the case of a corporation, the underpayment rate is the federal short-term rate plus 3 percentage points and the overpayment rate is the federal short-term rate plus 2 percentage points. The rate for large corporate underpayments is the federal short-term rate plus 5 percentage points. The rate on the portion of a corporate overpayment of tax exceeding \$10,000 for a taxable period is the federal short-term rate plus one-half (0.5) of a percentage point.

The interest rates announced today are computed from the federal short-term rate based on daily compounding determined during July 2003.

Rev. Rul. 2003-104, announcing the new rates of interest, is attached and will appear in Internal Revenue Bulletin No. 2003-39, dated September 29, 2003.