

# IRS News Release

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Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

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## No Change in Interest Rates for the First Quarter of 2004

IR-2003-138, Dec. 12, 2003

WASHINGTON —The Internal Revenue Service today announced there will be no change in the interest rates for the calendar quarter beginning Jan. 1, 2004. The interest rates are as follows:

- four (4) percent for overpayments [three (3) percent in the case of a corporation];
- four (4) percent for underpayments;
- six (6) percent for large corporate underpayments; and
- 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 October 2003.

Rev. Rul. 2003-126, announcing the new rates of interest, is attached and will appear in Internal Revenue Bulletin No. 2003-53, dated December 29, 2003.