

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

INTEREST RATES DROP FOR THE SECOND QUARTER OF 2009

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WASHINGTON – The Internal Revenue Service today announced that interest rates for the calendar quarter beginning April 1, 2009, will drop by one percentage point. The new rates will be:

- 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 during January 2009 to take effect February 1, 2009, based on daily compounding.

The rate for determining the addition to tax for failure to pay estimated tax for the first 15 days in April 2009 is the 5 percent rate that applied to underpayments of tax during the first calendar quarter in 2009.

Revenue Ruling 2009-7, announcing the new rates of interest, is attached and will appear in Internal Revenue Bulletin No. 2009-13, dated March 30, 2009.