

IRS News Release

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Interest Rates Remain the Same For The Fourth Quarter Of 2010

IR-2010-90, Aug. 19, 2010

WASHINGTON – The Internal Revenue Service today announced that interest rates for the calendar quarter beginning Oct. 1, 2010, will remain the same. The 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 July 2010 to take effect August 1, 2010, based on daily compounding.

Revenue Ruling 2010-21, announcing the rates of interest, is attached and will appear in Internal Revenue Bulletin No. 2010-39, dated September 27, 2010.