

ID: CCA_2014061717114818

UILC: 6601.00-00, 6404.00-00, 6201.01-
06

Number: **201426026**

Release Date: 6/27/2014

From: [REDACTED]
Sent: Tuesday, June 17, 2014 5:11:48 PM
To: [REDACTED]
Cc: [REDACTED]
Bcc:
Subject: RE: Restitution Question

The interest issue is addressed in Q&A #12 of CC Notice 2011-18 for the most part. The waiver of interest on restitution under the sentencing order is within the court's prerogative under 18 USC section 3612(f)(3), but has no bearing on the running of interest under IRC section 6601 on the assessment of the amount of restitution. In other words, interest on the assessment of the restitution will accrue under IRC section 6601 regardless of the court's determination of whether and how interest accrues under 18 USC section 3612.

Penalties could conceivably accrue if they were a component of the restitution itself, or a failure to pay penalty could accrue if the taxpayer failed to pay the restitution-based assessment in full within the appropriate time frame after receiving notice and demand to pay that restitution-based assessment.

As for abatement, there is no blanket prohibition on the abatement of interest or a failure to pay penalty relating to a restitution-based assessment. However, any abatement of interest would have to conform with the requirements of section 6404(e), and any abatement of the penalty would have to conform with the applicable provisions of section 6404 (e.g., section 6404(f)).