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From: [REDACTED]
Sent: Friday, May 10, 2019 7:10:52 AM
To: [REDACTED]
Cc:
Bcc:
Subject: RE: My question

Hi ,

Thanks for providing the additional facts. Based on what you've told me, I think that Rev. Proc. 2005-18 answers your question. Section 8 of that Rev. Proc. says that if a remittance that is held as a deposit is returned at the taxpayer's written request, with or without interest, and a deficiency is later assessed for that period and type of tax, the running of interest **will not be suspended** during the period for which the remittance was held as a deposit.

I believe your statement that the total adjustment to the [REDACTED] is going to be [REDACTED] means that there is a deficiency to assess. This means you should only give the taxpayer credit for the [REDACTED] portion of the deposit from [REDACTED] if the other [REDACTED] of the deposit is returned. If the taxpayer identified any or part of the deposit as being for a disputable tax, the taxpayer is entitled to overpayment interest on the returned deposit under section 6603(d). The interest rate is the federal short-term rate determined under section 6621(b), compounded daily. See section 6603(d)(4) and Rev. Proc. 2005-18, section 6.03 and section 7. I am attaching the Rev Proc in case you need it.

If you have any other questions related to this case, please let me know.