



TAX BULLETIN 10-3

Virginia Department of Taxation

March 5, 2010

VIRGINIA'S SECOND QUARTER 2010 INTEREST RATES WILL REMAIN THE SAME

Federal Rates Remain Unchanged: State and certain local interest rates are subject to change every quarter due to changes in federal rates established pursuant to IRC § 6621. Federal rates for the second quarter of 2010 will remain 4% for tax underpayments (assessments) and 4% for tax overpayments (refunds) by taxpayers other than corporations. *Va. Code* § 58.1-15 provides that underpayment rates for Virginia taxes will be 2% higher than the corresponding federal rates and overpayment rates for Virginia taxes will be 2% higher than the federal rate.

Accordingly, the Virginia rates for the second quarter of 2010 will be 6% for tax underpayments (assessments) and 6% for tax overpayments (refunds).

Rate for Addition to Tax for Underpayments of Estimated Tax

Taxpayers whose taxable year ends on March 31, 2009: For the purpose of computing the addition to the tax for underpayment of Virginia estimated income taxes on Form 500C (for corporations), Form 760C (for individuals, estates and trusts), or Form 760F (for farmers and fishermen), the second quarter 6% underpayment rate will apply through the due date of the return, July 15, 2010.

Local Tax

Assessments: Localities that assess interest on delinquent taxes under *Va. Code* § 58.1-3916 may impose interest at a rate not to exceed 10% for the first year of delinquency, and at a rate not to exceed 10% or the federal underpayment rate in effect for the applicable quarter, whichever is greater, for the second and subsequent years of delinquency. For the second quarter of 2010, the federal underpayment rate is 4%.

Refunds: Localities that charge interest on delinquent taxes are required to pay interest to taxpayers on all overpayments or erroneously assessed taxes at the same rate as they charge interest on delinquent taxes under *Va. Code* § 58.1-3916.

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Recent Interest Rates

Accrual Period		Overpayment	Underpayment
<u>Beginning</u>	<u>Through</u>	<u>(Refund)</u>	<u>(Assessment)</u>
1-Apr-00	31-Mar-01	11%	11%
1-Apr-01	30-Jun-01	10%	10%
1-Jul-01	31-Dec-01	9%	9%
1-Jan-02	31-Dec-02	8%	8%
1-Jan-03	30-Sep-03	7%	7%
1-Oct-03	31-Mar-04	6%	6%
1-Apr-04	30-Jun-04	7%	7%
1-Jul-04	30-Sep-04	6%	6%
1-Oct-04	31-Mar-05	7%	7%
1-Apr-05	30-Sep-05	8%	8%
1-Oct-05	30-Jun-06	9%	9%
1-Jul-06	31-Dec-07	10%	10%
1-Jan-08	31-Mar-08	9%	9%
1-Apr-08	30-Jun-08	8%	8%
1-Jul-08	30-Sep-08	7%	7%
1-Oct-08	31-Dec-08	8%	8%
1-Jan-09	31-Mar-09	7%	7%
1-Apr-09	30-Jun-10	6%	6%

Additional Information: Contact Customer Services, Virginia Department of Taxation, P. O. Box 1115, Richmond, Virginia 23218-1115, or call the following numbers for more information about interest rates and penalties.

Individual & Fiduciary Income Tax	(804) 367-8031
Corporation Income Tax	(804) 367-8037
Withholding Tax	(804) 367-8037
Soft Drink Excise Tax	(804) 786-2450
Aircraft Sales & Use Tax	(804) 786-2450
Other Sales & Use Taxes	(804) 367-8037

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