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Dec. 07, 2018

The [Internal Revenue Service](#) has announced that interest rates will increase for the calendar quarter beginning January 1, 2019. The rates will be:

- six (6) percent for overpayments [five (5) percent in the case of a corporation];
- three and one-half (3.5) percent for the portion of a corporate overpayment exceeding \$10,000;
- six (6) percent for underpayments; and
- eight (8) percent for large corporate underpayments.

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 determined during October 2018 to take effect November 1, 2018, based on daily compounding.

[Revenue Ruling 2018-32](#), announcing the rates of interest, is attached and will appear in Internal Revenue Bulletin 2018-51, dated December 17, 2018.

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