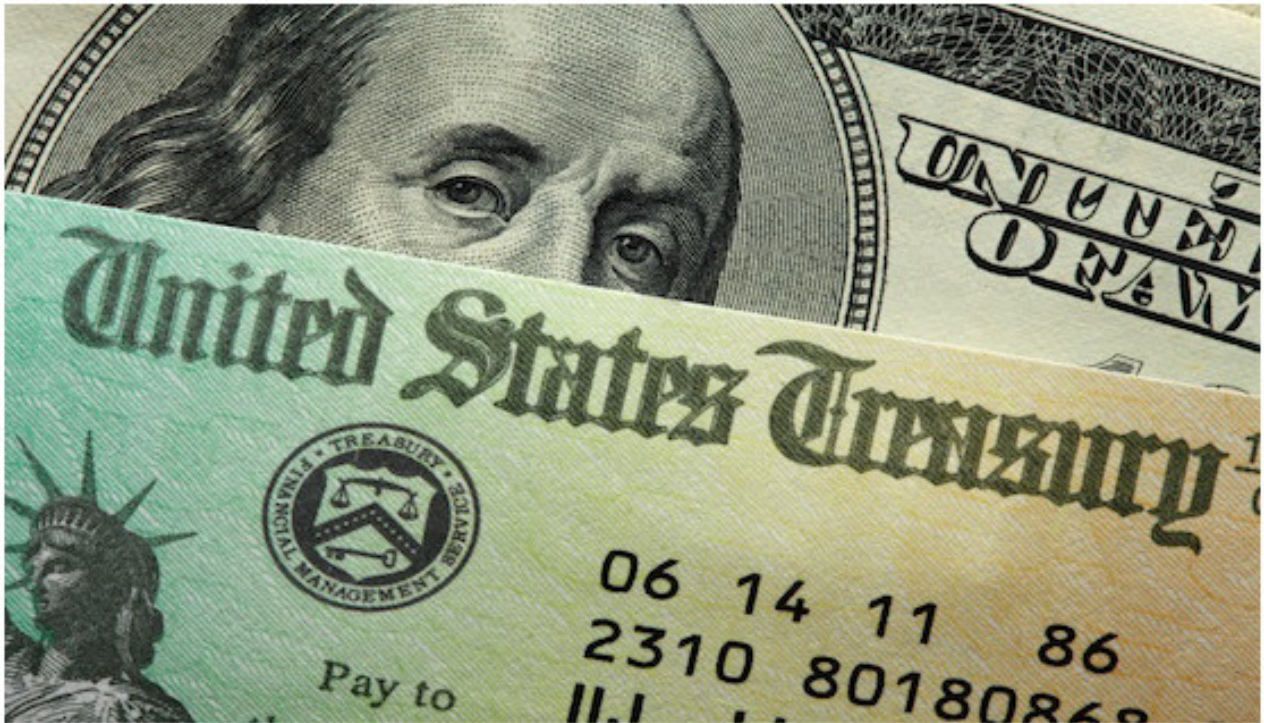


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2019 federal income tax returns and are receiving refunds.

Aug. 18, 2020



The Treasury Department and the Internal Revenue Service will send interest payments to about 13.9 million individual taxpayers who timely filed their 2019 federal income tax returns and are receiving refunds.

But before you get too excited... the interest payments will average about \$18. They will be made to individual taxpayers who filed a 2019 return by this year's July 15 deadline and either received a refund in the past three months or will receive a refund. Most interest payments will be issued separately from tax refunds.

In most cases, taxpayers who received their refund by direct deposit will have their interest payment direct deposited in the same account. About 12 million of these

payments will be direct deposited.

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This provision is different from the long-standing 15-day rule, generally requiring the IRS to add interest to refunds on timely-filed refund claims issued more than 45 days after the return due date.

Instead, this year's COVID-19-related July 15 due date is considered a disaster-related postponement of the filing deadline. Where a disaster-related postponement exists, the IRS is required, by law, to pay interest, calculated from the original April 15 filing deadline, as long as an individual files a 2019 federal income tax return by the postponed deadline – July 15, 2020, in this instance. This refund interest requirement only applies to individual income tax filers – businesses are not eligible.

Interest is paid at the legally prescribed rate that is adjusted quarterly. The rate for the **second quarter** ending June 30 was 5%, compounded daily. Effective July 1, the rate for the **third quarter** dropped to 3%, compounded daily.

Where the calculation period spans quarters, a blended rate applies, consisting of the number of days falling in each calendar quarter. No interest will be added to any refund issued before the original April 15 deadline.

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