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TAXES

No Change in IRS Interest Rates for Q3 2023

Beginning on July 1, the rate for overpayments and underpayments for individuals will be 7% per year, compounded daily.

Jason Bramwell • May. 24, 2023



The IRS said on Monday that it will not raise interest rates for the third quarter of this year.

Beginning on July 1, the rate for overpayments and underpayments for individuals will be 7% per year, compounded daily. Here is a complete list of the Q3 rates:

- 7% for overpayments (payments made in excess of the amount owed), 6% for corporations.
- 4.5% for the portion of a corporate overpayment exceeding \$10,000.
- 7% for underpayments (taxes owed but not fully paid).
- 9% 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 on May 22 are computed from the federal short-term rate determined last month. See [Revenue Ruling 2023-11](#) for details.

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