

tax credits), 6412 (relating to floor stock refunds), 6413(d) (relating to taxes under the Federal Unemployment Tax Act), 6416 (relating to certain taxes on sales and services), 6419 (relating to the excise tax on wagering), 6420 (relating to payments in the case of gasoline used on the farm for farming purposes), and 6421 (relating to payments in the case of gasoline used for certain nonhighway purposes or by local transit systems).

(Aug. 16, 1954, ch. 736, 68A Stat. 820; Apr. 2, 1956, ch. 160, §4(f), 70 Stat. 91; June 29, 1956, ch. 462, title II, §208(e)(7), 70 Stat. 397; Pub. L. 107-16, title V, §532(c)(12), June 7, 2001, 115 Stat. 75; Pub. L. 115-141, div. U, title IV, §401(a)(297), Mar. 23, 2018, 132 Stat. 1198.)

Editorial Notes

REFERENCES IN TEXT

The Federal Unemployment Tax Act, referred to in subsec. (c), is act Aug. 16, 1954, ch. 736, §§3301 to 3311, 68A Stat. 454, which is classified generally to chapter 23 (§3301 et seq.) of this title. For complete classification of this Act to the Code, see section 3311 of this title and Tables.

AMENDMENTS

2018—Subsec. (c). Pub. L. 115-141 inserted “sections” before “2014(e)” and substituted “6420” for “and 6420”.

2001—Subsec. (c). Pub. L. 107-16 struck out “section 2011(c) (relating to refunds due to credit for State taxes),” after “see”.

1956—Subsec. (c). Act June 29, 1956, inserted reference to section 6421 of this title.

Act Apr. 2, 1956, inserted reference to section 6420 of this title.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2001 AMENDMENT

Amendment by Pub. L. 107-16 applicable to estates of decedents dying, and generation-skipping transfers, after Dec. 31, 2004, see section 532(d) of Pub. L. 107-16, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1956 AMENDMENT

Amendment by act June 29, 1956, effective June 29, 1956, see section 211 of act June 29, 1956, set out as an Effective Date note under section 4041 of this title.

Subchapter C—Determination of Interest Rate; Compounding of Interest

Sec.	
6621.	Determination of rate of interest.
6622.	Interest compounded daily.

Editorial Notes

AMENDMENTS

1982—Pub. L. 97-248, title III, §344(b)(3)(A), Sept. 3, 1982, 96 Stat. 636, inserted “; Compounding of Interest” after “Rate” in heading for subchapter C.

Pub. L. 97-248, title III, §344(b)(2), Sept. 3, 1982, 96 Stat. 636, added item 6622.

§ 6621. Determination of rate of interest

(a) General rule

(1) Overpayment rate

The overpayment rate established under this section shall be the sum of—

(A) the Federal short-term rate determined under subsection (b), plus

(B) 3 percentage points (2 percentage points in the case of a corporation).

To the extent that an overpayment of tax by a corporation for any taxable period (as defined in subsection (c)(3), applied by substituting “overpayment” for “underpayment”) exceeds \$10,000, subparagraph (B) shall be applied by substituting “0.5 percentage point” for “2 percentage points”.

(2) Underpayment rate

The underpayment rate established under this section shall be the sum of—

(A) the Federal short-term rate determined under subsection (b), plus

(B) 3 percentage points.

(b) Federal short-term rate

For purposes of this section—

(1) General rule

The Secretary shall determine the Federal short-term rate for the first month in each calendar quarter.

(2) Period during which rate applies

(A) In general

Except as provided in subparagraph (B), the Federal short-term rate determined under paragraph (1) for any month shall apply during the first calendar quarter beginning after such month.

(B) Special rule for individual estimated tax

In determining the addition to tax under section 6654 for failure to pay estimated tax for any taxable year, the Federal short-term rate which applies during the 3rd month following such taxable year shall also apply during the first 15 days of the 4th month following such taxable year.

(3) Federal short-term rate

The Federal short-term rate for any month shall be the Federal short-term rate determined during such month by the Secretary in accordance with section 1274(d). Any such rate shall be rounded to the nearest full percent (or, if a multiple of ½ of 1 percent, such rate shall be increased to the next highest full percent).

(c) Increase in underpayment rate for large corporate underpayments

(1) In general

For purposes of determining the amount of interest payable under section 6601 on any large corporate underpayment for periods after the applicable date, paragraph (2) of subsection (a) shall be applied by substituting “5 percentage points” for “3 percentage points”.

(2) Applicable date

For purposes of this subsection—

(A) In general

The applicable date is the 30th day after the earlier of—

(i) the date on which the 1st letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Independent Office of Appeals is sent, or

(ii) the date on which the deficiency notice under section 6212 is sent.

The preceding sentence shall be applied without regard to any such letter or notice which is withdrawn by the Secretary.

(B) Special rules

(i) Nondeficiency procedures

In the case of any underpayment of any tax imposed by this title to which the deficiency procedures do not apply, subparagraph (A) shall be applied by taking into account any letter or notice provided by the Secretary which notifies the taxpayer of the assessment or proposed assessment of the tax.

(ii) Exception where amounts paid in full

For purposes of subparagraph (A), a letter or notice shall be disregarded if, during the 30-day period beginning on the day on which it was sent, the taxpayer makes a payment equal to the amount shown as due in such letter or notice, as the case may be.

(iii) Exception for letters or notices involving small amounts

For purposes of this paragraph, any letter or notice shall be disregarded if the amount of the deficiency or proposed deficiency (or the assessment or proposed assessment) set forth in such letter or notice is not greater than \$100,000 (determined by not taking into account any interest, penalties, or additions to tax).

(3) Large corporate underpayment

For purposes of this subsection—

(A) In general

The term “large corporate underpayment” means any underpayment of a tax by a C corporation for any taxable period if the amount of such underpayment for such period exceeds \$100,000.

(B) Taxable period

For purposes of subparagraph (A), the term “taxable period” means—

- (i) in the case of any tax imposed by subtitle A, the taxable year, or
- (ii) in the case of any other tax, the period to which the underpayment relates.

(d) Elimination of interest on overlapping periods of tax overpayments and underpayments

To the extent that, for any period, interest is payable under subchapter A and allowable under subchapter B on equivalent underpayments and overpayments by the same taxpayer of tax imposed by this title, the net rate of interest under this section on such amounts shall be zero for such period.

(Added Pub. L. 93-625, §7(a)(1), Jan. 3, 1975, 88 Stat. 2114; amended Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 96-167, §4(b), Dec. 29, 1979, 93 Stat. 1275; Pub. L. 97-34, title VII, §711(a)-(c), Aug. 13, 1981, 95 Stat. 340; Pub. L. 97-248, title III, §345(a), Sept. 3, 1982, 96 Stat. 636; Pub. L. 98-369, div. A, title I, §144(a), July 18, 1984, 98 Stat. 682; Pub. L. 99-514, title XV, §§1511(a), (c)(1), 1535(a), Oct. 22, 1986, 100 Stat. 2744, 2750; Pub. L. 100-647, title I, §1015(d), Nov. 10, 1988, 102 Stat. 3569; Pub. L. 101-239, title

VII, §7721(b), Dec. 19, 1989, 103 Stat. 2399; Pub. L. 101-508, title XI, §11341(a), Nov. 5, 1990, 104 Stat. 1388-470; Pub. L. 103-465, title VII, §713(a), Dec. 8, 1994, 108 Stat. 5001; Pub. L. 104-188, title I, §1702(c)(6), (7), Aug. 20, 1996, 110 Stat. 1870; Pub. L. 105-34, title XIV, §1463(a), title XVI, §1604(b)(1), Aug. 5, 1997, 111 Stat. 1057, 1097; Pub. L. 105-206, title III, §§3301(a), 3302(a), July 22, 1998, 112 Stat. 741; Pub. L. 116-25, title I, §1001(b)(1)(E), July 1, 2019, 133 Stat. 985.)

Editorial Notes

AMENDMENTS

2019—Subsec. (c)(2)(A)(i). Pub. L. 116-25 substituted “Internal Revenue Service Independent Office of Appeals” for “Internal Revenue Service Office of Appeals”.

1998—Subsec. (a)(1)(B). Pub. L. 105-206, §3302(a), amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: “2 percentage points.”

Subsec. (d). Pub. L. 105-206, §3301(a), added subsec. (d). 1997—Subsec. (a)(1). Pub. L. 105-34, §1604(b)(1), substituted “subsection (c)(3), applied by substituting ‘overpayment’ for ‘underpayment’” for “subsection (c)(3)” in concluding provisions.

Subsec. (c)(2)(B)(iii). Pub. L. 105-34, §1463(a), added cl. (iii).

1996—Subsec. (c)(2)(A). Pub. L. 104-188, §1702(c)(6), inserted closing provisions “The preceding sentence shall be applied without regard to any such letter or notice which is withdrawn by the Secretary.”

Subsec. (c)(2)(B)(i). Pub. L. 104-188, §1702(c)(7), substituted “this title” for “this subtitle”.

1994—Subsec. (a)(1). Pub. L. 103-465 inserted concluding provisions.

1990—Subsec. (c). Pub. L. 101-508 added subsec. (c).

1989—Subsec. (c). Pub. L. 101-239 repealed subsec. (c) which related to attribution of interest on substantial underpayments to tax motivated transactions.

1988—Subsec. (a)(1)(A), (2)(A). Pub. L. 100-647, §1015(d)(1), substituted “Federal short-term” for “short-term Federal”.

Subsec. (b). Pub. L. 100-647, §1015(d)(2), substituted “Federal short-term” for “short-term Federal” in heading.

Subsec. (b)(1). Pub. L. 100-647, §1015(d)(1), substituted “Federal short-term” for “short-term Federal”.

1986—Subsec. (a). Pub. L. 99-514, §1511(a), added subsec. (a) and struck out former subsec. (a) which read as follows: “The annual rate established under this section shall be such adjusted rate as is established by the Secretary under subsection (b).”

Subsec. (b). Pub. L. 99-514, §1511(a), added subsec. (b) relating to determination of Federal short-term rate and struck out former subsec. (b) which related to interest rate adjustments and establishment of adjusted rates.

Subsec. (c). Pub. L. 99-514, §1511(a), (c)(1), redesignated subsec. (d) as (c), in par. (1), struck out “annual” before “rate of interest” and substituted “the underpayment rate established under this section” for “the adjusted rate established under subsection (b)”, and struck out former subsec. (c) definition of prime rate, which read as follows: “For purposes of subsection (b), the term ‘adjusted prime rate charged by banks’ means the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System.”

Subsec. (c)(3)(A)(v). Pub. L. 99-514, §1535(a), added cl. (v).

Subsec. (d). Pub. L. 99-514, §1511(c)(1)(A), redesignated subsec. (d) as (c).

1984—Subsec. (d). Pub. L. 98-369 added subsec. (d).

1982—Subsec. (b). Pub. L. 97-248 substituted provisions that if the adjusted prime rate charged by banks (rounded to the nearest full percent) during the 6-month period ending on September 30 of any calendar

year, or during the 6-month period ending on March 31 of any calendar year, differs from the interest rate in effect under this section on either such date, respectively, then the Secretary shall establish, within 15 days after the close of the applicable 6-month period, an adjusted rate of interest equal to such adjusted prime rate, and that any adjusted rate of interest established under paragraph (1) shall become effective on January 1 of the succeeding year in the case of an adjustment attributable to paragraph (1)(A), and on July 1 of the same year in the case of an adjustment attributable to paragraph (1)(B), for provisions that the Secretary was to establish an adjusted rate of interest for the purpose of subsection (a) not later than October 15 of any year if the adjusted prime rate charged by banks during September of that year, rounded to the nearest full percent, was at least a full percentage point more or less than the interest rate which was then in effect, and that any such adjusted rate of interest would be equal to the adjusted prime rate charged by banks, rounded to the nearest full percent, and would become effective on January 1 of the immediately succeeding year.

1981—Subsec. (b). Pub. L. 97-34, §711(a), struck out provision that an adjustment provided for under this subsection not be made prior to the expiration of 23 months following the date of any preceding adjustment under this subsection which changes the rate of interest.

Pub. L. 97-34, §711(c), substituted “January 1” for “February 1”.

Subsec. (c). Pub. L. 97-34, §711(b), struck out “90 percent of” before “the average predominant prime rate”.

1979—Subsec. (a). Pub. L. 96-167 substituted provisions setting the annual rate established under this section to be such adjusted rate as is established by the Secretary under subsec. (b) of this section for provision that the rate of interest under sections 6601(a), 6602, 6611(a), 6332(c)(1), and 7426(g) of this title, and under section 2411(a) of title 28 was to be 9 percent per annum, or such adjusted rate as was established by the Secretary under subsection (b).

1976—Subsecs. (a), (b). Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by section 3301(a) of Pub. L. 105-206 applicable to interest for periods beginning after July 22, 1998, and, subject to applicable statutes of limitation, to interest for periods beginning before July 22, 1998, if taxpayer reasonably identifies and establishes periods of overpayments and underpayments for which zero rate applies, and not later than Dec. 31, 1999, requests application of subsec. (d) of this section to such periods, see section 3301(c) of Pub. L. 105-206, set out as a note under section 6601 of this title.

Pub. L. 105-206, title III, §3302(b), July 22, 1998, 112 Stat. 742, provided that: “The amendment made by this section [amending this section] shall apply to interest for the second and succeeding calendar quarters beginning after the date of the enactment of this Act [July 22, 1998].”

EFFECTIVE DATE OF 1997 AMENDMENT

Pub. L. 105-34, title XIV, §1463(b), Aug. 5, 1997, 111 Stat. 1058, provided that: “The amendment made by subsection (a) [amending this section] shall apply for purposes of determining interest for periods after December 31, 1997.”

Amendment by section 1604(b)(1) of Pub. L. 105-34 effective as if included in the sections of the Uruguay Round Agreements Act, Pub. L. 103-465, to which it relates, see section 1604(b)(4) of Pub. L. 105-34, set out as a note under section 412 of this title.

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-188 effective, except as otherwise expressly provided, as if included in the pro-

vision of the Revenue Reconciliation Act of 1990, Pub. L. 101-508, title XI, to which such amendment relates, see section 1702(i) of Pub. L. 104-188, set out as a note under section 38 of this title.

EFFECTIVE DATE OF 1994 AMENDMENT

Pub. L. 103-465, title VII, §713(b), Dec. 8, 1994, 108 Stat. 5002, provided that: “The amendment made by this section [amending this section] shall apply for purposes of determining interest for periods after December 31, 1994.”

EFFECTIVE DATE OF 1990 AMENDMENT

Pub. L. 101-508, title XI, §11341(b), Nov. 5, 1990, 104 Stat. 1388-471, provided that: “The amendment made by subsection (a) [amending this section] shall apply for purposes of determining interest for periods after December 31, 1990.”

EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-239 applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7721(d) of Pub. L. 101-239, set out as a note under section 461 of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 1511(a), (c)(1) of Pub. L. 99-514 applicable for purposes of determining interest for periods after Dec. 31, 1986, see section 1511(d) of Pub. L. 99-514, set out as a note under section 47 of this title.

Pub. L. 99-514, title XV, §1535(b), Oct. 22, 1986, 100 Stat. 2750, provided that: “The amendment made by subsection (a) [amending this section] shall apply to interest accruing after December 31, 1984; except that such amendment shall not apply in the case of any underpayment with respect to which there was a final court decision before the date of the enactment of this Act [Oct. 22, 1986].”

EFFECTIVE DATE OF 1984 AMENDMENT

Pub. L. 98-369, div. A, title I, §144(c), July 18, 1984, 98 Stat. 684, provided that: “The amendments made by this section [amending this section and section 6214 of this title] shall apply with respect to interest accruing after December 31, 1984.”

EFFECTIVE DATE OF 1982 AMENDMENT

Pub. L. 97-248, title III, §345(b), Sept. 3, 1982, 96 Stat. 636, as amended by Pub. L. 98-369, div. A, title VII, §714(m), July 18, 1984, 98 Stat. 963, provided that: “The amendment made by this section [amending this section] shall apply to adjustments taking effect on or after January 1, 1983.”

EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97-34, title VII, §711(d), Aug. 13, 1981, 95 Stat. 340, provided that:

“(1) FOR SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) [amending this section] shall apply to adjustments made after the date of the enactment of this Act [Aug. 13, 1981].

“(2) FOR SUBSECTION (c).—The amendment made by subsection (c) [amending this section] shall apply to adjustments made for periods after 1982.”

EFFECTIVE DATE OF 1979 AMENDMENT

Pub. L. 96-167, §4(c)(2), Dec. 29, 1979, 93 Stat. 1276, provided that: “The amendment made by subsection (b) [amending this section] shall take effect on the date of the enactment of this Act [Dec. 29, 1979].”

EFFECTIVE DATE

Pub. L. 93-625, §7(e), Jan. 3, 1975, 88 Stat. 2116, provided that: "The amendments made by this section [enacting this section and amending sections 514, 6163, 6166, 6167, 6332, 6504, 6601, 6602, 6611, 6654, 6655, and 7426 of this title and section 2411 of Title 28, Judiciary and Judicial Procedure] shall take effect on July 1, 1975, and apply to amounts outstanding on such date or arising thereafter."

REGULATIONS

Pub. L. 99-514, title XV, §1511(b), Oct. 22, 1986, 100 Stat. 2744, provided that: "The Secretary of the Treasury or his delegate may issue regulations to coordinate section 6621 of the Internal Revenue Code of 1954 [now 1986] (as amended by this section) with section 6601(f) of such Code. Such regulations shall not apply to any period after the date 3 years after the date of the enactment of this Act [Oct. 22, 1986]."

§ 6622. Interest compounded daily

(a) General rule

In computing the amount of any interest required to be paid under this title or sections 1961(c)(1) or 2411 of title 28, United States Code, by the Secretary or by the taxpayer, or any other amount determined by reference to such amount of interest, such interest and such amount shall be compounded daily.

(b) Exception for penalty for failure to file estimated tax

Subsection (a) shall not apply for purposes of computing the amount of any addition to tax under section 6654 or 6655.

(Added Pub. L. 97-248, title III, §344(a), Sept. 3, 1982, 96 Stat. 635.)

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Pub. L. 97-248, title III, §344(c), Sept. 3, 1982, 96 Stat. 636, provided that: "The amendments made by this section [enacting this section and amending section 6601 of this title] shall apply to interest accruing after December 31, 1982."

Subchapter D—Notice Requirements

Table with 2 columns: Sec. and Notice requirements. Row 1: 6631. Notice requirements.

Editorial Notes

AMENDMENTS

2000—Pub. L. 106-554, §1(a)(7) [title III, §319(22)], Dec. 21, 2000, 114 Stat. 2763, 2763A-647, substituted "Requirements" for "requirements" in subchapter heading.

§ 6631. Notice requirements

The Secretary shall include with each notice to an individual taxpayer which includes an amount of interest required to be paid by such taxpayer under this title information with respect to the section of this title under which the interest is imposed and a computation of the interest.

(Added Pub. L. 105-206, title III, §3308(a), July 22, 1998, 112 Stat. 745.)

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Pub. L. 105-206, title III, §3308(c), July 22, 1998, 112 Stat. 745, as amended by Pub. L. 106-554, §1(a)(7) [title

III, §302(c)], Dec. 21, 2000, 114 Stat. 2763, 2763A-632, provided that: "The amendments made by this section [enacting this subchapter] shall apply to notices issued after June 30, 2001. In the case of any notice issued after June 30, 2001, and before July 1, 2003, to which section 6631 of the Internal Revenue Code of 1986 applies, the requirements of section 6631 of such Code shall be treated as met if such notice contains a telephone number at which the taxpayer can request a copy of the taxpayer's payment history relating to interest amounts included in such notice."

CHAPTER 68—ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

Table with 2 columns: Subchapter and Sec. Row 1: A. Additions to the tax and additional amounts 6651. Row 2: B. Assessable penalties 6671. Row 3: C. Procedural requirements 6751.

Editorial Notes

AMENDMENTS

1998—Pub. L. 105-206, title III, §3306(b), July 22, 1998, 112 Stat. 744, added item for subchapter C.

Subchapter A—Additions to the Tax and Additional Amounts

Table with 2 columns: Part and Description. Row 1: I. General provisions. Row 2: II. Accuracy-related and fraud penalties. Row 3: III. Applicable rules.

Editorial Notes

AMENDMENTS

1989—Pub. L. 101-239, title VII, §7721(c)(13), Dec. 19, 1989, 103 Stat. 2400, added part analysis consisting of parts I to III.

PART I—GENERAL PROVISIONS

Table with 2 columns: Sec. and Description. Row 1: 6651. Failure to file tax return or to pay tax. Row 2: 6652. Failure to file certain information returns, registration statements, etc. Row 3: 6653. Failure to pay stamp tax. Row 4: 6654. Failure by individual to pay estimated income tax. Row 5: 6655. Failure by corporation to pay estimated income tax. Row 6: 6656. Failure to make deposit of taxes. Row 7: 6657. Bad checks. Row 8: 6658. Coordination with title 11. [6659 to 6661. Repealed.]

Editorial Notes

AMENDMENTS

2018—Pub. L. 115-141, div. U, title IV, §401(a)(298), Mar. 23, 2018, 132 Stat. 1198, substituted "Failure to file tax return or to pay tax" for "Failure to file tax return or pay tax" in item 6651.

1996—Pub. L. 104-188, title I, §1704(t)(19), Aug. 20, 1996, 110 Stat. 1888, struck out item 6662 "Applicable rules".

1989—Pub. L. 101-239, title VII, §§7721(c)(13), (14), 7742(b), Dec. 19, 1989, 103 Stat. 2400, 2405, added part heading, substituted "Failure to pay stamp tax" for "Additions to tax for negligence and fraud" in item 6653, substituted "of taxes" for "of taxes or over-statement of deposits" in item 6656, and struck out items 6659 "Addition to tax in the case of valuation over-statements for purposes of the income tax", 6659A "Ad-

¹ Section numbers editorially supplied.