

A Technical Information Release is designed to provide immediate information of changes in tax laws administered by the Department for the policy positions of the Department as a service to taxpayers and practitioners. A Technical Information Release represents the position of the Department on the limited issues discussed herein based on current law and Department interpretation. For the current status of any tax law, practitioners and taxpayers should consult the source documents (i.e., Revised Statutes Annotated, Rules, Case Law, Session Laws, etc.)

The purpose of this information release is to advise taxpayers and tax preparers of changes to the interest rates established by RSA 21-J:28 for calendar year 1998. Questions should be directed to the Taxpayer Assistance section, (603) 271-2186

NEW INTEREST RATES SET

The interest rates for calendar year 1998 is established by RSA 21-J:28. Effective January 1, 1998 through December 31, 1998, the State of New Hampshire interest rates, applicable on taxes administered by the Department of Revenue Administration, will be as follow:

Interest paid on underpayment of tax 11%

Interest paid on overpayment of tax 8%

These interest rates will apply to the number of days the payment remains unpaid or the refund is owed during 1998. The rate for any period prior to January 1, 1998 remains at 15% for underpayments and 10% for overpayments.

The New Hampshire statutes governing interest rates were amended in 1995 [CH 268] to require that starting on January 1, 1998, and determined annually thereafter, the New Hampshire interest rates would be based upon the rates set by the Federal government under Internal Revenue Code § 6621(a)(2). RSA 21-J:28, II provides that the "annual underpayment rate" is tied to the underpayment rate specified in the Internal Revenue Code, in effect on the September 1 immediately preceding the calendar year, plus 2 percentage points. RSA 21-J:28, III provides that the "overpayment rate" (the interest rate paid on refunds) is to be 3 percentage points less than the rate set in paragraph II, which is the Federal interest rate on underpayments, less 1 percentage point.

The underpayment rate specified in the Internal Revenue Code §6621 (a)(2) for the period from July 1, 1997 through September 30, 1997 is 9%. Therefore, the New Hampshire interest rates for 1998 are 11% for underpayment of tax and 8% for an overpayment of tax.