

## CHAPTER 4. INTEREST

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### Authority

The provisions of this Chapter 4 issued under section 6 of The Fiscal Code (72 P.S. § 6), unless otherwise noted.

### Source

The provisions of this Chapter 4 adopted March 21, 1986, effective March 22, 1986, and shall apply retroactively to January 1, 1982, 16 Pa.B. 959, unless otherwise noted.

### § 4.1. Definitions and scope.

(a) *Definitions.* The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

*Act*—The act of December 9, 1982 (P.L. 1057, No. 248) (72 P.S. §§ 1, 503, 806, 806.1 and 1108).

*Fiscal Code (FC)*—The Fiscal Code (72 P.S. §§ 1—1827.10).

(b) *Scope.*

(1) The act establishes a uniform interest rate and a uniform method for calculating interest on a daily basis. Also, under certain circumstances, the Department is required to pay interest on overpayments of taxes first due and payable on or after January 1, 1982, and is permitted to make cash refunds of previously determined credits if obligations due the Commonwealth have been paid.

(2) The act repeals other statutes relating to underpayments and overpayments of tax due and payable prior to January 1, 1982. Regulations and rulings concerning taxes due and payable prior to January 1, 1982 are not affected by the act. The rate of interest, method of calculating interest and provisions of law relating to cash refunds for those taxes are governed by statutes, regulations and rulings in effect on the date the tax originally became due and payable. No interest will be paid on overpayments of tax originally due and payable prior to January 1, 1982.

### Cross References

This section cited in 61 Pa. Code § 35.2 (relating to interest, additions, penalties, crimes and offenses).

**§ 4.2. Rate of interest.**

(a) *General.* The annual rate of interest is the rate established by the Secretary of the Treasury of the United States under the IRC which is in effect on January 1 of a calendar year without regard to changes in the Federal rate during the year. The Secretary will annually certify the applicable rate of interest and recommend the certification be published in the *Pennsylvania Bulletin* and be codified in subsections (b)—(v).

(b) *Rate.* The following rates have been certified by the Secretary: 1982—20%, 1983—16%, 1984—11%, 1985—13%, 1986—10%, 1987—9%, 1988—11%, 1989—11%, 1990—11%, 1991—11%, 1992—9%, 1993—7%, 1994—7%, 1995—9%, 1996—9%, 1997—9%, 1998—9%, 1999—7%, 2000—8%, 2001—9%, 2002—6%, 2003—5%, 2004—4%, 2005—5%, 2006—7%, 2007—8%, 2008—7%, 2009—5%, 2010—4%, 2011—3%, 2012—3%, 2013—3%, 2014—3%, 2015—3%, 2016—3%, 2017—4%, 2018—4%, 2019—6%, 2020—5%, 2021—3%, 2022—3%, 2023—7%.

(c) For 2004, all underpayments of tax will have an interest rate of 4%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 4%, all other overpayments will bear an interest rate of 2%.

(d) For 2005, all underpayments of tax will have an interest rate of 5%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 5%, all other overpayments will bear an interest rate of 3%.

(e) For 2006, all underpayments of tax will have an interest rate of 7%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 7%, all other overpayments will bear an interest rate of 5%.

(f) For 2007, all underpayments of tax will have an interest rate of 8%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 8%, all other overpayments will bear an interest rate of 6%.

(g) For 2008, all underpayments of tax will have an interest rate of 7%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 7%, all other overpayments will bear an interest rate of 5%.

(h) For 2009, all underpayments of tax will have an interest rate of 5%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 5%, all other overpayments will bear an interest rate of 3%.

(i) For 2010, all underpayments of tax will have an interest rate of 4%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 4%, all other overpayments will bear an interest rate of 2%.

(j) For 2011, all underpayments of tax will have an interest rate of 3%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 3%, all other overpayments will bear an interest rate of 1%.

(k) For 2012, all underpayments of tax will have an interest rate of 3%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 3%, all other overpayments will bear an interest rate of 1%.

(l) For 2013, all underpayments of tax will have an interest rate of 3%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 3%, all other overpayments will bear an interest rate of 1%.

(m) For 2014, all underpayments of tax will have an interest rate of 3%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 3%, all other overpayments will bear an interest rate of 1%.

(n) For 2015, all underpayments of tax will have an interest rate of 3%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 3%, all other overpayments will bear an interest rate of 1%.

(o) For 2016, all underpayments of tax will have an interest rate of 3%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 3%, all other overpayments will bear an interest rate of 1%.

(p) For 2017, all underpayments of tax will have an interest rate of 4%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 4%, all other overpayments will bear an interest rate of 2%.

(q) For 2018, all underpayments of tax will have an interest rate of 4%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 4%, all other overpayments will bear an interest rate of 2%.

(r) For 2019, all underpayments of tax will have an interest rate of 6%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 6%, all other overpayments will bear an interest rate of 4%.

(s) For 2020, all underpayments of tax will have an interest rate of 5%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 5%, all other overpayments will bear an interest rate of 3%.

(t) For 2021, all underpayments of tax will have an interest rate of 3%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 3%, all other overpayments will bear an interest rate of 1%.

(u) For 2022, all underpayments of tax will have an interest rate of 3%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 3%, all other overpayments will bear an interest rate of 1%.

(v) For 2023, all underpayments of tax will have an interest rate of 7%, overpayments of tax imposed under Article III of the TRC will bear an interest rate of 7%, all other overpayments will bear an interest rate of 5%.

#### Source

The provisions of this § 4.2 amended December 19, 1986, effective January 1, 1987, 16 Pa.B. 4908; amended December 18, 1987, effective January 1, 1988, 17 Pa.B. 5286; amended December 23, 1988, effective January 1, 1989, 18 Pa.B. 5680; amended November 24, 1989, effective January 1, 1990, 19 Pa.B. 5081; amended November 23, 1990, effective January 1, 1991, 20 Pa.B. 5870; amended December 27, 1991, effective January 1, 1992, 21 Pa.B. 6012; amended December 25, 1992, effective January 1, 1993, 22 Pa.B. 6142; amended December 31, 1993, effective January 1, 1994, 24 Pa.B. 81; amended December 23, 1994, effective January 1, 1995, 24 Pa.B. 6486; amended December 15, 1995, effective January 1, 1995, 25 Pa.B. 5788; amended December 27, 1996, effective January 1, 1997, 26 Pa.B. 6224; amended December 26, 1997, effective January 1, 1998, 27 Pa.B. 6866; amended December 25, 1998, effective January 1, 1999, 28 Pa.B. 6351; amended December 17, 1999, effective January 1, 2000, 29 Pa.B. 6377; amended December 15, 2001, effective January 1, 2001, 31 Pa.B. 6494; amended December 21, 2001, effective January 1, 2002, 31 Pa.B. 6990; amended December 13, 2002, effective January 1, 2003, 32 Pa.B. 6220; amended January 16, 2004, effective January 1, 2004, 34 Pa.B. 448; amended December 30, 2004, effective January 1, 2005, 35 Pa.B. 78; amended December 30, 2005, effective January 1, 2006, 35 Pa.B. 7067; amended December 29, 2006, effective January 1, 2007, 36 Pa.B. 8021; amended December 28, 2007, effective January 1, 2008, 37 Pa.B. 6970; amended January 2, 2009, effective January 1, 2009, 39 Pa.B. 103; amended December 24, 2009, effective January 1, 2010, 39 Pa.B. 7256; amended December 24, 2010, effective January 1, 2011, 40 Pa.B. 7443; amended December 30, 2011, effective January 1, 2012, 41 Pa.B. 7041; amended December 21, 2012, effective January 1, 2013, 42 Pa.B. 7775; amended December 27, 2013, effective January 1, 2014, 43 Pa.B. 7602; amended December 26, 2014, effective January 1, 2015, 44

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Pa.B. 8063; amended January 8, 2016, effective January 1, 2016, 46 Pa.B. 297; amended December 23, 2016, effective January 1, 2017, 46 Pa.B. 8108; amended December 22, 2017, effective January 1, 2018, 47 Pa.B. 7789; amended December 28, 2018, effective January 1, 2019, 48 Pa.B. 7995; amended December 27, 2019, effective January 1, 2020, 49 Pa.B. 7631; amended December 25, 2020, effective January 1, 2021, 50 Pa.B. 7361; amended December 24, 2021, effective January 1, 2022, 51 Pa.B. 8028; amended December 23, 2022, effective January 1, 2023, 52 Pa.B. 7981. Immediately preceding text appears at serial pages (407774) to (407776).

**Cross References**

This section cited in 61 Pa. Code § 35.2 (relating to interest, additions, penalties, crimes and offenses).

**§ 4.3. Taxes subject to interest.**

(a) The new interest rate will apply to taxes due the Commonwealth. It does not apply to money other than taxes due the Commonwealth. There is no interest on interest; nor is there interest on penalties and fines.

(b) Additional tax, additions to tax, surtax and disallowed commissions provided by statute and not designated as penalty or interest by statute are taxes for the purpose of the act and bear interest. See section 1202.1 of the TRC (72 P.S. § 10003).

**Cross References**

This section cited in 61 Pa. Code § 35.2 (relating to interest, additions, penalties, crimes and offenses).

**§ 4.4. Rate of interest applicable to unpaid taxes.**

(a) *Initial rate of interest.* The initial interest rate applicable to unpaid taxes is the rate in effect during the calendar year in which the tax is originally required by statute to be reported and paid to the Department, without regard to the dates of accrual, extensions for filing, subsequent amendments or alterations of the report or return, or subsequent resettlements, reassessments or redeterminations. Examples of the initial interest rate are as follows:

*Example 1. Personal Income Tax.* The initial interest rate on delinquent annual Personal Income Tax is determined by the rate in effect on the date the tax is required by statute to be reported and paid to the Department, even though the tax may relate to incidents which occurred prior to that date.

*Example 2. Withheld personal income tax.* In the case of personal income tax withheld by an employer, unpaid tax bears interest at the rate in effect on the date the tax is required to be reported and paid by the employer to the Commonwealth.

*Example 3. Sales or use tax.* Interest on sales or use tax—or other taxes paid to an officer, licensee or other collector—is due at the rate in effect on the date the tax is originally required by statute to be reported and transmitted by the officer, licensee or collector to the Department, even though the tax was collected or incurred prior thereto.

*Example 4. Tentative tax.* A tax required by statute to be reported and paid in installments prior to the original due date of the annual report or return—for example, tentative tax—bears interest at the rate in effect on the due date for the prepayment. The remaining portion of the tax due shall bear interest at the rate in effect on the date the taxpayer's annual report or return is required to be filed under the applicable tax statute, determined without reference to an extension of time for filing the report.

*Example 5. Corporate net income tax.* Underpayments of installments of estimated tax do not bear interest during the period of the underpayment. Tax finally determined to be due, which is not paid by the date the annual report is due—determined without regard to an extension of time for filing—bears interest from the date until paid.

*Example 6. Inheritance tax.* With respect to inheritance tax and estate tax, the interest rate is the rate in effect on the date the tax becomes delinquent.

(b) *Annual interest rate adjustment.* The interest rate in effect when a tax is required to be paid remains in effect until the tax is paid or until the end of the calendar year, whichever occurs first. On January 1 of each succeeding year, the new interest rate for that year will commence to apply to unpaid tax.

**Cross References**

This section cited in 61 Pa. Code § 4.5 (relating to computation of interest on unpaid taxes); and 61 Pa. Code § 35.2 (relating to interest, additions, penalties, crimes and offenses).

**§ 4.5. Computation of interest on unpaid taxes.**

(a) *Daily computation.* Interest is computed daily, beginning on the first day of delinquency through and including the day of payment. If paid by mail, the United States Postal Service postmark date is the date of payment. For purposes of computing the daily interest factor—the annual rate is divided by the number of days in a year—the Department will use a 365-day year. Interest is not compounded.

(b) *Extensions.* Tax due dates are established without regard to an extension of time for filing reports or returns. Although an extension may relieve a taxpayer from late filing or late payment additions or penalties, the taxpayer is not relieved from the payment of interest upon the amount due from the original due date until payment.

(c) *Amendments.* Amendments to tax returns or reports, when allowed or required by statutes and regulations are considered to amend the tax liability as of the original due date of the tax for the purpose of computing interest due on account of nonpayment or underpayment of tax. The interest rate will be the rate applicable upon the original due date, even when the rate has changed between the date and the date of the amendment.

(d) *Federal report of change.* An underpayment of corporate net income tax which results from a settlement or resettlement of tax based upon a final change or correction of Federal taxable income by the Commissioner of Internal Revenue or other agency or court of the United States, under section 407(b) of the TRC (72 P. S. § 7407(b)) and section 806 of the FC (72 P.S. § 806), is deemed first due and payable, for the purpose of establishing the rate and computing interest, 30 days after the corporation receives notice of the final change or correction. The interest is computed until the additional tax is paid.

(1) If the original due date of the tax report is on or before December 31, 1981, the tax settled or resettled is subject to interest at the rate of 6.0% *per annum* until paid—unless reported and paid within the 30-day period, in which case no interest is due.

(2) If the original due date of the tax report is on or after January 1, 1982, the additional tax is subject to the rate of interest and the annual adjustments as described in § 4.4 (relating to rate of interest applicable to unpaid taxes).

(3) The Federal report of change 30-day period does not apply to the personal income tax. Increases in personal income tax liability assessed or reassessed as a consequence of a Federal redetermination of Federal taxable income will bear interest from the original due date of the return at the rate then in effect, subject to annual adjustment, without regard to the date of the Federal redetermination.

(e) *Unpaid tax resulting from application, assignment or refund of credit.* If an application, assignment or refund of credit requested by the taxpayer, under Article XXX of the TRC (72 P. S. §§ 10001—10004), results in an underpay-

ment of the tax due upon settlement or resettlement, interest will be calculated on the amount of the credit applied, assigned or refunded from the date the credit was applied, assigned or refunded to the date of payment.

*Example.* On April 15, 1985, a corporation makes the required tentative tax payment in the amount of \$100,000 on account of its 1985 capital stock tax liability. On March 6, 1986, the corporation files its 1985 annual corporate tax report, reporting its capital stock tax liability at \$50,000 and requesting the transfer of the \$50,000 credit to another account. On March 17, 1986, the report is posted to its account and the \$50,000 credit acknowledged by the Department, with notice to the taxpayer. On April 20, 1986, the Department prepares the journal entry transferring the credit as requested by the taxpayer. On August 5, 1986, the Department settles the corporation's 1985 capital stock tax liability at \$80,000, an increase of \$30,000 over the reported tax liability.

On October 2, 1986, the taxpayer pays the tax increased as a result of settlement. This payment is subject to the imposition of interest from April 20, 1986, the date of transfer, to October 2, 1986, the date of payment.

#### Cross References

This section cited in 61 Pa. Code § 35.2 (relating to interest, additions, penalties, crimes and offenses).

### § 4.6. Overpayment.

The Commonwealth is liable to pay interest on overpayments of tax originally due and payable on or after January 1, 1982 at the rate established for underpayments of the same tax for the same period. The overpayment will accrue interest at the rate in effect on the date the overpayment is deemed by the act to have occurred as described by the following paragraphs, subject to adjustments of the rate on January 1 of each succeeding year as in the case of underpayments under section 806.1(b) of the FC (72 P. S. § 806.1(b)). Interest will cease to accrue under § 4.7 (relating to termination of interest).

(1) *Overpayment of tax.* An overpayment is a payment of tax which is determined in the manner provided by statute not to be legally due.

(2) *Overpayment of interest or penalty.* An overpayment of interest or penalty may not bear interest under section 806.1(a)(7) of the FC (72 P. S. § 806.1(a)(7)).

(3) *Date of overpayment.* Interest will be allowed and paid for the period during which the Commonwealth retained the overpayment, beginning with the date of overpayment, except that the following applies:

(i) *Withheld taxes.* Taxes which are actually deducted and withheld at the source are deemed to be overpaid by the employe on the last day prescribed by law for filing the return for the taxable year, determined without regard to an extension of time for filing. Taxes withheld by the employer are deemed overpaid by the employer on the last day prescribed by statute for



filing the return for the taxable period or the actual payment date, whichever is later under section 806.1(a)(1) of the FC (72 P. S. § 806.1(a)(1)).

(ii) *Installments.* An amount of tax overpaid as an installment payment, tentative tax or estimated tax is deemed to be overpaid on the last day prescribed by statute for filing the final return or report for the taxable year determined without regard for an extension of time for filing, or the actual payment date, whichever is later, under section 806.1(a)(2) of the FC (72 P. S. § 806.1(a)(2)).

(iii) *Payments before due date.* An overpayment made before the due date prescribed by statute for payment of the tax is deemed to have been made on the due date under section 806.1(a)(3) of the FC (72 P. S. § 806.1(a)(3)).

(iv) *Taxes collected.* Taxes collected by an officer, licensee or collector will be deemed to have been overpaid on the first date that the tax is required by statute to be reported and transmitted to the Department by the officer, licensee or collector, or on the date the tax is actually reported and transmitted to the Commonwealth, whichever is later, under section 806.1(a)(6) of the FC (72 P. S. § 806.1(a)(6)).

(v) *Administrative or appellate review procedure.* If a taxpayer commences an administrative or appellate review procedure by claiming to have made an overpayment, or contesting the Department's refusal or denial of its claim, the claimed overpayment is deemed to have been made on the 60th day following the date of initiation of the review or appellate procedure.

*Example.* A corporation files its 1982 annual corporate tax report on April 15, 1983, reporting and paying its capital stock tax liability at \$5,000. No tentative tax payment was made or required to be made. Settlement of this liability as reported is made on July 15, 1983.

Taxpayer files a petition for resettlement with the Board of Appeals on August 15, 1983, claiming an exemption for certain assets. The Board of Appeals refuses the petition on December 20, 1983.

Taxpayer files a petition for review with the Board of Finance and Revenue on December 31, 1983. The Board of Finance and Revenue resettles the tax liability at \$4,000, granting a tax credit of \$1,000. The initiation date of the administrative review procedure is August 15, 1983—the filing date of the petition for resettlement with the Board of Appeals—not December 31, 1983. Therefore, interest accrues on the \$1,000 tax credit beginning October 14, 1983, the 60th day following the initiation of the administrative review.

(4) *Period of overpayment for a final return or report.* The following applies to the period of overpayment for a final return:

(i) *Tax return or report.* If an overpayment of tax is refunded or credited within 6 months after the last date prescribed for filing the final return or report of the tax, no interest will be allowed on the overpayment notwithstanding the initiation of an administrative or appellate review procedure. In



case the final return or report is filed after the last day, and the overpayment is refunded or credited within 6 months after the date the final return or report is actually filed, no interest will be allowed on the overpayment under section 806.1(a)(5) of the FC (72 P. S. § 806.1(a)(5)). A final return or report is one filed in processible form which means that it shall be filed on a prescribed form containing the taxpayer's name, address, and taxpayer's identification number, where applicable, and have the required signature and required information sufficient to permit verification of the tax liability shown on the return. Where a credit or payment is to be applied against a reported tax liability, required information sufficient to verify the credit or payment shall be supplied. If a return or report is not received in processible form, the 6-month period will commence on the date the required additional information is received by the Department.

*Example.* A corporation files its 1982 annual corporate tax report on April 15, 1983, reporting and paying its capital stock tax liability at \$5,000. No tentative tax payment was made or required to be made. Settlement of this liability as reported is made on July 15, 1983.

Taxpayer files a petition for resettlement with the Board of Appeals on July 30, 1983. The Board of Appeals resettles the tax liability at \$4,000 by resettlement mailed on October 10, 1983. Although the 60th day following the initiation of the administrative review in this example is September 28, 1983, interest does not begin to accrue on September 28 because the notice of the final determination of the \$1,000 credit was mailed on October 10, 1983, within 6 months of the filing of the final report on April 15, 1983.

(ii) *Amended return or report.* If a taxpayer claims an amount of tax to be overpaid, and the basis for the claimed overpayment consists of additional information that constitutes an amendment of the taxpayer's prior return or report, the date of receipt by the Department of the additional information will be deemed to be the date of filing of the final return or report under section 806.1(a)(5) of the FC (72 P. S. § 806.1(a)(5)). Interest will be allowed and paid from the date of the overpayment on any portion of the claimed overpayment that is not credited or refunded within 6 months of the date of the Department's receipt of the additional information.

(iii) *Federal report of change.* If the amount of taxable income, as returned by a corporation to the Federal government, is finally changed or corrected by the Commissioner of Internal Revenue, or by another agency or court of the United States, the corporation shall make a corrected report to the Department under section 406(a) of the TRC (72 P. S. § 7406(a)). The corrected report will be deemed a final return or report for purposes of section 806.1(a)(5) of the FC (72 P. S. § 806.1(a)(5)).

(5) *Unidentified payments.* The Department will not recognize as an overpayment of tax a payment which is made without an accompanying statement for the application of the payment. The payment may not bear interest.

(6) *Superseding provision.* If an administrative review or appellate procedure is initiated under paragraph (3)(v), the overpayment date is determined under section 806.1(a)(4) of the FC (72 P. S. § 806.1(a)(4)), except where paragraph (4)(i) applies.

*Example 1.* A taxpayer files his 1984 personal income return on April 15, 1985, claiming a refund of \$100 of withheld taxes. Taxpayer's Schedule C reports a loss, but claims apparently excessive deductions. Taxpayer fails to respond to the Department's request for verification of the deductions. Therefore, the Department disallows the deductions and denies the refund.

Taxpayer files a petition for refund with the Board of Finance and Revenue on September 15, 1985. Taxpayer submits verification of the deductions to the Board of Finance and Revenue. The Board of Finance and Revenue grants the taxpayer a cash refund of \$100 by order mailed December 15, 1985.

Interest does not begin to accrue April 15, 1985 on the \$100 cash refund under paragraphs (3)(i) and (4)(i). Interest begins to accrue under paragraph (3)(v) on November 14, 1985, the 60th day following the initiation of the administrative review on September 15, 1985 by the filing of a petition for refund with the Board of Finance and Revenue.

*Example 2.* An employer files four quarterly returns during calendar year 1985, each return reporting \$2,500 tax withheld from compensation. In February 1986 the employer discovers a bookkeeping error which overstated the amount of tax withheld as reported on the first quarterly return due April 30, 1985. On March 15, 1986 the employer files a petition for refund with the Board of Finance and Revenue, providing the Board with documentation establishing the employer's right to the refund. Board of Finance and Revenue orders a cash refund on June 30, 1986. On August 15, 1986, the employer receives the cash refund check dated August 10, 1986. Interest does not begin to accrue on the cash refund beginning April 30, 1985 under paragraph (3)(i). Interest begins to accrue under paragraph (3)(v) on May 14, 1986, the 60th day following the initiation of the administrative review on March 15, 1986 by the filing of a petition for refund with the Board of Finance and Revenue.

#### Cross References

This section cited in 61 Pa. Code § 35.2 (relating to interest, additions, penalties, crimes and offenses).

### § 4.7. Termination of interest.

(a) *Cash refund.* If the Commonwealth pays a cash refund to the taxpayer, interest terminates on a date not exceeding 30 days prior to the date of the Commonwealth's refund check under section 806.1(c)(1) of the FC (72 P. S. § 806.1(c)(1)).

(b) *Credit.* In cases in which a taxpayer is entitled to a credit, the following applies:

(1) If the Commonwealth recognizes a claimed overpayment and so notifies the taxpayer, or credits the taxpayer's account against other taxes or other claims which are due or may become due the Commonwealth, interest terminates on the mailing date of the Commonwealth's notice of recognition of the credit, or on the date the credit is applied by the Department to an account, whichever is earlier under section 806.1(c)(2) of the FC (72 P. S. § 806.1(c)(2)).

(2) If the amount reported as due on a corporation's annual report is less than the amount of taxes paid, the Department will credit the taxpayer's account. The credit may be applied in payment of another tax liability, assigned to another taxpayer, or refunded if other obligations due the Commonwealth by the taxpayer have been paid. If the Department provides notification of the available credit within 60 days of filing the annual report by the taxpayer, no interest will be allowed on the credit.

*Example.* A corporation makes the required tentative tax payments in the amount of \$150,000 on account of its 1985 corporate net income tax (CNI) liability. The corporation files its 1985 annual corporate tax report timely on April 15, 1986, reporting its CNI tax liability at \$100,000. The Department posts the report to the taxpayer's account and enters a credit for \$50,000, providing notice thereof on April 29, 1986 by mailing an account review statement to the taxpayer. By settlement mailed November 15, 1986 the Department settles the taxpayer's CNI liability at \$100,000.

No interest is payable on the \$50,000 credit because notification of the availability of the credit was provided to the taxpayer on April 29, 1986, within 60 days of the filing of the annual report on April 15, 1986.

#### Cross References

This section cited in 61 Pa. Code § 4.6 (relating to overpayment); 61 Pa. Code § 4.9 (relating to application dates); and 61 Pa. Code § 35.2 (relating to interest, additions, penalties, crimes and offenses).

#### § 4.8. Refunds.

If a taxpayer has received a notice of allowance of a credit, the taxpayer may apply in writing for a cash refund to the Department under section 1108(b)(4) of the FC (72 P. S. § 1108(b)(4)). A formal petition is not required, but the application shall be in writing, signed by the person entitled to the refund, or his agent. The application shall fully identify the taxpayer, the tax, and the amount claimed. If the Department fails to make a cash refund within 90 days after receipt of a proper application for a cash refund, interest will commence on the credit thereafter, and continue until a date within 30 days of the date of the Commonwealth's refund check.

**Cross References**

This section cited in 61 Pa. Code § 35.2 (relating to interest, additions, penalties, crimes and offenses).

**§ 4.9. Application dates.**

(a) *Overpayment credit.* When a portion of an overpayment credit upon which interest has been allowed and paid is transferred, applied or assigned in payment of another tax liability, the overpayment credit acquires a new effective payment date under § 4.7(b) (relating to termination of interest).

(b) *Interest credit.* Interest that has been allowed and credited is available for transfer, application or assignment in payment of another tax liability, effective on the date the interest ceased to accrue under § 4.7(b).

**Cross References**

This section cited in 61 Pa. Code § 35.2 (relating to interest, additions, penalties, crimes and offenses).

**§ 4.10. Payment without prejudice.**

A taxpayer has the right to pay all or a part of a tax claim made against him by the Department for the purpose of stopping the running of further interest, and the payment may not prejudice the right to pursue other administrative or judicial remedies provided by statute under section 1108(a) of the FC (72 P. S. § 1108(a)).

**Cross References**

This section cited in 61 Pa. Code § 35.2 (relating to interest, additions, penalties, crimes and offenses).

**§ 4.11. Appeal.**

A taxpayer aggrieved by the Department's determination of the taxpayer's entitlement to interest on an overpayment shall file a petition for redetermination with the Board of Appeals, Department of Revenue, Harrisburg, Pennsylvania 17128-1021. The petition shall be filed within 90 days of the mailing date of the notice of the action complained of, and shall specify reasons which the taxpayer believes entitle him to a redetermination. The Board of Appeals will dispose of the issue raised by the petition within 6 months after the filing of the petition. The failure of the Board to act within 6 months will act as a denial of the petition as of the date of the Board's notice to the taxpayer of its failure to act.

**Authority**

The provisions of this § 4.11 amended under sections 6 and 1301.26 of the Fiscal Code (72 P. S. §§ 6 and 1301.26).

**Source**

The provisions of this § 4.11 adopted March 21, 1986, effective March 22, 1986, and applies retroactively to January 1, 1982, 16 Pa.B. 959; amended September 21, 1990, effective September 22, 1990, 20 Pa.B. 4865. Immediately preceding text appears at serial page (117811).

**Cross References**

This section cited in 61 Pa. Code § 35.2 (relating to interest, additions, penalties, crimes and offenses).

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