

## MEMORANDUM

**TO:** Commissioner, Deputy Commissioner, General Counsel,  
Division Directors, Policy Analysts and Staff Attorneys

**FROM:** Sharon Asay

**DATE:** December 8, 2020

**SUBJECT:** 2021 Interest Rates

Title 32 V.S.A. § 3108 (Establishment of interest rates) as most recently amended by Act 175 (2020) requires the Commissioner to set rates no later than December 15th for the calculation of interest on underpayment and overpayment of tax liabilities for the upcoming calendar year.

The average prime loan rate charged by banks (as determined by the Board of Governors of the Federal Reserve System) for the 12-month period beginning October 1, 2019 and ending September 30, 2020 was 3.94%. Rounding up to the nearest quarter of a percent, the annual rate for overpayment of tax is 4.0%. Similarly, the annual interest rate for underpayment of tax will be 4.0%.

These rates are effective beginning January 1, 2021 and apply to interest that accrues in calendar year 2021.

12/08/2020  
Date

APPROVED: \_\_\_\_\_

  
Craig Bolio  
Commissioner of Taxes