

MEMORANDUM

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

FROM: Alexa Lewis

DATE: October 11, 2019

SUBJECT: 2020 Interest Rates

Title 32 V.S.A. § 3108 (Establishment of interest rates) as most recently amended by Act 51 (2019) 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 annual rate for overpayments is rounded up to the nearest quarter percent. The annual rate for underpayments is set at 200 basis points above the rate for overpayments.

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, 2018 and ending September 30, 2019 was 5.40%. Rounding up to the nearest quarter of a percent, the annual rate for overpayment of tax is 5.5%. Adding 200 basis points, the 2020 annual interest rate for underpayment of tax is 7.5%

These rates are effective beginning January 1, 2020 and apply to interest that accrues in calendar year 2020.

10/15/19
Date

APPROVED: _____

Craig Bolio

Acting Commissioner of Taxes