

IRS official: Agency to pay 8% interest on overpayments

Calvin E. Esselstrom, district director for the Internal Revenue Service in Alaska, announced that for the calendar quarter beginning Jan. 1, 1987, the IRS will pay interest on overpayments at the rate of 8 percent and will charge 9 percent on underpayments of tax.

Under the Tax Reform Act of 1986, the interest rate is based on the federal

short-term rate determined during October 1986. Also, the rate of interest is now determined on a quarterly basis instead of a semi-annual basis, and the rate on underpayments will be 1 percent higher than the rate on overpayments.

The rate used in determining the individual estimated tax penalty will also be 9 percent, Esselstrom said.