



Interest Rates Decrease for the First Quarter of 2011

IR-2010-120, Dec. 7, 2010

WASHINGTON — The Internal Revenue Service today announced that interest rates for the calendar quarter beginning January 1, 2011, will decrease by one percentage point. The rates will be:

- three (3) percent for overpayments [two (2) percent in the case of a corporation];
- three (3) percent for underpayments;
- five (5) percent for large corporate underpayments; and
- zero and one-half (0.5) percent for the portion of a corporate overpayment exceeding \$10,000.

Under the Internal Revenue Code, the rate of interest is determined on a quarterly basis. For taxpayers other than corporations, the overpayment and underpayment rate is the federal short-term rate plus 3 percentage points. Generally, in the case of a corporation, the underpayment rate is the federal short-term rate plus 3 percentage points and the overpayment rate is the federal short-term rate plus 2 percentage points. The rate for large corporate underpayments is the federal short-term rate plus 5 percentage points. The rate on the portion of a corporate overpayment of tax exceeding \$10,000 for a taxable period is the federal short-term rate plus one-half (0.5) of a percentage point.

The interest rates announced today are computed from the federal short-term rate during October 2010 to take effect November 1, 2010, based on daily compounding.

[Revenue Ruling 2010-31](#), announcing the rates of interest, is attached and will appear in Internal Revenue Bulletin No. 2010-52, dated December 27, 2010.

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Page Last Reviewed or Updated: December 07, 2010