

**270C.40 INTEREST PAYABLE TO COMMISSIONER.**

Subdivision 1. **Interest; rate.** If any tax payable to the commissioner or to the department is not paid within the time specified by law for payment, the unpaid tax shall bear interest at the rate for each year determined in subdivision 5 from the date such tax should have been paid until the date that the tax was paid, unless otherwise provided by law.

Subd. 2. **Extension of time.** When an extension of time has been granted by the commissioner, interest shall be paid at the rate for each year determined in subdivision 5 from the date such payment should have been made, if no extension had been granted, until the date of payment of such tax.

Subd. 3. **Penalty.** If any penalty payable to the commissioner shall by law bear interest, such penalty shall bear interest at the rate for each year determined in subdivision 5 from the date the penalty was assessable until the date that such penalty was paid, unless a different rate of interest is otherwise provided by law.

Subd. 4. **Underpayment of estimated tax.** There shall be added to the amount of any underpayment of estimated tax, computed pursuant to chapter 289A, an amount in lieu of interest. The amount in lieu of interest for that taxable year shall be the amount determined in subdivision 5 for January 1 on which begins the taxable year or precedes the beginning of the taxable year. The amount in lieu of interest does not bear interest after the due date of the return for that taxable year.

Subd. 5. **Annual interest rate.** The rate of interest or amount in lieu of interest contained in subdivisions 1 to 4 shall be determined by the commissioner not later than October 15 of each year and shall be equal to the prime rate charged by banks during the six-month period ending on September 30 of that year, rounded to the nearest full percent. The rate of interest or amount in lieu of interest becomes effective on January 1 of the immediately succeeding year except as provided in subdivision 4. For purposes of this subdivision, the term "prime rate charged by banks" means the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

Subd. 6. **Unpaid judgment.** Notwithstanding section 549.09, if judgment is entered upon any tax payable to the commissioner which has not been paid within the time specified by law for payment, the unpaid judgment shall bear interest at the rate specified in this section from the date judgment is entered until the date of payment.

**History:** 2005 c 151 art 1 s 47