

Administrative Release No. 14

Subject: Interest Rates for Refunds and Delinquent Taxes.

I. General

Section 13-603 of the Tax-General Article, Annotated Code of Maryland, provides (under certain conditions) for the payment of interest on tax refunds.

Section 13-601 of the Tax-General Article, Annotated Code of Maryland, requires the Comptroller to assess interest on any unpaid tax from the due date to the date on which the tax is paid.

II. Payment of Interest

Subsection (a) of Section 13-603 provides (with exceptions) that interest shall be paid on a claim for refund from the 45th day after the claim is filed to the date the refund is paid if the claimant:

- Erroneously paid to the State a greater amount of tax, interest, or penalty than was properly and legally payable; or
- Paid to the State a tax, interest, or penalty that was erroneously, illegally, or wrongfully assessed or collected in any manner.

III. Exceptions to Payment of Interest

Subsection (b) of Section 13-603 provides that interest will not be paid on a claim for refund if the claim is:

A. Made under any provision other than subsection (a) of Section 13-603 as described in II above; or

B. Based on:

1. An error or mistake of the claimant not attributable to the State;
2. Withholding of income tax; or
3. Overpayment of estimated income tax.

IV. Specific Claim for Interest

A. A specific claim for the payment of interest is not required when:

1. An amended return is filed and the refund of taxes is based upon a net operating loss carryback; or

2. The refund results from a final court order where the taxpayer prevailed.

B. In all other instances, the taxpayer must make a specific claim for interest.

V. Interest Rates

Section 13-604 of the Tax-General Article, Annotated Code of Maryland, requires the Comptroller, on or before October 1 of each year, to determine the annual interest rate for the next calendar year for refunds and delinquencies. The following is a history of the interest rates for refunds and delinquencies over a ten-year period.

Annual Interest Rate		
Calendar Year	Refunds	Unpaid Tax
2003	5%	13%
2004	4%	13%
2005	3%	13%
2006	4%	13%
2007	13%	13%
2008	13%	13%
2009	13%	13%
2010	13%	13%
2011	13%	13%
2012	13%	13%

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Revenue Administration Division
Revenue Administration Center
Annapolis, Maryland 21411-0001

Telephone: **410-260-7980**
or **1-800-MD TAXES**

taxhelp@comp.state.md.us

www.marylandtaxes.com

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