

**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.

<b>Annual Interest Rate</b>		
<b>Calendar Year</b>	<b>Refunds</b>	<b>Unpaid Tax</b>
2001	8%	13%
2002	8%	13%
2003	5%	13%
2004	4%	13%
2005	3%	13%
2006	4%	13%
2007	13%	13%
2008	13%	13%
2009	13%	13%
2010	13%	13%

Revised: September 2009



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