

2014 -- H 7743

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LC004699  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO TAXATION - INTEREST ON DELINQUENT PAYMENTS

Introduced By: Representatives Giarrusso, Serpa, Williams, Hull, and Bennett

Date Introduced: February 27, 2014

Referred To: House Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 44-1-7 of the General Laws in Chapter 44-1 entitled "State Tax  
2 Officials" is hereby amended to read as follows:

3           **44-1-7. Interest on delinquent payments. [Effective until August 15, 2010.] --** (a)  
4 Whenever the full amount of any state tax or any portion or deficiency, as finally determined by  
5 the tax administrator, or any surcharge that is required to be remitted to the tax division pursuant  
6 to section 39-21.1-14, has not been paid on the date when it is due and payable, whether the time  
7 has been extended or not, there shall be added as part of the tax or portion or deficiency, or  
8 surcharge as referenced in this provision, interest at the rate as determined in accordance with  
9 subsection (b) of this section, notwithstanding any general or specific statute to the contrary;  
10 provided, however, no interest or penalties shall be added to any deficiency resulting from  
11 imputed income from domestic partner healthcare benefits for tax years 2002 through 2004  
12 provided the taxpayer files amended returns by August 15, 2006.

13           (b) Each January 1 the tax administrator shall compute the rate of interest to be in effect  
14 for that calendar year by adding two percent (2%) to the prime rate, which was in effect on  
15 October 1 of the preceding year. In no event shall the rate of interest exceed twenty-one percent  
16 (21%) per annum nor be less than eighteen percent (18%) per annum.

17           (c) "Prime rate" as used in subsection (b) of this section means the predominant prime  
18 rate quoted by commercial banks to large businesses as determined by the board of governors of  
19 the Federal Reserve System.

1           **44-1-7. Interest on delinquent payments. [Effective August 15, 2010.]** -- (a) Whenever  
2 the full amount of any state tax or any portion or deficiency, as finally determined by the tax  
3 administrator, has not been paid on the date when it is due and payable, whether the time has been  
4 extended or not, there shall be added as part of the tax or portion or deficiency interest at the rate  
5 as determined in accordance with subsection (b) of this section, notwithstanding any general or  
6 specific statute to the contrary.

7           (b) Each January 1 the tax administrator shall compute the rate of interest to be in effect  
8 for that calendar year by adding two percent (2%) to the prime rate, which was in effect on  
9 October 1 of the preceding year. In no event shall the rate of interest exceed twenty-one percent  
10 (21%) per annum nor be less than ~~eighteen~~ four percent ~~(18%)~~ (4%) per annum.

11           (c) "Prime rate" as used in subsection (b) of this section means the predominant prime  
12 rate quoted by commercial banks to large businesses as determined by the board of governors of  
13 the Federal Reserve System.

14           SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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RELATING TO TAXATION - INTEREST ON DELINQUENT PAYMENTS

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- 1           This act would lower the minimum interest rate to be charged on delinquent tax payments
- 2    from eighteen percent (18%) to four percent (4%).
- 3           This act would take effect upon passage.

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