

131.183 Tax interest rate.

- (1) (a) Except for the addition to tax required when an underpayment of estimated tax occurs under KRS 141.044 and 141.305, all taxes payable to the Commonwealth not paid at the time prescribed by statute shall accrue interest at the tax interest rate.
 - (b) The tax interest rate shall be equal to the adjusted prime rate charged by banks rounded to the nearest full percent as adjusted by subsection (2) of this section.
 - (c) The commissioner of revenue shall adjust the tax interest rate not later than November 15 of each year if the adjusted prime rate charged by banks during September of that year, rounded to the nearest full percent, is at least one (1) percentage point more or less than the tax interest rate which is then in effect. The adjusted tax interest rate shall become effective on January 1 of the immediately succeeding year.
- (2) (a)
 1. All taxes payable to the Commonwealth that have not been paid at the time prescribed by statute shall accrue interest at the tax interest rate as determined in accordance with subsection (1) of this section until May 1, 2008.
 2. Beginning on May 1, 2008, all taxes payable to the Commonwealth that have not been paid at the time prescribed by statute shall accrue interest at the tax interest rate as determined in accordance with subsection (1) of this section plus two percent (2%).
 - (b)
 1. Interest shall be allowed and paid upon any overpayment as defined in KRS 134.580 in respect of any of the taxes provided for in Chapters 131, 132, 134, 136, 137, 138, 139, 140, 141, 142, 143, 143A, and 243 of the Kentucky Revised Statutes and KRS 160.613 and 160.614 at the rate provided in subsection (1) of this section until May 1, 2008.
 2. Beginning on May 1, 2008, interest shall be allowed and paid upon any overpayment as defined in KRS 134.580 at the rate provided in subsection (1) of this section minus two percent (2%).
 3. Effective for refunds issued after April 24, 2008, except for the provisions of KRS 138.351, 141.044(2), 141.235(3), and subsection (3) of this section, interest authorized under this subsection shall begin to accrue sixty (60) days after the latest of:
 - a. The due date of the return;
 - b. The date the return was filed;
 - c. The date the tax was paid;
 - d. The last day prescribed by law for filing the return; or
 - e. The date an amended return claiming a refund is filed.
 - (c) In no case shall interest be paid in an amount less than five dollars (\$5).
 - (d) No refund shall be made of any estimated tax paid unless a return is filed as required by KRS Chapter 141.

- (3) Effective for refund claims filed on or after July 15, 1992, if any overpayment of the tax imposed under KRS Chapter 141 results from a carryback of a net operating loss or a net capital loss, the overpayment shall be deemed to have been made on the date the claim for refund was filed. Interest authorized under subsection (2) of this section shall begin to accrue ninety (90) days from the date the claim for refund was filed.
- (4) No interest shall be allowed or paid on any sales tax refund as provided by KRS 139.536.
- (5) For purposes of this section, any addition to tax provided in KRS 141.044 and 141.305 shall be considered a penalty.

Effective: April 15, 2020

History: Amended 2020 Ky. Acts ch. 91, sec. 1, effective April 15, 2020. -- Amended 2015 Ky. Acts ch. 67, sec. 11, effective June 24, 2015. -- Repealed and reenacted 2009 Ky. Acts ch. 86, sec. 7, effective March 24, 2009. -- Amended 2008 Ky. Acts ch. 132, sec. 8, effective April 24, 2008. -- Amended 2006 Ky. Acts ch. 6, sec. 1, effective March 6, 2006. -- Amended 2005 Ky. Acts ch. 85, sec. 124, effective June 20, 2005. -- Amended 1998 Ky. Acts ch. 238, sec. 5, effective April 1, 1998. -- Amended 1992 Ky. Acts ch. 98, sec. 1, effective July 14, 1992; and ch. 264, sec. 1, effective July 14, 1992. -- Amended 1990 Ky. Acts ch. 423, sec. 5, effective July 13, 1990. -- Created 1982 Ky. Acts ch. 452, sec. 3, effective July 1, 1982.

Legislative Research Commission Note (4/15/2020). 2020 Ky. Acts ch. 91, sec. 76 provides that the changes made to this statute in Section 1 of that Act apply to taxable years beginning on or after January 1, 2019.

Legislative Research Commission Note (3/24/2009). 2009 Ky. Acts ch. 86, sec. 15, provides that "the provisions of Sections 7 to 10 of this Act shall apply retroactively to all outstanding refund claims for taxable years ending prior to the effective date of this Act and shall apply to all claims for those taxable years pending in any judicial or administrative forum."

Legislative Research Commission Note (3/24/2009). 2009 Ky. Acts ch. 86, sec. 17, provides that "The intent of the General Assembly in repealing and reenacting KRS 136.392, 138.195, 141.160, 160.6156, 160.6157, 160.6158, 131.183, 141.044, 141.235, 134.580, 393.060, and 157.621 in Sections 1 to 12 of this Act is to affirm the amendments made to these sections in 2008 Ky. Acts ch. 132. The provisions in Sections 1 to 12 of this Act shall apply retroactively to April 24, 2008."

Legislative Research Commission Note (3/24/2009). 2009 Ky. Acts ch. 86, sec. 18, provides "To the extent that any provision included in this Act is considered new language, the provisions of KRS 446.145 requiring such new language to be underlined are notwithstanding."

Legislative Research Commission Note (4/24/2008). 2008 Ky. Acts ch. 132, sec. 15 provides that the amendments made to this statute by that Act "shall apply retroactively to all outstanding refund claims for taxable years ending prior to the effective date of this Act (April 24, 2008) and shall apply to all claims for those taxable years pending in any judicial or administrative forum."

Legislative Research Commission Note (3/6/2006). 2006 Ky. Acts ch. 6, sec. 26, provides that this section applies retroactively to January 1, 2006.