

**Effective 1/1/2025**

**Superseded 1/1/2026**

**59-1-402 Definitions -- Interest.**

(1) As used in this section:

- (a) "Final judicial decision" means a final ruling by a court of this state or the United States for which the time for any further review or proceeding has expired.
- (b) "Retroactive application of a judicial decision" means the application of a final judicial decision that:
  - (i) invalidates a state or federal taxation statute; and
  - (ii) requires the state to provide a refund for an overpayment that was made:
    - (A) prior to the final judicial decision; or
    - (B) during the 180-day period after the final judicial decision.

(c)

- (i) Except as provided in Subsection (1)(c)(ii), "tax, fee, or charge" means:
    - (A) a tax, fee, or charge the commission administers under:
      - (I) this title;
      - (II) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;
      - (III) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;
      - (IV) Section 19-6-410.5;
      - (V) Section 19-6-714;
      - (VI) Section 19-6-805;
      - (VII) Section 34A-2-202;
      - (VIII) Section 40-6-14; or
      - (IX) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges; or
    - (B) another amount that by statute is subject to interest imposed under this section.
  - (ii) "Tax, fee, or charge" does not include a tax, fee, or charge imposed under:
    - (A) Title 41, Chapter 1a, Motor Vehicle Act, except for Section 41-1a-301;
    - (B) Title 41, Chapter 3, Motor Vehicle Business Regulation Act;
    - (C) Chapter 2, Property Tax Act, except for Section 59-2-1309;
    - (D) Chapter 3, Tax Equivalent Property Act;
    - (E) Chapter 4, Privilege Tax; or
    - (F) Chapter 13, Part 5, Interstate Agreements.
- (2) Except as otherwise provided for by law, the interest rate for a calendar year for a tax, fee, or charge administered by the commission shall be calculated based on the federal short-term rate determined by the Secretary of the Treasury under Section 6621, Internal Revenue Code, in effect for the preceding fourth calendar quarter.
- (3) The interest rate calculation shall be as follows:
- (a) except as provided in Subsection (7), in the case of an overpayment or refund, simple interest shall be calculated at the rate of two percentage points above the federal short-term rate; or
  - (b) in the case of an underpayment, deficiency, or delinquency, simple interest shall be calculated at the rate of two percentage points above the federal short-term rate.
- (4) Notwithstanding Subsection (2) or (3), the interest rate applicable to certain installment sales for purposes of a tax under Chapter 7, Corporate Franchise and Income Taxes, shall be determined in accordance with Section 453A, Internal Revenue Code, as provided in Section 59-7-112.
- (5)
- (a) Except as provided in Subsection (5)(c), interest may not be allowed on an overpayment of a tax, fee, or charge if the overpayment of the tax, fee, or charge is refunded within:

- (i) 45 days after the last date prescribed for filing the return with respect to a tax under Chapter 7, Corporate Franchise and Income Taxes, or Chapter 10, Individual Income Tax Act, if the return is filed electronically; or
- (ii) 90 days after the last date prescribed for filing the return:
  - (A) with respect to a tax, fee, or charge, except for a tax under Chapter 7, Corporate Franchise and Income Taxes, or Chapter 10, Individual Income Tax Act; or
  - (B) if the return is not filed electronically.
- (b) Except as provided in Subsection (5)(c), if the return is filed after the last date prescribed for filing the return, interest may not be allowed on the overpayment if the overpayment is refunded within:
  - (i) 45 days after the date the return is filed:
    - (A) with respect to a tax under Chapter 7, Corporate Franchise and Income Taxes, or Chapter 10, Individual Income Tax Act; and
    - (B) if the return is filed electronically; or
  - (ii) 90 days after the date the return is filed:
    - (A) with respect to a tax, fee, or charge, except for a tax under Chapter 7, Corporate Franchise and Income Taxes, or Chapter 10, Individual Income Tax Act; or
    - (B) if the return is not filed electronically.
- (c)
  - (i) Subject to Subsection (5)(d), for an amended return, interest on an overpayment is allowed for a time period:
    - (A) that begins on the later of:
      - (I) the date the original return was filed; or
      - (II) the due date for filing the original return not including any extensions for filing the original return; and
    - (B) that ends on the date the commission receives the amended return.
  - (ii) For an amended return filed electronically with respect to a tax under Chapter 7, Corporate Franchise and Income Taxes, or Chapter 10, Individual Income Tax Act, interest on an overpayment is allowed if the commission does not process a refund of the overpayment within a 45-day period after the date the commission receives the amended return, for a time period:
    - (A) that begins 46 days after the commission receives the amended return; and
    - (B) that ends on the date that the commission completes processing the refund of the overpayment.
  - (iii) For an amended return not filed electronically or with respect to any tax, fee, or charge not described in Subsection (5)(c)(ii), interest on an overpayment is allowed if the commission does not process a refund of the overpayment within a 90-day period after the date the commission receives the amended return, for a time period:
    - (A) that begins 91 days after the commission receives the amended return; and
    - (B) that ends on the date that the commission completes processing the refund of the overpayment.
- (d)
  - (i) This Subsection (5)(d) applies to interest on an overpayment under Subsection (5)(c)(i) in which:
    - (A) the amount of interest accruing on the overpayment on or after January 1, 2025, exceeds \$200 in any calendar year during the time period described in Subsection (5)(c)(i); and

- (B) the amount of the overpayment exceeds 30% of the taxpayer's total tax liability as originally reported for the tax, fee, or charge to which the overpayment applies during the time period described in Subsection (5)(c)(i).
- (ii) This Subsection (5)(d) does not apply to:
  - (A) an overpayment provided to a federally-recognized tribe; or
  - (B) an overpayment resulting from commission error.
- (iii) The annual interest rate imposed on an overpayment described in Subsection (5)(d)(i) shall be calculated at the rate of two percentage points below the federal short-term rate.
- (iv) Notwithstanding Subsection (5)(d)(iii), for an overpayment described in Subsection (5)(d)(i):
  - (A) the interest rate imposed on the overpayment shall be a rate of no less than 0% and no more than 3%; and
  - (B) the amount of interest accruing in a calendar year for an overpayment may not be less than \$200, unless the amount of interest that would have accrued during the calendar year is less than \$200 when calculated using the interest rate described in Subsection (3).
- (6) Interest on any underpayment, deficiency, or delinquency of a tax, fee, or charge shall be computed from the time the original return is due, excluding any filing or payment extensions, to the date the payment is received.
- (7) Interest on a refund relating to a tax, fee, or charge may not be paid on any overpayment that arises from a statute that is determined to be invalid under state or federal law or declared unconstitutional under the constitution of the United States or Utah if the basis for the refund is the retroactive application of a judicial decision upholding the claim of unconstitutionality or the invalidation of a statute.