

Filing Instructions  
(Check Proper Box)

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|-------------------------------------|-----------------|---------------------------------|
| <input type="checkbox"/>            | 58-1118         | Subject: <u>Est. Income Tax</u> |
| <input checked="" type="checkbox"/> | Tax Type        | <u>Interest</u>                 |
| <input type="checkbox"/>            | Public Document | Subject: _____                  |
| <input type="checkbox"/>            | Ruling Letter   | _____                           |
| <input type="checkbox"/>            | Central Files   | Subject: _____                  |
| <input type="checkbox"/>            | 58-1130         | _____                           |
| <input type="checkbox"/>            | Compromises     | _____                           |

MEMORANDUM

TO: William J. West, Supervisor  
Technical Services Section  
Office Services Division

FROM: Danny M. Payne, Director  
Tax Policy Division

*Danny*

DATE: October 14, 1982

RE: Interest on Estimated Individual Income Tax Underpayments

This will reply to your memorandum of September 20, 1982 and the attachment thereto questioning the application of interest to estimated tax underpayments.

Virginia Code Section 58-151.23(a) provides an addition to the tax of interest on the amount of estimated tax underpayments not subject to the exceptions in subsections (b) and (d) for the period of underpayment. "Period of underpayment" is further defined by Section 58-151.23(c) as the period between the due date of the installment payment and the due date of the return for the applicable taxable year or the date the underpayment is paid, whichever is earlier.

Therefore, the statute appears to address directly the question at hand. It is our opinion that interest on estimated underpayments, as such, accrues only from the due date of the declaration to the due date of the return, at the latest. After the due date of the return, the interest and penalty provisions of Section 58-1160 prevail. However, until this point, we feel that Section 58-1160 is applicable only to the extent of the interest rate.

Additionally, we find no provisions which allow the accrual of interest for the period between the due date of the return (May 1) and the date of assessment.

If you have any questions, please let us know.

cjs