



# COMMONWEALTH of VIRGINIA

Department of Taxation  
Richmond, Virginia 23282

## MEMORANDUM

TO: Management Team

DATE: January 14, 1988

RE: Computation of Interest on All Tax Refunds

Attached please find a copy of a November 24, 1987 memorandum which addresses the computation of interest on tax refunds. While the attached memorandum ostensibly deals with interest on refunds held under the set-off debt collection program, it also sets forth a change in departmental policy on the computation of refund interest generally.

Under this policy change, interest on refunds will now be computed starting 60 days after the due date of the return (or the date the return is filed, if later) and ending on the date that the refund is authorized. This differs from previous policy, under which the computation of interest started 90 days after the due date or date of filing.

Following is an example of how interest would be computed under the new policy:

Assume that an individual income tax return is filed on May 1, 1988 and the department authorizes the issuance of a refund on August 1, 1988. 33 days of interest would be paid on the refund, computed beginning on the 60th day after the return's May 1 due date (June 30) and ending on the date that the refund is authorized (August 1).

If you have any questions on this change, please let us know.

A handwritten signature in cursive script, appearing to read 'Danny M. Payne'.

Danny M. Payne, Director  
Tax Policy Division

Attachment

cc: Charlie B. Davidson  
Ronald L. Holt  
Russell C. Whitehead