Introduction

This publication explains how the Utah State Tax Commission assesses penalties and interest.

See Utah Code §§59-1-401 and 402 for more information.

Exceptions

The following taxes and fees are not subject to the penalty and interest calculations explained in this publication:

- **Title 41, Chapter 1a – Motor Vehicle Act** (except for §41-1a-301 dealing with fees related to the apportioned registration and licensing of interstate commercial vehicles);
- **Title 41, Chapter 3 – Motor Vehicle Business Regulation**;
- **Title 59, Chapter 2 – Property Tax Act** (except for §59-2-1309 dealing with fees related to the redemption of certain centrally assessed property seized by the Commission);
- **Title 59, Chapter 3 – Tax Equivalent Property Act**; and
- **Title 59, Chapter 4 – Privilege Tax**.

Interest

Unless otherwise provided by law, the basis of the interest rate for a calendar year is the federal short-term rate (see Internal Revenue Code 6621) for the fourth quarter of the preceding year.

The calendar year simple interest rate for taxes and fees administered by the Tax Commission is two percentage points above the federal short-term rate. We use this rate to calculate interest for overpayments, refunds, underpayments, deficiencies and delinquencies.

Interest Rates

The interest rates on taxes and fees are:

Period Percentage Rate

Jan. 1, 2025 - Dec. 31, ~~2026~~2027 6%

Jan. 1, 2024 - Dec. 31, 2024 7%

Jan. 1, 2023 - Dec. 31, 2023 5%

Jan. 1, 2021 – Dec. 31, 2022 2%

Jan. 1, 2019 – Dec. 31, 2020 4%

Jan. 1, 2017 – Dec. 31, 2018.....3%

Jan. 1, 2012 – Dec. 31, 2016	2%
Jan. 1, 2010 – Dec. 31, 2011	3%
Jan. 1, 2009 – Dec. 31, 2009	5%
Jan. 1, 2007 – Dec. 31, 2008	7%
Jan. 1, 2006 – Dec. 31, 2006	6%
Jan. 1, 2005 – Dec. 31, 2005	4%
Jan. 1, 2004 – Dec. 31, 2004	3%
Jan. 1, 2003 – Dec. 31, 2003	5%
Jan. 1, 2002 – Dec. 31, 2002	6%
Jan. 1, 2001 – Dec. 31, 2001	8%
Jan. 1, 1999 – Dec. 31, 2000	7%
Jan. 1, 1995 – Dec. 31, 1998	8%
Oct. 12, 1993 – Dec. 31, 1994	6%
Prior to Oct. 12, 1993	12%

Overpayments

Generally, we will not pay interest on an overpayment of a tax, fee or charge if we refund it within 90 days after the later of:

- the date the return is due,
- the date the return is filed, or
- the date of the overpayment.

We will calculate interest starting on the 91st day from the later of the dates listed above.

If the overpayment is for an electronically filed individual, corporation or partnership return, we will not pay interest if we refund it within 45 days after the later of the above dates. We will calculate interest starting on the 46th day.

Amended Returns

If an amended return results in an overpayment, interest will accrue until the date we receive the amended return or request, beginning on the later of:

- the date the original return was filed, or
- the due date (not including any extensions) for filing the original return.

If we do not refund the overpayment within 90 days after the date we receive the amended return, interest will resume starting on the 91st day after we receive the amended return until the date we issue the refund.

If the overpayment is for an electronically filed amended individual, corporation or partnership return, interest will not be allowed if we refund the overpayment within 45 days after we receive the amended return. Interest will resume starting on the 46th day after we receive the amended return.

Interest will stop accruing on a Utah amended return overpayment that results from an IRS change or correction if you do not file it within 90 days after the conclusion of the audit (see Utah Code §59-10-529(12)(b)).

Beginning Jan. 1, 2026, the maximum amount of interest we will pay on an overpayment refund resulting from an amended return is $100 per calendar year, unless:

1. the return is filed by a federally-recognized tribe, or
2. the overpayment is the result of a Tax Commission error.

We will not pay interest on refunds arising from a judicial decision that declares a statute to be invalid or unconstitutional under federal or Utah state law.

Underpayments

Interest is assessed on any underpayment, deficiency, or delinquency of taxes and fees administered by the Tax Commission from the date the original return was due to the date we receive the full payment.

Application of Payment

We apply delinquent tax payments in the following order:

1. Collection fees (if applicable, unless otherwise required by law)
2. Outstanding penalties
3. Accrued interest
4. Outstanding tax due for the period in question

If you have outstanding liabilities for more than one tax period, we will apply a payment to the oldest period first, unless you request otherwise.

See Tax Commission Rule R861-1A-18.

Calculation Guidelines

If an underpayment or overpayment spans more than one interest-rate period, interest is calculated based on the rate in effect for each interest-rate period. Interest for each interest-rate period is calculated for the number of days in the period, divided by 365. The calculation is rounded to two decimal places.

Interest Calculation Formula

(underpayment) x (number of days) x (rate) / 365

Example: Interest on a tax return due Sept. 30, 2022 and paid on July 18, 2024 with a tax-due balance of $1,500 would be:

Period	**Days**	**Rate**	**Interest**
09/30/2022 – 12/31/2022 *($1,500 x 92 x .02 / 365)*	92	2%	$7.56
01/01/2023 – 12/31/2023 *($1,500 x 365 x .05 / 365)*	365	5%	$75.00
01/01/2024 – 07/18/2024 *($1,500 x 199 x .07 / 365)*	199	7%	$57.25
Total interest due			**$139.81**

Penalties

Utah Code §59-1-401 provides penalties for failure to:

1. file tax returns (late filing penalty),
2. pay tax due on returns and audit assessments (late payment penalty), and
3. file information returns or supporting schedules.

Some tax types are subject to additional penalties. See **tax.utah.gov/utah-taxes** for more information.

Late Filing Penalty

We may assess a late filing penalty for returns either not filed or filed after the due date (with extension, if applicable).

The penalty does not apply to amended returns.

The penalty amount increases based on the number of days late:

Days Late	Penalty
1-5	Greater of $20 or 2% of unpaid tax, fee or charge
6-15	Greater of $20 or 5% of unpaid tax, fee or charge
16 or more	Greater of $20 or 10% of unpaid tax, fee or charge

Any return required to be filed electronically is subject to the late filing penalty if filed on paper.

Also see *Employer Withholding Reconciliation Penalty*, below.

Late Payment Penalty

We may assess a late payment penalty for payments you make after the due date.

The penalty does not apply for a return with no tax due.

To avoid a late payment penalty you must pay all tax due before the return due date, or pay all tax, interest and penalties:

1. within 90 days of the due date with a late filed return,
2. on the same day an amended return is filed, or
3. within 30 days of an audit assessment. See number 5 under *Penalty Detail,* below.

Penalty Detail

The late payment penalties are as follows:

1. Return filed by due date but underpaid; or extension return filed but tax underpaid on original due date:

Days Late	Penalty
1-5	Greater of $20 or 2% of unpaid tax, fee or charge
6-15	Greater of $20 or 5% of unpaid tax, fee or charge
16 or more	Greater of $20 or 10% of unpaid tax, fee or charge

2. Return filed after due date and not paid in full within 90 days of due date:

Days Late	Penalty
91-95	Greater of $20 or 2% of unpaid tax, fee or charge
96-105	Greater of $20 or 5% of unpaid tax, fee or charge

106 or more Greater of $20 or 10% of unpaid tax, fee or charge

3. Failure to pay when return not filed:

Penalty

Greater of $20 or 10% of unpaid tax, fee or charge

4. Amended return filed after original return due date (with extension) and not paid in full with amended return:

Days Late Penalty

1-5* Greater of $20 or 2% of unpaid tax, fee or charge

6-15* Greater of $20 or 5% of unpaid tax, fee or charge

16 or more* Greater of $20 or 10% of unpaid tax, fee or charge

* days late after original due date

5. Audit deficiency not paid in full within 30 days of deficiency notice, final commission order of final judicial order:

Days Late Penalty

31-35 Greater of $20 or 2% of unpaid tax, fee or charge

36-45 Greater of $20 or 5% of unpaid tax, fee or charge

46 or more Greater of $20 or 10% of unpaid tax, fee or charge

Insufficient Prepayment (Extension Penalty)

Individuals, fiduciaries and corporations have an automatic six-month extension to file a tax return. Partnerships have an automatic five-month extension to file a return. These extensions do NOT apply to the payment of tax due on a return. Payments are due in full on the original due date of the return.

Your total prepayments (withholding, payments applied from previous year refunds, nonrefundable credit carryovers, other nonrefundable and refundable credits, and prepayments previously made) must equal either:

- 90 percent of the current year's tax liability, or
- 100 percent of the previous year's tax liability.

We will assess a penalty for **insufficient prepayment** if your prepayments do not meet the above criteria. The penalty is 2 percent per month, calculated on a daily basis, until the date the return is filed or the extension expires.

The formula for calculating the penalty for an individual, fiduciary or corporation is:

(underpayment) x .24 x (number of days outstanding) / 365*

* 2 percent rate per month up to a maximum of six months, or 12 percent (annual 24 percent)

The formula for calculating the penalty for a partnership is:

(underpayment) x .24 x (number of days outstanding) / 365*

* 2 percent rate per month up to a maximum of five months, or 10 percent (annual 24 percent)

Also note:

- The extension to file does not cancel the requirement to pay by the due date. We will assess the late payment penalty and interest on any unpaid tax from the original due date of the return, not including the extension period, until the date the tax is paid.
- If you use an extension to file, pay any extension penalty and interest due with the return.
- You do not need to prepay an individual or fiduciary income tax return if you filed a return the previous year and the tax was zero. If you did NOT file a return the previous year, you must prepay 90 percent of the current year's tax liability.
- Corporations subject to the minimum tax must pay the required $100 minimum tax (per corporation in a combined group) even if there was no previous year return.
- If you do not file a return by the extension due date, failure to pay AND failure to file penalties will apply, as if the extension had not been granted. The insufficient prepayment penalty will then not apply.

Underpayment Penalties

Certain entities (see below) must make quarterly tax prepayments. **Failure to make sufficient quarterly prepayments may result in an underpayment penalty.**

The penalty rate for insufficient quarterly prepayments is the interest rate provided in Utah Code §59-1-402 plus 4 percent for the length of the underpayment. The penalty is calculated

against the amount underpaid for a quarter, multiplied for the number of days underpaid in that quarter and divided by 365.

Because payments are first applied to any previous underpayments, a full current-quarter payment could still result in an underpayment penalty if past underpayments for the year remain unresolved.

Corporation Tax Quarterly Payments

A corporation must make quarterly estimated tax payments if either its current or previous tax year's tax liability was $3,000 or more. This rule also applies to parent corporations filing combined reports when the total tax due is $3,000 or more for all corporations in the combined report (including those paying only the minimum tax).

A corporation does not need to make estimated tax payments the first year it files in Utah if it pays the minimum tax on or before the due date (without extensions).

Quarterly estimated payments are due on the 15th day of the 4th, 6th, 9th and 12th months of the corporation's taxable year. The prepayments must total the lesser of 90 percent of the current year's tax liability or 100 percent of the prior year's tax liability.

Unless a corporation qualifies for federal annualized or seasonal installments, quarterly estimated tax is due in four equal payments.

See the TC-20, corporation tax return booklet for more information.

Insurance Tax Quarterly Payments

Admitted insurers and self insurers must make quarterly prepayments if their prior year's tax was more than $10,000.

Prepayments must be at least the lesser of 27 percent of the prior year's tax or the current year's estimated quarterly premiums.

Prepayments are due on the last day of April, July and October. The final payment is due March 31 with the return.

Oil, Gas and Mining Severance Tax Quarterly Payments

Companies subject to the oil and gas severance tax or the mining severance tax must make estimated tax payments if their tax liability for the current year is $3,000 or more.

Quarterly estimated tax payments are based on the estimated gross value the taxpayer receives during the quarter preceding the date on which the installment is due. Quarterly installments are due:

- on or before June 1 for the quarter beginning January 1 and ending March 31,
- on or before September 1 for the quarter beginning April 1 and ending June 30,
- on or before December 1 for the quarter beginning July 1 and ending September 30, and
- on or before March 1 (of the next year) for the quarter beginning October 1 and ending on December 31.

Quarterly payments must equal at least the lesser of 80 percent of the tax due for the quarter or 25 percent of the preceding year's tax liability.

Employer and Mineral Production Withholding Reconciliation Penalties

Employers and mineral producers must file an electronic annual reconciliation of their withholding tax. See **tax.utah.gov/withholding** for more information.

We will assess penalties for failure to file an annual reconciliation electronically, accurately and completely by January 31 after the year wages were paid (see Utah Code §§59-1-401(8) and 59-1-401(13)).

The penalties are the greater of:

- ~~$50 for a TC-941R filed more than 14 days late; **or**~~
- $30 for each W-2, 1099R and ~~TC-675R~~1099-MISC filed between 15 and ~~30~~60 days late (up to $75,000);
- $60 for each W-2, 1099R and ~~TC-675R~~1099-MISC filed between ~~31~~61 days late and June 1 (up to $200,000); and
- $100 for each W-2, 1099R and ~~TC-675R~~1099-MISC filed after June 1 (up to $500,000).

Other Penalties and Fines

Utah Code provides additional penalties in the following circumstances:

- If tax is underpaid due to negligence, the penalty is 10 percent of the underpayment.
- If tax is underpaid due to intentional disregard of law or rule, the penalty is 15 percent of the underpayment.
- If tax is underpaid with intent to evade the tax, the penalty is the greater of $500 per period or 50 percent of the tax due.
- If tax is underpaid due to fraud with intent to evade the tax, the penalty is the greater of $500 per period or 100 percent of the underpayment.

- If you fail to file an information return or a complete supporting schedule, the penalty is $50 for each return or schedule up to a maximum of $1,000.

- If you, in furtherance of a frivolous position, have a prima facie intent to delay or impede administration of the tax law and file a return lacking information that can be used to determine the correctness of the reported tax liability or that clearly indicates the reported tax liability must be substantially incorrect, the penalty is $500.

- If you are required to collect, truthfully account for and pay any Utah trust tax (state, local and related sales and use tax; municipal energy tax; municipal telecommunications tax; motor fuel, clean fuel, special fuel and aviation fuel tax; and withholding tax) and you willfully fail to do so, or if you try to evade or defeat the tax or payment of the tax, you will be subject to a penalty equal to the total amount of the unpaid tax. This penalty is in addition to other penalties provided by law.

- If you owe any tax, fee or charge, it is a third degree felony to knowingly and intentionally, and without a reasonable good-faith basis, fail to file, sign or verify a return within the time required by law; or to supply any information within the time required by law; or to file, sign or verify a false or fraudulent return or statement; or to provide any false or fraudulent information. You may be fined between $1,000 and $5,000.

- In addition to other penalties provided by law, it is a second degree felony to intentionally or willfully try to evade or defeat any tax or the payment of a tax. You may be fined between $1,500 and $25,000.

Preparer Penalties

A person who prepares, presents, procures, advises, aids, assists or counsels another on a return, affidavit, claim or other Tax Commission document, and who knows or has reason to believe it may understate a tax, fee or charge, is subject to both a civil penalty ($500 per document) and criminal penalties (second degree felony with a fine from $1,500 to $25,000). See Utah Code §59-1-401(11).

Waivers

We may waive, reduce or compromise any penalties or interest, based on reasonable cause. See Utah Code §59-1-401(13).

For more information about waiver procedures and reasonable cause, see Tax Commission Pub 17.