NEW JERSEY DIVISION OF TAXATION
TECHNICAL BULLETIN

DISTRIBUTION: **C, INCLUDING FIELD** **TB-21 (R)**

FOR RELEASE: **INTERNAL ONLY** _____ **ISSUED: 12-9-98**
OUTSIDE DIVISION **X** **EXPIRES: 4-1-99***

TOPIC: **INTEREST RATE ASSESSED FOR FIRST QUARTER 1999**

The assessed interest rate for the first quarter of 1999 is ***10.75%***.

The rate is calculated as follows: 7.75% (*Prime Rate*) + 3% = 10.75%, compounded annually.

Under the Taxpayers' Bill of Rights, interest assessed on outstanding tax balances is Prime Rate plus 3%. *Prime Rate* for this purpose is the average predominant prime rate, as determined by the Board of Governors of the Federal Reserve System, that was in effect on December 1 of the year prior to the year in which the tax became due. The *Prime Rate* is reviewed each calendar quarter and may change only if there has been a cumulative change in the Federal Reserve prime rate of more than one percent (up or down) since the last time the interest rate was set. To change a rate, the Director will consider the Federal Reserve prime rate as it existed 30 days prior to the beginning of the calendar quarter in question.

At the end of each calendar year any tax, penalties and interest remaining due (unpaid) will become part of the balance on which interest is charged.

Listed below is the Federal Reserve prime rate and assessed interest rate history.

Review Date	Federal Reserve Prime Rate	Effective Date	Assessed Interest Rate
12/1/96	8.25%	1/1/97	11.25%
3/1/97	8.25%	4/1/97	11.25%
6/1/97	8.50%	7/1/97	11.25%
9/1/97	8.50%	10/1/97	11.25%
12/1/97	8.50%	1/1/98	11.50%
3/1/98	8.50%	4/1/98	11.50%
6/1/98	8.50%	7/1/98	11.50%
9/1/98	8.50%	10/1/98	11.50%
12/1/98	7.75%	1/1/99	10.75%

For more information, contact the Division's Customer Service Center at 609-292-6400, or write to:

NEW JERSEY DIVISION OF TAXATION
TECHNICAL SERVICES
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Many State tax forms and publications are now available, both by fax and through the World Wide Web. Call NJ TaxFax at 609-826-4500 from your fax machine's phone, or access the Division's home page via your computer's modem at: **http://www.state.nj.us/treasury/taxation/**

*The Division will reissue this bulletin each quarter to advise the public of the current assessed interest rate.