



Interest Rate Assessed on Tax Balances for 2020

TB-21(R) – Issued: June 23, 2020

The assessed interest rate on outstanding tax balances for the period April 1 – December 31, 2020, is 6.25%. The rate for the first three months of 2020 (January 1 – March 31, 2020) was 7.75%.

The rate is calculated as follows: Prime Rate (3.25%) + 3% = 6.25%, 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. If the Prime Rate varies by more than one percentage point from the rate previously determined, the Director of the Division of Taxation shall redetermine the rate to be the quoted Prime Rate for subsequent calendar quarters of the year in which the payments become due.

At the end of each calendar year, any unpaid tax, penalties, and interest 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
12/1/10	3.25%	1/1/11	6.25%
12/1/11	3.25%	1/1/12	6.25%
12/1/12	3.25%	1/1/13	6.25%
12/1/13	3.25%	1/1/14	6.25%
12/1/14	3.25%	1/1/15	6.25%
12/1/15	3.25%	1/1/16	6.25%
12/1/16	3.50%	1/1/17	6.50%
12/1/17	4.25%	1/1/18	7.25%
12/1/18	5.25%	1/1/19	8.25%
12/1/19	4.75%	1/1/20	7.75%
3/15/20	3.25%	4/1/20	6.25%

For more information, contact the Division's Customer Service Center at 609-292-6400. You can email general State tax questions to us at nj.taxation@treas.nj.gov. **Do not** include confidential information such as Social Security or federal tax identification numbers, liability or payment amounts, dates of birth, or bank account numbers in your email.

Many State tax forms and publications are available on our [website](#).

Note: A Technical Bulletin is an informational document designed to provide guidance on a topic of interest to taxpayers and describe changes to the law, regulations, or Division policies. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Technical Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.