

CALIFORNIA FRANCHISE TAX BOARD

Legal Ruling No. 072

June 27, 1958

INTEREST ON DEFICIENCIES: TAX PAID IN INSTALLMENTS

Syllabus:

Interest on deficiency assessments which are prorated to installments is to be charged on the entire amount of the deficiency from the date prescribed for payment of the first installment to the date the deficiency is assessed.

Advice is requested regarding the correct procedure in computing interest when a deficiency assessment issued under the Personal Income Tax Law is prorated to installments. The situation arises in those cases where a deficiency is assessed prior to the due date of the last installment of the tax.

Since the purpose of Section 18688 was to make the computation of interest on deficiencies the same as to all taxpayers, regardless of whether they pay in a single payment or in installments, it follows that the interest must be computed on the entire amount of the deficiency and not merely on the portion prorated to past installments. Therefore, interest on deficiency assessments which are prorated to installments is to be charged on the entire amount of the deficiency from the date prescribed for payment of the first installment to the date the deficiency is assessed.