

**THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF REVENUE
DIVISION OF LOCAL SERVICES**

**PROPERTY TAX BUREAU
INFORMATIONAL GUIDELINE RELEASE NO. 85-201**

INTEREST ON ABATEMENTS

GUIDELINES:

1. Property Tax Abatements: When a property tax abatement is granted under General Laws, Chapter 59, Section 59, any refund to the taxpayer must include simple interest at eight percent per annum.
 - a. If the abatement **is** granted by the Board of Assessors, the interest is calculated from the due date or from the date the payment was actually made, whichever is later, to the date of the refund.
 - b. If the abatement is granted by the Appellate Tax Board or the County Commissioners, interest must be calculated from the date the tax was actually paid to the date of the refund.

2. Motor Vehicle Excise Abatements: In the case of a motor vehicle excise abatement, no interest is due the taxpayer if the abatement is granted by the Board of Assessors. If the abatement is granted by the Appellate Tax Board or the County Commissioners, simple interest at six percent on the overpayment is due, calculated from the date of payment of the excise to the date the refund is paid.

3. Accounting for the Refund and Interest: Although the amount of property tax abated must be charged against the relevant fiscal year's overlay account, interest on a refund of such a tax cannot be charged to overlay. Instead, it should be charged to the interest on temporary loans account or any other suitable interest appropriation account with a sufficient balance.

If no interest appropriation account has a sufficient balance remaining, a transfer should be sought to the interest on temporary loans account, from either the reserve fund or by appropriation from overlay surplus. If such a transfer is not possible, the interest should be paid out of any available funds in the treasury and the amount of such payment should be raised in the next tax rate.

4. Payment: Upon receipt of the certificate of abatement from the Assessors, if a refund is due, the Collector should enter the refund on the Schedule of Tax Refunds (State Form 235 for property taxes, and State Form 236 for motor vehicle excise) and forward the form to the Auditor or Accountant.

DISCUSSION:

Apparently the practice in some municipalities is to pay interest on refunds only if the taxpayer expressly requests the money. Nothing in the law, however, conditions the payment upon a taxpayer's request. A taxpayer is entitled to receive the interest due at the same time he receives the refund of the tax or excise.

The Division of Local Services is responsible for oversight of and assistance to cities and towns in achieving equitable property taxation and efficient fiscal management.

The Division regularly publishes IGRs (informational Guideline Releases detailing legal and administrative procedures) and the BULLETIN (announcements and useful information) for local officials and others interested in municipal finance.

P.O. Box 9655, Boston, MA 02114-9655 (617) 626-2300
