

Knowledgebase > Tax Extensions > How does the IRS determine interest penalties for unpaid taxes beyond the tax extension deadline?

How does the IRS determine interest penalties for unpaid taxes beyond the tax extension deadline?

Gabbi - 2025-05-20 - Tax Extensions

The interest rate varies, but is typically around 3%-5%. It can change quarterly and is based on the Federal short-term rate plus 3%. Interest on your unpaid tax compounds daily, so you will want to pay it as soon as you are able.