ALASKA DEPARTMENT OF REVENUE, TAX DIVISION
ADVISORY BULLETIN 2008 - 02

Re: True-up Payment and Interest for Transition Period

This advisory bulletin is to provide guidance to taxpayers preparing their 2007 year-end production tax filing concerning interest computations.

As indicated in a previous Advisory Bulletin, under the transition provisions of the recent amendments to the production tax statute, interest is not owed on additional taxes resulting from the retroactive application of certain provisions of the amendments, for oil and gas produced during 2007, if the additional taxes are paid by April 1, 2008. However, interest may be owed on underpayments of the 2007 monthly installment payments of estimated tax as calculated under the production tax statute and regulations in effect before enactment of SCS CSHB 2001(FIN) am S. Accordingly, a taxpayer is required to calculate any such underpayments or overpayments of the tax, and such underpayments or overpayments will be subject to interest under AS 43.55.020.

The "true-up" amount of tax to be paid on April 1, 2008 (since March 31 is a state holiday) equals the difference between the tax liability for calendar year 2007 under applicable law, including retroactive provisions of SCS CSHB 2001(FIN) am S, and the amounts previously paid (exclusive of interest) in monthly installment payments of estimated tax for 2007. Any interest owed on underpayments of monthly installment payments, as explained in the preceding paragraph, is in addition to that true-up amount.

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Director

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