

ADMINISTRATIVE RULE REVIEW

Amended Rule	Rule No. 150-305.220(1)	
	Page Page 1 of 3	Last Revised Date <del>August 28</del> <u>November 20</u> , 2009
Permanent Rule	NOTICE OF INTENDED ACTION	
	Bulletin Dated November 2009	Hearing Scheduled November 23, 2009

PURPOSE: Federal 3<sup>rd</sup> quarter interest rates dropped causing a corresponding change to Oregon's interest rate. The Oregon rate drops from six percent to five percent for tax years beginning on or after January 1, 2010.

1 **150-305.220(1)**

2 **Interest on Deficiencies and Delinquencies**



3 (1) Adjustment to statutory rate. For interest periods beginning on or after January 1, 20~~09~~10, unless  
4 otherwise provided by law, every deficiency and delinquency arising under any law administered by the  
5 Department of Revenue will bear interest at the rate of ~~0.50~~0.4167 percent per month (~~56~~ percent  
6 annually). For a fraction of a month, interest will be computed at ~~0.01640~~0.0137 percent per day. For  
7 historic interest rates, see section (4) of this rule.

8 (2) Interest starting date. The interest starting date for deficiencies and delinquencies will be one day  
9 after the due date of the return, excluding extensions.

10 (3) Interest periods. An interest period is each full month starting with the interest starting date and  
11 ending one day before the corresponding date one month later. Interest will be computed on a daily basis  
12 for a fraction of a month. The daily rate is based on a 365-day year.

13 (4) Interest rates. The following table shows interest rates and interest periods used by the Oregon  
14 Department of Revenue to compute interest due from taxpayers on deficiencies and delinquencies.

15 **Percentage Rates**

16 Effective date	Annual rate	Monthly rate	Daily rate
17 Prior to January 1, 1969 -----	6 -----	0.5 -----	-----
18 January 1, 1969 -----	8 -----	0.6667 -----	-----
19 September 13, 1975 -----	12 -----	1.0 -----	-----
20 June 1, 1982 -----	18 -----	1.5 -----	0.0493
21 August 1, 1986 -----	17 -----	1.4167 -----	0.0466
22 January 1, 1987 -----	16 -----	1.3333 -----	0.0438
23 January 1, 1988 -----	11 -----	0.9167 -----	0.0301
24 January 1, 1993 -----	8 -----	0.6667 -----	0.0219



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	Page Page 2 of 3	Last Revised Date <del>August 28</del> November 20, 2009
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1	January 1, 1995 -----	10 -----	0.8333 -----	0.0274
2	January 1, 1999 -----	9 -----	0.75 -----	0.0247
3	January 1, 2001 -----	10 -----	0.8333 -----	0.0274
4	February 1, 2002 -----	8 -----	0.6667 -----	0.0219
5	February 1, 2003 -----	7 -----	0.5833 -----	0.0192
6	January 1, 2004 -----	6 -----	0.5 -----	0.0164
7	January 1, 2005 -----	5 -----	0.4167 -----	0.0137
8	January 1, 2006 -----	7 -----	0.5833 -----	0.0192
9	January 1, 2007 -----	9 -----	0.75 -----	0.0247
10	January 1, 2009 -----	6 -----	0.5 -----	0.0164
11	<u>January 1, 2010 -----</u>	<u>5 -----</u>	<u>0.4167 -----</u>	<u>0.0137</u>

12  
 13 (5) Decimal places used in computations. In all computations, the interest rate will consist of six decimal  
 14 places.

15 Example A: A 2002 return is filed and a tax of \$500 is paid on February 25, 2006. Interest is computed as  
 16 follows:

- 17 4/16/2003 – 1/15/2004 9 mos. @ .5833% = \$ 26.25
- 18 1/16/2004 – 1/15/2005 12 mos. @ .5% = 30.00
- 19 1/16/2005 – 1/15/2006 12 mos. @ .4167% = 25.00
- 20 1/16/2006 – 2/15/2006 1 month @ .5833% = 2.92
- 21 2/16/2006 – 2/25/2006 10 days @ .0192% = .96
- 22 Total interest \$ 85.13



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- 1 The new interest rate, even though effective on the first day of a month, does not apply until the first day
- 2 of the first interest period that begins after the effective date. In this example, the first interest period
- 3 begins on the 16th of the month.
- 4 Stat. Auth.: ORS 305.100; ORS 305.220
- 5 Stat. Implemented: ORS 305.220