



ADMINISTRATIVE RULE REVIEW

	Rule No. 150-305.220(2)	
Amended Rule	Page Page 1 of 3	Last Revised Date August 28, 2009
Permanent Rule	NOTICE OF INTENDED ACTION	
	Bulletin Dated November 2009	Hearing Scheduled November 23, 2009

PURPOSE: Federal 3rd quarter interest rates dropped causing a corresponding change to Oregon’s interest rate. The Oregon rate drops from six percent to 5 percent for tax years beginning on or after January 1, 2010.

1 **150-305.220(2)**

2 **Interest on Refunds**

3 (1) Adjustment to statutory rate. For interest periods beginning on or after January 1, ~~2010~~2009, unless
4 specifically provided by statute or by rule, every refund arising under any law administered by the
5 Department of Revenue will bear interest at the rate of ~~0.41675~~ percent per month (~~56~~ percent annually).
6 For a fraction of a month, interest will be computed at ~~0.01370~~~~0164~~ percent per day. For historic rates,
7 see section (6) of this rule.

8 (2) Interest starting date. (a) As provided in OAR 150-314.415, the interest starting date for refunds of
9 individual income tax, corporate excise tax, or corporate income tax, is 45 days after the date the tax was
10 paid, 45 days after the return was due or 45 days after the original return was filed, whichever is latest.

11 (b) The interest starting date for refunds not described in (2)(a) is 45 days after the return was due or 45
12 days after the date the tax was paid, whichever is later.

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

16 (4) Interest rates. For interest periods beginning on or after June 1, 1983, the interest rate paid on refunds
17 will be the same as the interest rate charged on deficiencies and delinquencies.

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

20 (6) The following table shows interest rates used by the Oregon Department of Revenue to compute
21 interest due to taxpayers on refunds.

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1	<u>Percentage Rates</u>			
2	Effective date	Annual rate	Monthly rate	Daily rate
3	January 1, 1969-----	8 -----	0.6667 -----	—
4	September 13, 1975-----	6 -----	0.5 -----	—
5	June 1, 1982 -----	12 -----	1.0 -----	0.0329
6	June 1, 1983 -----	18 -----	1.5 -----	0.0493
7	August 1, 1986 -----	17 -----	1.4167 -----	0.0466
8	January 1, 1987 -----	16 -----	1.3333 -----	0.0438
9	January 1, 1988 -----	11 -----	0.9167 -----	0.0301
10	January 1, 1993 -----	8 -----	0.6667 -----	0.0219
11	January 1, 1995 -----	10 -----	0.8333 -----	0.0274
12	January 1, 1999 -----	9 -----	0.75 -----	0.0247
13	January 1, 2001 -----	10 -----	0.8333 -----	0.0274
14	February 1, 2002 -----	8 -----	0.6667 -----	0.0219
15	February 1, 2003 -----	7 -----	0.5833 -----	0.0192
16	January 1, 2004 -----	6 -----	0.5 -----	0.0164
17	January 1, 2005 -----	5 -----	0.4167 -----	0.0137
18	January 1, 2006 -----	7 -----	0.5833 -----	0.0192
19	January 1, 2007 -----	9 -----	0.75 -----	0.0247
20	January 1, 2009 -----	6 -----	0.5 -----	0.0164
21	<u>January 1, 2010-----</u>	<u>5 -----</u>	<u>0.4167 -----</u>	<u>0.0137</u>
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1 Example 1: Debby files her 2002 return on April 15, 2003. Debby later files a 2002 amended return on
2 May 15, 2005, asking for a refund of \$500. The refund is paid on July 22, 2005. The interest is computed
3 as follows:

4 5/30/2003 – 1/29/2004 8 mos. @ .5833% = \$23.33

5 1/30/2004 – 1/29/2005 12 mos. @ .5% = 30.00

6 1/30/2005 – 6/29/2005 5 mos. @ .4167% = 10.42

7 6/30/2005 – 7/22/2005 23 days @ .0137% = 1.58

8 Total interest \$65.33

9 The new interest rate, even though effective on the first day of a month, does not apply until the first day
10 of the first interest period that begins after the effective date. In this example, the first interest period
11 begins on the 30th of the month.

12 Example 2: Tom filed his 2004 return and paid the tax due on April 6, 2005. On November 1, 2006, Tom
13 filed a 2004 amended return to claim a refund of \$1,000. The refund was paid on December 11, 2006.

14 The interest starting date is May 30, 2005, the 45th day after the return was due. The interest is computed
15 as follows:

16 5/30/2005 – 01/29/2006 8 mos. @ .4167% = 33.34

17 1/30/2006 – 11/29/2006 10 mos. @ .5833% = 58.33

18 11/30/2006 – 12/11/2006 12 days @ .0192% = 2.30

19 Total interest \$ 93.97

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21 Stat. Auth.: ORS 305.100; ORS 305.220

22 Stat. Implemented: ORS 305.220

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