

Computing interest on tax you owe



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www.oregon.gov/DOR

You must figure interest on the amount of tax not paid by the due date of your payment.

An interest period is each full month, starting with the day after the due date of the original return. For example, April 16 through May 15 is one full interest period.

Interest is figured daily for a fraction of a month, based on a 365-day year.

Interest owed on income tax starts the day after the due date of your original return, to the date of your payment. Even if you get an extension to file, you still owe interest if you pay after the return's original due date.

If you file an amended return and have tax to pay, you will be charged interest starting the day after the due date of the original return until the date of your payment.

If your taxable income is changed because of a federal or state audit and you owe more tax, you will

be charged interest from the due date of the original return to the date of your payment.

Example: You filed an amended income tax return for tax year 2002 on March 23, 2006. Your original 2002 return was due on April 15, 2003. You paid additional tax of \$500 with your amended return. Here is how you figure the interest you owe on the additional tax:

April 16, 2003 to January 15, 2004	$0.005833 \times \$500 \times 9 \text{ months}$	= \$26.25
January 16, 2004 to January 15, 2005	$0.06 \times \$500 \times 1 \text{ year}$	= 30.00
January 16, 2005 to January 15, 2006	$0.05 \times \$500 \times 1 \text{ year}$	= 25.00
January 16, 2006 to March 15, 2006	$0.005833 \times \$500 \times 2 \text{ months}$	= 5.83
March 16, 2006 to March 23, 2006	$0.000192 \times \$500 \times 8 \text{ days}$	= 0.77
Total interest.....		<u>\$ 87.85</u>

Interest rates for tax you owe the Oregon Department of Revenue

The following table shows interest rates since 1993. For rates before 1993, contact the department.

Interest dates	Annual	Monthly	Daily
January 1, 1993	8%	0.6667%	0.0219%
January 1, 1995	10%	0.8333%	0.0274%
January 1, 1999	9%	0.75%	0.0247%
January 1, 2001	10%	0.8333%	0.0274%
February 1, 2002	8%	0.6667%	0.0219%
February 1, 2003	7%	0.5833%	0.0192%
January 1, 2004	6%	0.5%	0.0164%
January 1, 2005	5%	0.4167%	0.0137%
January 1, 2006	7%	0.5833%	0.0192%
January 1, 2007	9%	0.75%	0.0247%

The current annual interest rate is 9 percent for the interest period beginning after January 1, 2007. The interest rate may change once a calendar year.

Two-tiered interest on deficiencies and delinquencies

Additional interest of one-third of 1 percent per month (4 percent yearly) will be charged on deficiencies or delinquencies if:

- You have filed a return showing tax due (a self-assessed tax liability) and do not pay the tax due within 60 days after you file your return, or
- The Department of Revenue has assessed an existing deficiency, and you do not pay the assessment within 60 days after the date on the Notice of Assessment.

If you appeal to the Department of Revenue (or, in a hardship situation, to the Oregon Tax Court) without paying the tax, the increased interest rate will start with interest periods beginning 61 days after:

- The date of the department's written objection decision, or
- The date of the department's conference decision letter (CDL), or
- The date the Magistrate Division enters its decision, or
- The date the Tax Court or the Oregon Supreme Court enters its judgment.

Interest on Elderly Rental Assistance (ERA) payments you must repay

If you amend your Form 90R, *Oregon Elderly Rental Assistance*, and the correct amount of assistance is less than you have already received, the department will calculate your reduced benefit and interest due and send you a bill. Interest on ERA checks is figured from the date the check was issued to the date you repay it.

Year Being Amended	Interest Starting Date
2004	November 4, 2005
2005	November 3, 2006
2006	November 9, 2007

Taxpayer assistance

General tax information www.oregon.gov/DOR
Salem 503-378-4988
Toll-free from an Oregon prefix 1-800-356-4222

Asistencia en español:

Salem 503-378-4988
Gratis de prefijo de Oregon 1-800-356-4222

TTY (hearing or speech impaired; machine only):

Salem 503-945-8617
Toll-free from an Oregon prefix 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.