



ADMINISTRATIVE RULE REVIEW

Amended Rule	Rule No. 150-305.220(1)	
	Page Page 1 of 3	Last Revised Date August 29, 2008
Permanent Rule	NOTICE OF INTENDED ACTION	
	Bulletin Dated September 2008	Hearing Scheduled November 24, 2008

PURPOSE: To show the change to the interest rate (decreases from 9% to 6%) for interest periods that begin on or after January, 1 2009.

**150-305.220(1)**

**Computation of Interest on Deficiencies and Delinquencies**

(1) Adjustment to statutory rate. For interest periods beginning on or after January 1, ~~2007~~2009, unless otherwise provided by law, every deficiency and delinquency arising under any law administered by the Department of Revenue will bear interest at the rate of ~~7.50~~5 percent per month (~~96~~ percent annually). For a fraction of a month, interest will be computed at ~~.02470~~.0164 percent per day. For historic interest rates, see section (4) of this rule.

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

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

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

**Percentage Rates**

**Period beginning**

**Effective date      Annual rate      Monthly rate      Daily rate**

Prior to January 1, 1969 ----- 6 ----- 0.5 -----

January 1, 1969 ----- 8 ----- 0.6667 -----

September 13, 1975 ----- 12 ----- 1.0 -----

June 1, 1982 ----- 18 ----- 1.5 ----- 0.0493

August 1, 1986 ----- 17 ----- 1.4167 ----- 0.0466

January 1, 1987 ----- 16 ----- 1.3333 ----- 0.0438

January 1, 1988 ----- 11 ----- 0.9167 ----- 0.0301

January 1, 1993 ----- 8 ----- 0.6667 ----- 0.0219



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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

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

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

4/16/2003 – 1/15/2004 9 mos. @ .5833% = \$ 26.25

1/16/2004 – 1/15/2005 12 mos. @ .5% = 30.00

1/16/2005 – 1/15/2006 12 mos. @ .4167% = 25.00

1/16/2006 – 2/15/2006 1 month @ .5833% = 2.92

2/16/2006 – 2/25/2006 10 days @ .0192% = .96

Total interest \$ 85.13

The new interest rate, even though effective on the first day of a month, does not apply until the first day of the first interest period that begins after the effective date. In this example, the first interest period begins on the 16th of the month.

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Stat. Auth.: ORS 305.100; ORS 305.220



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- 1 Stat. Implemented: ORS 305.220
  - 2 Hist.: RD 2-1986, f. 7-2-86, cert. ef. 8-1-86; RD 8-1986, f. & cert. ef. 12-31-86; RD 14-
  - 3 1987, f. 12-18-87, cert. ef. 1-16-88; RD 11-1988, f. 12-19-88, cert. ef. 12-31-88; RD 12-
  - 4 1990, f. 12-20-90, cert. ef. 12-31-90; RD 7-1992, f. & cert. ef. 12-29-92; RD 5-1993, f.
  - 5 12-30-93, cert. ef. 12-31-93; RD 7-1994, f. 12-15-94, cert. ef. 12-30-94; REV 7-1998, f.
  - 6 11-13-98, cert. ef. 12-31-98; REV 12-2000, f. & cert. ef. 12-29-00, cert. ef. 12-31-00;
  - 7 REV 9-2001, f. 12-31-01, cert. ef. 2-1-02; REV 9-2002, f. 12-31-02, cert. ef. 1-31-03;
  - 8 REV 4-2003, f. & cert. ef. 12-31-03; REV 10-2004, f. 12-29-04 cert. ef. 12-31-04; REV
  - 9 5-2005, f. 12-30-05, cert. ef. 1-1-06; REV 11-2006, f. 12-27-06, cert. ef. 1-1-07