



ADMINISTRATIVE RULE REVIEW

| | | |
|----------------|-----------------------------------|--|
| Amended Rule | Rule No. 150-305.220(2) | |
| | Page Page 1 of 4 | 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(2)

Interest on Refunds

(1) Adjustment to statutory rate. For interest periods beginning on or after January 1, ~~2007~~2009, unless specifically provided by statute or by rule, every refund arising under any law administered by the Department of Revenue will bear interest at the rate of ~~0.750~~.5 percent per month (~~9~~6 percent annually). For a fraction of a month, interest will be computed at ~~0.02470~~.0164 percent per day. For historic rates, see section (6) of this rule.

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

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

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

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

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

Percentage Rates

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

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



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|----|--------------------|----|--------|--------|
| 1 | September 13, 1975 | 6 | 0.5 | — |
| 2 | June 1, 1982 | 12 | 1.0 | 0.0329 |
| 3 | June 1, 1983 | 18 | 1.5 | 0.0493 |
| 4 | August 1, 1986 | 17 | 1.4167 | 0.0466 |
| 5 | January 1, 1987 | 16 | 1.3333 | 0.0438 |
| 6 | January 1, 1988 | 11 | 0.9167 | 0.0301 |
| 7 | January 1, 1993 | 8 | 0.6667 | 0.0219 |
| 8 | January 1, 1995 | 10 | 0.8333 | 0.0274 |
| 9 | January 1, 1999 | 9 | 0.75 | 0.0247 |
| 10 | January 1, 2001 | 10 | 0.8333 | 0.0274 |
| 11 | February 1, 2002 | 8 | 0.6667 | 0.0219 |
| 12 | February 1, 2003 | 7 | 0.5833 | 0.0192 |
| 13 | January 1, 2004 | 6 | 0.5 | 0.0164 |
| 14 | January 1, 2005 | 5 | 0.4167 | 0.0137 |
| 15 | January 1, 2006 | 7 | 0.5833 | 0.0192 |
| 16 | January 1, 2007 | 9 | 0.75 | 0.0247 |
| 17 | January 1, 2009 | 6 | 0.5 | 0.0164 |

18
 19 Example 1: Debby files her 2002 return on April 15, 2003. Debby later files a 2002 amended return on
 20 May 15, 2005, asking for a refund of \$500. The refund is paid on July 22, 2005. The interest is computed
 21 as follows:

- 22 5/30/2003 – 1/29/2004 8 mos. @ .5833% = \$23.33
- 23 1/30/2004 – 1/29/2005 12 mos. @ .5% = 30.00
- 24 1/30/2005 – 6/29/2005 5 mos. @ .4167% = 10.42
- 25 6/30/2005 – 7/22/2005 23 days @ .0137% = 1.58



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1 Total interest \$65.33

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

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

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

9 5/30/2005 – 01/29/2006 8 mos. @ .4167% = 33.34

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

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

12 Total interest \$ 93.97

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14 Stat. Auth.: ORS 305.100; ORS 305.220

15 Stat. Implemented: ORS 305.220

16 Hist.: 5-5-82, 6-15-82; 12-31-82, Renumbered from Ch. 16. Or Laws 1982 (2nd SS) to
17 150-314.415(1)(a); 12-31-85; 12-31-86; Renumbered from 150-314.415(1)(a); RD 15-
18 1987, f. 12-10-87, cert. ef. 12-31-87, Renumbered from 305.220; RD 11-1988, f. 12-19-
19 88, cert. ef. 12-31-88; RD 7-1989, f. 12-18-89, cert. ef. 12-31-89; RD 12-1990, f. 12-20-
20 90, cert. ef. 12-31-90; RD 7-1991, f. 12-30-91, cert. ef. 12-31-91; RD 7-1992, f. & cert.
21 ef. 12-29-92; RD 7-1993, f. 12-30-93, cert. ef. 12-31-93; RD 7-1994, f. 12-15-94, cert. ef.
22 12-30-94; REV 7-1998, f. 11-13-98, cert. ef. 12-31-98; REV 12-2000, f. & cert. ef. 12-
23 29-00, cert. ef. 12-31-00; REV 9-2001, f. 12-31-01, cert. ef. 2-1-02; REV 9-2002, f. 12-
24 31-02, cert. ef. 1-31-03; REV 4-2003, f. & cert. ef. 12-31-03; REV 10-2004, f. 12-29-04
25 cert. ef. 12-31-04; REV 5-2005, f. 12-30-05, cert. ef. 1-1-06; REV 11-2006, f. 12-27-06,



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1 cert. ef. 1-1-07; REV 11-2007, f. 12-28-07, cert. ef. 1-1-08