



ADMINISTRATIVE RULE REVIEW

Amended Rule	Rule No. 150-305-0142	
	Page Page 1 of 4	Last Revised Date December 23, 2016
Permanent Rule	NOTICE OF INTENDED ACTION	
	Bulletin Dated October 2016	Hearing Scheduled November 22, 2016

PURPOSE: Amend the rule to align with the changes proposed to interest start dates in OAR 150-314-0240. Also update interest rate for refunds from 4% to 5% based on increase of IRS' 2016 third-quarter interest rate from 3% to 4%.

1 **150-305-0142**

2 **Interest on Refunds**

3 (1) Adjustment to statutory rate. For interest periods beginning on or after January 1, ~~2013~~2017, 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.~~3333~~4167 percent per month (45 percent
6 annually). For a fraction of a month, interest will be computed at ~~0.0110~~.0137 percent per day. For
7 historic rates, see section (6) of this rule.

8 (2) Interest starting date.

9 (a) As provided in OAR 150-314-~~0240.415~~, ~~the interest starting date for refunds of individual income~~
10 ~~tax, corporate excise tax, or corporate income tax, is 45 days after the date the tax was paid, 45 days after~~
11 ~~the return was due or 45 days after the original return was filed, whichever is latest.~~ when a refund of
12 individual income tax is attributable to tax withheld by an employer, or when a refund of individual
13 income tax, corporate excise tax, or corporate income tax is attributable to estimated taxes, the interest
14 starting date is 45 days after the return was due or 45 days after the return was filed, whichever is later.
15 (b) The interest start date for a refund of estate tax is 45 days after the return was due, 45 days after the
16 original return was filed, or 45 days after the tax was paid, whichever is later.

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

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

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

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



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

3 Percentage Rates.

4 Effective date - Annual rate - Monthly rate - Daily rate

5 January 1, 1969 - 8 - 0.6667 - —

6 September 13, 1975 - 6 - 0.5 - —

7 June 1, 1982 - 12 - 1.0 - 0.0329

8 June 1, 1983 - 18 - 1.5 - 0.0493

9 August 1, 1986 - 17 - 1.4167 - 0.0466

10 January 1, 1987 - 16 - 1.3333 - 0.0438

11 January 1, 1988 - 11 - 0.9167 - 0.0301

12 January 1, 1993 - 8 - 0.6667 - 0.0219

13 January 1, 1995 - 10 - 0.8333 - 0.0274

14 January 1, 1999 - 9 - 0.75 - 0.0247

15 January 1, 2001 - 10 - 0.8333 - 0.0274

16 February 1, 2002 - 8 - 0.6667 - 0.0219

17 February 1, 2003 - 7 - 0.5833 - 0.0192

18 January 1, 2004 - 6 - 0.5 - 0.0164

19 January 1, 2005 - 5 - 0.4167 - 0.0137

20 January 1, 2006 - 7 - 0.5833 - 0.0192

21 January 1, 2007 - 9 - 0.75 - 0.0247

22 January 1, 2009 - 6 - 0.5 - 0.0164

23 January 1, 2010 - 5 - 0.4167 - 0.0137

24 January 1, 2013 - 4 - 0.3333 - 0.0110

25 [January 1, 2017 - 5 - 0.4167 - 0.0137](#)



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

~~5/30/2003-1/29/2004 8 mos. @ .5833% = \$23.33~~
~~1/30/2004-1/29/2005 12 mos. @ .5% = 30.00~~
~~1/30/2005-6/29/2005 5 mos. @ .4167% = 10.42~~
~~6/30/2005-7/22/2005 23 days @ .0137% = 1.58~~
~~Total interest \$65.33~~

Example 1: Debby files her 2013 return on April 15, 2014. Debby later files a 2013 amended return on April 10, 2017, asking for a refund of \$500. The refund is paid on December 22, 2017. The interest is computed as follows:

5/30/2014-12/29/2016 31 mos. @ .3333% = \$51.66
12/30/2016-12/31/2016 2 days @ .0110% = 0.11
1/1/2017-11/30/2017 11 mos. @ .4167% = 22.92
12/1/2017-12/22/2017 22 days @ .0137% = 1.51
Total interest \$76.20

Prior to 2017, theThe 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 30th of the month. As of January 1, 2017 and thereafter, each day is an interest period and the new rate applies when it is first effective, in this case on January 1, 2017.

~~Example 2: Tom filed his 201504 return and paid the tax due on April 6, 2005. On November 1, 2006, Tom filed a 2004 amended return to claim a refund of \$1,000. The refund was paid on December 11, 2006. The interest starting date is May 30, 2005, the 45th day after the return was due. The interest is computed as follows:~~

~~5/30/2005-01/29/2006 8 mos. @ .4167% = 33.34~~
~~1/30/2006-11/29/2006 10 mos. @ .5833% = 58.33~~



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- 1 ~~11/30/2006-12/11/2006 12 days @ .0192% = 2.30~~
- 2 ~~Total interest \$ 93.97~~
- 3 [Example 2: Tom filed his 2015 return and paid the tax due on April 6, 2016. On November 1, 2016, Tom](#)
- 4 [filed a 2015 amended return to claim a refund of \\$1,000. The refund was paid on December 11, 2017.](#)
- 5 [The interest start date is May 30, 2016, the 45th day after the return was due. The interest is computed as](#)
- 6 [follows:](#)
- 7 [5/30/2016-12/29/2016 7 mos. @ .3333% = \\$ 23.33](#)
- 8 [12/30/2016-12/31/2016 2 days @ .0110% = .22](#)
- 9 [1/1/2017- 11/30/2017 11 mos. @ .4167% = 45.84](#)
- 10 [12/1/2017-12/11/2017 11 days @ .0137% = 1.51](#)
- 11 [Total interest \\$ 70.90](#)
- 12 **Stat. Auth.: ORS 305.100, ~~&~~ 305.220**
- 13 **Stats. Implemented: ORS 305.220**