

Annual Interest Rate Update

Purpose: To share the 2017 interest rates charged on deficiencies and delinquencies and paid on refunds.

Tax program(s): All tax programs administered by the Department of Revenue, except Senior and Disabled Property Tax Deferral (ORS 311.666 to 311.701).

Statute(s): ORS 305.220 and OAR 150-305-0140 and 150-305-0142.

Effective date: Interest periods beginning on or after January 1, 2017.

Issue: This ORB is notification of the annual interest rate update.

Background: Each year the department is required to review the interest rate it charges on deficiencies and delinquencies and the rate it pays on refunds. The rate is based on the 3rd quarter interest rates used by the IRS for deficiencies and delinquencies. Our annual review found that Oregon's interest rate for 2017 will increase from 4 percent to 5 percent. These interest rates are for refunds, deficiencies, and delinquencies. The rates are effective for periods beginning on or after January 1, 2017.

Discussion: The annual Tier One interest rate for periods beginning on or after January 1, 2017 is 5 percent.

Tier Two interest is charged on deficiencies and delinquencies that remain unpaid after 60 days from the date of certain events (ORS 305.222). Tier Two interest is calculated by adding one-third of one percent per month (4 percent annually) to the Tier One annual rate.

TIER ONE

| | |
|---------|---------------------------|
| Annual | 0.050000 (5 percent) |
| Monthly | 0.004167 (0.4167 percent) |
| Daily | 0.000137 (0.0137 percent) |

TIER TWO

| | |
|---------|---------------------------|
| Annual | 0.090000 (9 percent) |
| Monthly | 0.007500 (0.7500 percent) |
| Daily | 0.000247 (0.0247 percent) |

Effect of this document

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Oregon Revenue Bulletin

2016-01

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Have a suggestion for a future ORB topic? Let us know at questions.dor@oregon.gov.

Issued December 19, 2016