



ADMINISTRATIVE RULE REVIEW

Amended Rule	Rule No. 150-305-0140	
	Page Page 1 of 3	Last Revised Date June 8, 2020
Permanent Rule	NOTICE OF INTENDED ACTION	
	Bulletin Dated October 2020	Hearing Scheduled November 24, 2020

PURPOSE: Amend rule to update annual interest rate for deficiencies and delinquencies from 6% to 4% based on the decrease of the IRS' third quarter interest rate from 5% to 3%.

1 **150-305-0140**

2 **Interest on Deficiencies and Delinquencies**

3 (1) Adjustment to statutory rate. For deficiencies and delinquencies owing on or after January 1,
4 ~~2019~~2021, unless otherwise provided by law, every deficiency and delinquency arising under any law
5 administered by the department will bear interest at the rate of ~~six~~four percent annually. For historic
6 interest rates, see section (4) of this rule.

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

9 (3) Interest periods.

10 (a) An interest period is one full calendar day beginning with the interest start date. Interest will be
11 computed on a daily basis. The daily rate is based on a 365-day year.

12 (b) The daily interest rate is calculated by dividing the annual interest rate by 365 without rounding.

13 (4) Interest rates. The following table shows interest rates used by the department to compute interest due
14 from taxpayers on deficiencies and delinquencies.

15 Percentage Rates.

16 Effective date - Annual rate - Monthly rate - Daily rate

17 Prior to January 1, 1969 — 6 — 0.5 — —

18 January 1, 1969 — 8 — 0.6667 — —

19 September 13, 1975 — 12 — 1.0 — —

20 June 1, 1982 — 18 — 1.5 — 0.0493

21 August 1, 1986 — 17 — 1.4167 — 0.0466

22 January 1, 1987 — 16 — 1.3333 — 0.0438

23 January 1, 1988 — 11 — 0.9167 — 0.0301

24 January 1, 1993 — 8 — 0.6667 — 0.0219

25 January 1, 1995 — 10 — 0.8333 — 0.0274



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- 1 January 1, 1999 — 9 — 0.75 — 0.0247
- 2 January 1, 2001 — 10 — 0.8333 — 0.0274
- 3 February 1, 2002 — 8 — 0.6667 — 0.0219
- 4 February 1, 2003 — 7 — 0.5833 — 0.0192
- 5 January 1, 2004 — 6 — 0.5 — 0.0164
- 6 January 1, 2005 — 5 — 0.4167 — 0.0137
- 7 January 1, 2006 — 7 — 0.5833 — 0.0192
- 8 January 1, 2007 — 9 — 0.75 — 0.0247
- 9 January 1, 2009 — 6 — 0.5 — 0.0164
- 10 January 1, 2010 — 5 — 0.4167 — 0.0137
- 11 January 1, 2013 — 4 — 0.3333 — 0.0110
- 12 January 1, 2017 — 5 — 0.4167 — 0.0137
- 13 January 1, 2018 — 5 — N/A — 0.0137
- 14 January 1, 2019 — 6 — N/A — 0.0164
- 15 [January 1, 2021 — 4 — N/A — 0.0110](#)

16 The daily interest rates shown above are rounded for illustrative purposes.

17 **Example 1:** Tom filed a 2016 return reporting tax to pay of \$500. He made a \$500 payment on February
18 25, 2019. The interest start date is April 19, 2017, the first day after the due date of the return, which was
19 April 18, 2017. Interest is computed on a daily basis as follows:

20 4/19/17-12/31/2018 (Annual interest rate / 365 days) x number of days x tax due

21 (5% / 365) x 622 days x \$500 = \$42.57

22 1/1/2019-2/24/19 (Annual interest rate / 365 days) x number of days x tax due

23 (6% / 365) x 55 days x \$500 = \$4.52

24 Total interest: \$47.09

25 **[Publications:** Contact the Oregon Department of Revenue for information about how to obtain a copy



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- 1 of the publication referred to or incorporated by reference in this rule pursuant to ORS 183.360(2) and
- 2 ORS 183.355(1)(b).]
- 3 **Statutes/Other Authority:** ORS 305.100, 305.220
- 4 **Statutes/Other Implemented:** ORS 305.220