



ADMINISTRATIVE RULE REVIEW

Amended Rule	Rule No. 150-305-0142	
	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 refunds from 6% to 4% based on the decrease of the IRS' third quarter annual interest from 5% to 3%.

1 **150-305-0142**

2 **Interest on Refunds**

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

6 (2) Interest start date.

7 (a) As provided in OAR 150-314-0240, when a refund of individual income tax is attributable to tax  
8 withheld by an employer, or when a refund of individual income tax, corporate excise tax, or corporate  
9 income tax is attributable to estimated taxes, the interest starting date is 45 days after the return was due  
10 or 45 days after the return was filed, whichever is later.

11 (b) The interest start date for a refund of estate tax is 45 days after the return was due, 45 days after the  
12 original return was filed, or 45 days after the tax was paid, whichever is later.

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

15 (3) Interest periods.

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

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

19 (4) The following table shows interest rates used by the department to compute interest due to taxpayers  
20 on refunds.

21 Percentage Rates.

22 Effective date — Annual rate — Monthly rate — Daily rate

23 January 1, 1969 — 8 — 0.6667 — —

24 September 13, 1975 — 6 — 0.5 — —

25 June 1, 1982 — 12 — 1.0 — 0.0329



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- 1 June 1, 1983 — 18 — 1.5 — 0.0493
- 2 August 1, 1986 — 17 — 1.4167 — 0.0466
- 3 January 1, 1987 — 16 — 1.3333 — 0.0438
- 4 January 1, 1988 — 11 — 0.9167 — 0.0301
- 5 January 1, 1993 — 8 — 0.6667 — 0.0219
- 6 January 1, 1995 — 10 — 0.8333 — 0.0274
- 7 January 1, 1999 — 9 — 0.75 — 0.0247
- 8 January 1, 2001 — 10 — 0.8333 — 0.0274
- 9 February 1, 2002 — 8 — 0.6667 — 0.0219
- 10 February 1, 2003 — 7 — 0.5833 — 0.0192
- 11 January 1, 2004 — 6 — 0.5 — 0.0164
- 12 January 1, 2005 — 5 — 0.4167 — 0.0137
- 13 January 1, 2006 — 7 — 0.5833 — 0.0192
- 14 January 1, 2007 — 9 — 0.75 — 0.0247
- 15 January 1, 2009 — 6 — 0.5 — 0.0164
- 16 January 1, 2010 — 5 — 0.4167 — 0.0137
- 17 January 1, 2013 — 4 — 0.3333 — 0.0110
- 18 January 1, 2017 — 5 — 0.4167 — 0.0137
- 19 January 1, 2018 — 5 — N/A — 0.0137
- 20 January 1, 2019 — 6 — N/A — 0.0164
- 21 [January 1, 2021 — 4 — N/A — 0.0110](#)

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

23 Example: Tom filed his 2016 return and paid the tax due on April 6, 2017. On November 1, 2018, Tom

24 filed a 2016 amended return to claim a \$1,000 refund. The refund was paid on December 11, 2018. The



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- 1 interest start date is June 2, 2017, the 45th day after the original return was due (April 18, 2017). Interest
  - 2 is computed on a daily basis as follows:
  - 3  $6/2/2017-12/11/2018 - (\text{Annual interest rate} / 365 \text{ days}) \times \text{number of days} \times \text{amount of refund}$
  - 4  $(5\% / 365) \times 558 \text{ days} \times \$1,000 = \$76.44$
  - 5 Total interest: \$76.44
  - 6 **[Publications:** Contact the Oregon Department of Revenue for information about how to obtain a copy
  - 7 of the publication referred to or incorporated by reference in this rule pursuant to ORS 183.360(2) and
  - 8 ORS 183.355(1)(b).]
  - 9 **Statutes/Other Authority:** ORS 305.100, 305.220
  - 10 **Statutes/Other Implemented:** ORS 305.220