



STATE OF MICHIGAN
DEPARTMENT OF TREASURY

TREASURY BUILDING

LANSING, MICHIGAN 48922

JAMES J. BLANCHARD, Governor
ROBERT A. BOWMAN, State Treasurer

REVENUE ADMINISTRATIVE BULLETIN

April 10, 1987

1987-1

DEFICIENCY INTEREST RATE

For period July 1, 1987 through December 31, 1987

RAB-87-1, the purpose of this policy statement is to establish the annual rate of interest due on a deficiency for the period beginning on July 1, 1987 and ending December 31, 1987.

A daily rate of interest of .0002329 (based on an adjusted annual rate of 8.5%) shall be added to a tax deficiency or an excessive claim for the period stated above.

The effective annual rate of 8.5% was established pursuant to section 23(2) of Act No. 58, P.A. of 1986, at 1 percentage point above the adjusted prime rate charged by 3 commercial banks to large businesses.

The following annual and corresponding daily rates of interest are in effect and will accrue on any deficiency due during these periods:

October 1, 1967 - June 30, 1986	9%	(.0002466)
July 1, 1986 - December 31, 1986	10.4%	(.0002849)
January 1, 1987 - June 30, 1987	9.2%	(.0002521)
July 1, 1987 - December 31, 1987	8.5%	(.0002329)

Example: Taxpayer A, who is on a calendar year basis, filed a MI-1040 return for 1985, showing tax due of \$2,000.00. If the tax is not paid until October 15, 1987, the amount of interest calculated due from April 16, 1986 through October 15, 1987 is as follows:

<u>Periods</u>	<u>Calculation</u>	<u>Interest</u>
April 16, 1986 - June 30, 1986	75 days x .0002466 x \$2,000	= \$ 36.99
July 1, 1986 - December 31, 1986	184 days x .0002849 x \$2,000	= 104.80
January 1, 1987 - June 30, 1987	181 days x .0002521 x \$2,000	= 91.26
July 1, 1987 - October 15, 1987	107 days x .0002329 x \$2,000	= <u>49.84</u>
Total Interest due		\$282.89