

## STATE OF MICHIGAN



JOHN ENGLER, Governor

## DEPARTMENT OF TREASURY

TREASURY BUILDING, P.O. BOX 15128, LANSING, MICHIGAN 48901

DOUGLAS B. ROBERTS, State Treasurer

## REVENUE ADMINISTRATIVE BULLETIN 1991-9

Approved: October 10, 1991

## DEFICIENCY INTEREST RATE

For period January 1, 1992 through June 30, 1992

(Replaces Revenue Administrative Bulletin 1991-3)

RAB-91-9. This bulletin establishes the annual rate of interest due on a deficiency for the period beginning on January 1, 1992 and ending on June 30, 1992.

A daily rate of interest of .0002595 based on an adjusted annual rate of 9.5% shall be added to a tax deficiency or an excessive claim for the period stated above. The effective annual rate of 9.5% was established pursuant to Section 23(2) of Act No. 58, P.A. of 1986, at one percentage point above the adjusted prime rate charged by three 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:

<u>Period</u>	<u>Rate</u>
October 1, 1967 - June 30, 1986	9.0% (.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)
January 1, 1988 - June 30, 1988	9.2% (.0002514)
July 1, 1988 - December 31, 1988	9.7% (.0002650)
January 1, 1989 - June 30, 1989	10.2% (.0002795)
July 1, 1989 - December 31, 1989	11.6% (.0003178)
January 1, 1990 - June 30, 1990	12.0% (.0003288)
July 1, 1990 - December 31, 1990	11.3% (.0003096)
January 1, 1991 - June 30, 1991	11.0% (.0003014)
July 1, 1991 - December 31, 1991	10.6% (.0002904)
January 1, 1992 - June 30, 1992	9.5% (.0002595)

Example: Taxpayer A, who is on a calendar year basis, filed an MI-1040 return for 1989 showing tax due of \$2,000.00. If the tax is not paid until March 15, 1992 the amount of interest calculated due from April 17, 1989 through March 14, 1992 is as follows:

<u>Period</u>	<u>Calculation</u>	<u>Interest</u>
April 17, 1990 - June 30, 1990	75 days x .0003288 x \$2,000 =	\$ 49.32
July 1, 1990 - December 31, 1990	184 days x .0003096 x \$2,000 =	113.93
January 1, 1991 - June 30, 1991	181 days x .0003014 x \$2,000 =	109.11
July 1, 1991 - December 31, 1991	184 days x .0002904 x \$2,000 =	106.72
January 1, 1992 - March 14, 1992	74 days x .0002595 x \$2,000 =	<u>38.41</u>
	Total Interest Due	<u>\$417.49</u>