

STATE OF MICHIGAN



JOHN ENGLER, Governor

DEPARTMENT OF TREASURYTREASURY BUILDING, P.O. BOX 1528, LANSING, MICHIGAN 48901
DOUGLAS B. ROBERTS, State Treasurer**REVENUE ADMINISTRATIVE BULLETIN 1995 - 8****Approved:** October 12, 1995**INTEREST RATE****For period : January 1, 1996 - June 30, 1996****(Replaces Revenue Administrative Bulletin 1995-5)**

RAB-95 - 8. This bulletin establishes the annual rate of interest due on underpayments and overpayments for the period beginning on January 1, 1996 and ending on June 30, 1996.

A daily rate of interest of .0002705 based on an adjusted annual rate of 9.9% shall be added to a tax deficiency or an excessive claim for the period stated above. The effective annual rate of 9.9% was established pursuant to section 23(2) of the revenue act, MCL 205.23(2); MSA 7.657(23)(2), at one percentage point above the adjusted prime rate charged by three commercial banks to large businesses.

The rates of interest as announced in this bulletin also apply to overpayments as added under MCL 205.30(1); MSA 7.657(30)(1) for periods after March 31, 1993. The rate of interest for periods prior to April 1, 1993 remains at the annual rate of 9%.

The following annual and corresponding daily rates of interest are in effect and will accrue 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) |
| July 1, 1992 - December 31, 1992 | 8.1% (.0002213) |
| January 1, 1993 - June 30, 1993 | 7.3% (.0002) |
| July 1, 1993 - December 31, 1993 | 7.0% (.0001917) |

| | | | | |
|-----------------|---|-------------------|------|------------|
| January 1, 1994 | - | June 30, 1994 | 7.0% | (.0001917) |
| July 1, 1994 | - | December 31, 1994 | 7.0% | (.0001917) |
| January 1, 1995 | - | June 30, 1995 | 8.2% | (.0002246) |
| July 1, 1995 | - | December 31, 1995 | 9.5% | (.0002602) |
| January 1, 1996 | - | June 30, 1996 | 9.9% | (.0002705) |

Example: Taxpayer A, who files on a calendar year basis, filed an MI-1040 return for 1994 showing tax due of \$1,500.00. If the tax is not paid until February 16, 1996, the amount of interest calculated due from April 18, 1995 * to February 16, 1996 is as follows:

| <u>Period</u> | <u>Calculation</u> | <u>Interest</u> |
|-------------------------------------|---------------------------------|-----------------|
| April 18, 1995 - June 30, 1995 | 74 days x .0002246 x \$1,500 = | 24.93 |
| July 1, 1995 - December 31, 1995 | 184 days x .0002602 x \$1,500 = | 71.82 |
| January 1, 1996 - February 16, 1996 | 47 days x .0002705 x \$1,500 = | <u>19.07</u> |
| | | <u>115.82</u> |

* Because April 15, 1995 fell on a Saturday, Michigan Individual Income tax returns were due on April 17, 1995.