



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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REVENUE ADMINISTRATIVE BULLETIN 2003-2

Approved: November 13, 2003

INTEREST RATE

For period: January 1, 2004 - June 30, 2004

(Replaces Revenue Administrative Bulletin 2003 - 1)

RAB 2003-2. This Revenue Administrative Bulletin (RAB) establishes the annual rate of interest due on underpayments and overpayments for the period beginning on January 1, 2004, and ending on June 30, 2004.

A daily rate of interest of .0001366 based on an adjusted annual rate of 5% will be added to a tax deficiency or an excessive claim for the period stated above. The effective annual rate of 5% was established pursuant to section 23(2) of the Revenue Act, MCL 205.23(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 RAB also apply to overpayments as added under MCL 205.30(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 annual and corresponding daily rates of interest are in effect and will accrue during these periods:

| <u>Period</u> | <u>Rate</u> |
|----------------------------------|-------------------|
| January 1, 2004 - June 30, 2004 | 5.0 % (.0001366) |
| July 1, 2003 - December 31, 2003 | 5.4 % (.0001479) |
| January 1, 2003 - June 30, 2003 | 5.8 % (.0001589) |
| July 1, 2002 - December 31, 2002 | 6.0 % (.0001644) |
| January 1, 2002 - June 30, 2002 | 8.0 % (.0002192) |
| July 1, 2001 - December 31, 2001 | 10.1 % (.0002767) |
| January 1, 2001 - June 30, 2001 | 10.4 % (.0002849) |
| July 1, 2000 - December 31, 2000 | 9.5 % (.0002596) |
| January 1, 2000 - June 30, 2000 | 8.9 % (.0002432) |
| July 1, 1999 - December 31, 1999 | 8.8 % (.0002411) |
| January 1, 1999 - June 30, 1999 | 9.5 % (.0002603) |
| July 1, 1998 - December 31, 1998 | 9.5 % (.0002603) |
| January 1, 1998 - June 30, 1998 | 9.5 % (.0002603) |
| July 1, 1997 - December 31, 1997 | 9.3 % (.0002548) |
| January 1, 1997 - June 30, 1997 | 9.25% (.0002534) |
| July 1, 1996 - December 31, 1996 | 9.5 % (.0002596) |
| January 1, 1996 - June 30, 1996 | 9.9 % (.0002705) |
| July 1, 1995 - December 31, 1995 | 9.5 % (.0002603) |

| | | | | |
|-----------------|---|-------------------|--------|------------|
| January 1, 1995 | - | June 30, 1995 | 8.2 % | (.0002247) |
| July 1, 1994 | - | December 31, 1994 | 7.0 % | (.0001918) |
| January 1, 1994 | - | June 30, 1994 | 7.0 % | (.0001918) |
| July 1, 1993 | - | December 31, 1993 | 7.0 % | (.0001918) |
| January 1, 1993 | - | June 30, 1993 | 7.3 % | (.0002000) |
| July 1, 1992 | - | December 31, 1992 | 8.1 % | (.0002213) |
| January 1, 1992 | - | June 30, 1992 | 9.5 % | (.0002596) |
| July 1, 1991 | - | December 31, 1991 | 10.6 % | (.0002904) |
| January 1, 1991 | - | June 30, 1991 | 11.0 % | (.0003014) |
| July 1, 1990 | - | December 31, 1990 | 11.3 % | (.0003096) |
| January 1, 1990 | - | June 30, 1990 | 12.0 % | (.0003288) |
| July 1, 1989 | - | December 31, 1989 | 11.6 % | (.0003178) |
| January 1, 1989 | - | June 30, 1989 | 10.2 % | (.0002795) |
| July 1, 1988 | - | December 31, 1988 | 9.7 % | (.0002650) |
| January 1, 1988 | - | June 30, 1988 | 9.2 % | (.0002514) |
| July 1, 1987 | - | December 31, 1987 | 8.5 % | (.0002329) |
| January 1, 1987 | - | June 30, 1987 | 9.2 % | (.0002521) |
| July 1, 1986 | - | December 31, 1986 | 10.4 % | (.0002849) |
| October 1, 1967 | - | June 30, 1986 | 9.0 % | (.0002466) |

Example: Taxpayer A, who files on a calendar year basis, filed a MI-1040 return for 2001 showing tax due of \$1,500.00. If the tax is not paid until May 14, 2004, the amount of interest calculated due from April 16 2002 through May 14, 2004, is as follows:

| Period | Calculation | Interest |
|----------------------------------|-------------------------------|-------------------|
| April 16, 2002 - June 30, 2002 | 76 days x .0002192 x \$1,500 | 24.99 |
| July 1, 2002 - December 31, 2002 | 184 days x .0001644 x \$1,500 | 45.37 |
| January 1, 2003 - June 30, 2003 | 181 days x .0001589 x \$1,500 | 43.14 |
| July 1, 2003 - December 31, 2003 | 184 days x .0001479 x \$1,500 | 40.82 |
| January 1, 2004 - May 14, 2004 | 135 days x .0001366 x \$1,500 | 27.66 |
| | Total Interest: | 181.98 |
| | Tax Due: | <u>1,500.00</u> |
| | Total Due: | <u>\$1,681.98</u> |