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DEPARTMENT OF TREASURY
LANSING

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REVENUE ADMINISTRATIVE BULLETIN 2004 - 2

Approved: May 5, 2004

INTEREST RATE

For period: July 1, 2004 - December 31, 2004

(Replaces Revenue Administrative Bulletin 2003 - 2)

RAB 2004-2. This Revenue Administrative Bulletin (RAB) establishes the annual rate of interest due on underpayments and overpayments for the period beginning on July 1, 2004, and ending on December 31, 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 following annual and corresponding daily rates of interest are in effect and will accrue during these periods:

	<u>Period</u>		<u>Rate</u>
July 1, 2004	- December 31, 2004	5.0 %	(.0001366)
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 August 11, 2004 the amount of interest calculated due from April 16 2002 through August 11, 2004, is as follows:

Period	Calculation	Interest
April 16, 2002 - June 30, 2002	75 days x .0002192 x \$1,500	24.66
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 - June 30, 2004	182 days x .0001366 x \$1,500	37.29
July 1, 2004 - August 11, 2004	42 days x .0001366 x \$1,500	8.61
Total Interest:		199.89
Tax Due:		<u>1,500.00</u>
Total Due:		<u>\$1,699.89</u>