

**RAB-90-10**

**Deficiency Interest Rate**

**(Replaces RAB-89-68)**

**(Replaced by RAB 90-26)**



STATE OF MICHIGAN

## DEPARTMENT OF TREASURY

TREASURY BUILDING

LANSING, MICHIGAN 48922

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

## REVENUE ADMINISTRATIVE BULLETIN 1990-10

Approved: April 12, 1990

## DEFICIENCY INTEREST RATE

For period July 1, 1990 through December 31, 1990

(Replaces Revenue Administrative Bulletin 1989-68)

RAB-90-10. This Bulletin establishes the annual rate of interest due on a deficiency for the period beginning on July 1, 1990 and ending on December 31, 1990.

A daily rate of interest of .0003096 based on an adjusted annual rate of 11.3% shall be added to a tax deficiency or an excessive claim for the period stated above. The effective annual rate of 11.3% 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)

Example: Taxpayer A, who is on a calendar year basis, filed an MI-1040 return for 1987 showing tax due of \$2,000.00. If the tax is not paid until September 15, 1990, the amount of interest calculated due from April 16, 1988 through September 15, 1990 is as follows:

<u>Period</u>	<u>Calculation</u>	<u>Interest</u>
April 16, 1988 - June 30, 1988	75 days x .0002514 x \$2,000 =	37.71
July 1, 1988 - December 31, 1988	184 days x .0002650 x \$2,000 =	97.52
January 1, 1989 - June 30, 1989	181 days x .0002795 x \$2,000 =	101.18
July 1, 1989 - December 31, 1989	184 days x .0003178 x \$2,000 =	116.95
January 1, 1990 - June 30, 1990	181 days x .0003288 x \$2,000 =	119.03
July 1, 1990 - September 16, 1990	77 days x .0003096 x \$2,000 =	47.68

Total Interest Due \$520.07

