

STATE OF MICHIGAN



JOHN M. ENGLER, Governor

DEPARTMENT OF TREASURY

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

DOUGLAS B. ROBERTS, State Treasurer

REVENUE ADMINISTRATIVE BULLETIN 1991-3

Approved: April 8, 1991

DEFICIENCY INTEREST RATE

For period July 1, 1991 through December 31, 1991

(Replaces Revenue Administrative Bulletin 1990-26)

RAB-91-3. This bulletin establishes the annual rate of interest due on a deficiency for the period beginning on July 1, 1991 and ending on December 31, 1991.

A daily rate of interest of .0002904 based on an adjusted annual rate of 10.6% shall be added to a tax deficiency or an excessive claim for the period stated above. The effective annual rate of 10.6% 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)

Example: Taxpayer A, who is on a calendar year basis, filed an MI-1040 return for 1988 showing tax due of \$2,000.00. If the tax is not paid until August 15, 1991, the amount of interest calculated due from April 18, 1989 through August 14, 1991 is as follows:

<u>Period</u>	<u>Calculation</u>	<u>Interest</u>
April 18, 1989 - June 30, 1989	74 days x .0002795 x \$2,000 =	\$ 41.37
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 - 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 - August 14, 1991	45 days x .0002904 x \$2,000 =	26.14
	Total Interest Due	<u>\$526.53</u>