



ADMINISTRATIVE RULE REVIEW

	Rule No. 150-305-0140	
Amended Rule	Page Page 1 of 3	Last Revised Date December 23, 2016
Permanent Rule	NOTICE OF INTENDED ACTION	
	Bulletin Dated October 2016	Hearing Scheduled November 22, 2016

PURPOSE: Amend rule to change the definition of an interest period from one month to one day. Also update interest rate for deficiencies and delinquencies from 4% to 5% based on increase of the IRS' 2016 third-quarter interest rate from 3% to 4%.

1 **150-305-0140**

2 **Interest on Deficiencies and Delinquencies**

3 (1) Adjustment to statutory rate. For interest periods beginning on or after January 1, ~~2013~~2017, unless  
4 otherwise provided by law, every deficiency and delinquency arising under any law administered by the  
5 Department of Revenue will bear interest at the rate of ~~0.3333~~4167 percent per month (~~4~~5 percent  
6 annually). For a fraction of a month, interest will be computed at ~~0.0110~~0137 percent per day. For  
7 historic interest rates, see section (4) of this rule.

8 (2) Interest starting date. The interest starting date for deficiencies and delinquencies will be one day  
9 after the due date of the return, excluding extensions.

10 (3) Interest periods. An interest period is one full calendar day beginning with the interest start date.  
11 ~~An interest period is each full month starting with the interest starting date and ending one day before the~~  
12 ~~corresponding date one month later.~~ Interest will be computed on a daily basis for a fraction of a month.  
13 The daily rate is based on a 365-day year.

14 (4) Interest rates. The following table shows interest rates and interest periods used by the Oregon  
15 Department of Revenue to compute interest due from taxpayers on deficiencies and delinquencies.

16 Percentage Rates.

17 Effective date - Annual rate - Monthly rate - Daily rate

18 Prior to January 1, 1969 - 6 - 0.5 - —

19 January 1, 1969 - 8 - 0.6667 - —

20 September 13, 1975 - 12 - 1.0 - —

21 June 1, 1982 - 18 - 1.5 - 0.0493

22 August 1, 1986 - 17 - 1.4167 - 0.0466

23 January 1, 1987 - 16 - 1.3333 - 0.0438

24 January 1, 1988 - 11 - 0.9167 - 0.0301

25 January 1, 1993 - 8 - 0.6667 - 0.0219



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- 1 January 1, 1995 - 10 - 0.8333 - 0.0274
- 2 January 1, 1999 - 9 - 0.75 - 0.0247
- 3 January 1, 2001 - 10 - 0.8333 - 0.0274
- 4 February 1, 2002 - 8 - 0.6667 - 0.0219
- 5 February 1, 2003 - 7 - 0.5833 - 0.0192
- 6 January 1, 2004 - 6 - 0.5 - 0.0164
- 7 January 1, 2005 - 5 - 0.4167 - 0.0137
- 8 January 1, 2006 - 7 - 0.5833 - 0.0192
- 9 January 1, 2007 - 9 - 0.75 - 0.0247
- 10 January 1, 2009 - 6 - 0.5 - 0.0164
- 11 January 1, 2010 - 5 - 0.4167 - 0.0137
- 12 January 1, 2013 - 4 - 0.3333 - 0.0110
- 13 [January 1, 2017 - 5 - 0.4167 - 0.0137](#)

14 (5) Decimal places used in computations. In all computations, the interest rate will consist of six decimal  
15 places.

16 ~~Example A: A 2002 return is filed and a tax of \$500 is paid on February 25, 2006. Interest is computed as~~  
17 ~~follows:~~

- 18 ~~4/16/2003 - 1/15/2004 9 mos. @ .5833% = \$ 26.25~~
- 19 ~~1/16/2004 - 1/15/2005 12 mos. @ .5% = 30.00~~
- 20 ~~1/16/2005 - 1/15/2006 12 mos. @ .4167% = 25.00~~
- 21 ~~1/16/2006 - 2/15/2006 1 month @ .5833% = 2.92~~
- 22 ~~2/16/2006 - 2/25/2006 10 days @ .0192% = .96~~
- 23 ~~Total interest \$ 85.13~~

24 [Example A: A 2013 return is filed and a tax of \\$500 is paid on February 25, 2017. Interest is computed as](#)  
25 [follows:](#)



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1 [4/16/2014–1/15/2015 9 mos. @ .3333% = \\$ 15.00](#)

2 [1/16/2015–1/15/2016 12 mos. @ .3333% = 20.00](#)

3 [1/16/2016–12/15/2016 11 mos. @ .3333% = 18.33](#)

4 [12/16/2016-12/31/2016 16 days @ .0110 = .88](#)

5 [1/1/2017–1/31/2017 1 month @ .4167% = 2.08](#)

6 [2/1/2017–2/25/2017 25 days @ .0137% = 1.71](#)

7 [Total interest \\$ 58.00](#)

8 [Prior to January 1, 2017, t](#)The new interest rate, even though effective on the first day of a month, does  
9 not apply until the first day of the first interest period that begins after the effective date. In this example,  
10 the first interest period begins on the 16th of the month. [As of January 1, 2017, each day is its own](#)  
11 [interest period and the new rate applies on January 1<sup>st</sup>.](#)

12 [\(6\) This rule is effective January 1, 2017 and applies to deficiencies or delinquencies owed on or after](#)  
13 [January 1, 2017.](#)

14 **Stat. Auth.: ORS 305.100, ~~&~~ 305.220**

15 **Stats. Implemented: ORS 305.220**