

IRS ANNOUNCES QUARTERLY INTEREST RATES

WASHINGTON -- The Internal Revenue Service today announced that interest rates for the calendar quarter beginning April 1, 1999, will be eight (8) percent for overpayments (seven (7) percent in the case of a corporation), eight (8) percent for underpayments, and ten (10) percent for large corporate underpayments. The overpayment rate for the portion of a corporate overpayment exceeding \$10,000 will be five and one-half (5.5) percent.

The interest rates in this revenue ruling reflect the amendment to section 6621(a) of the Code eliminating the interest rate differential between overpayments and underpayments for taxpayers other than corporations.

Under the Internal Revenue Code, the rate of interest is determined on a quarterly basis. For taxpayers other than corporations, the overpayment and underpayment rate is the federal short-term rate plus 3 percentage points. Generally, in the case of a corporation, the underpayment rate is the federal short-term rate plus 3 percentage points and the overpayment rate is the federal short-term rate plus 2 percentage points. The rate for large corporate underpayments is the federal short-term rate plus 5 percentage points. The rate on the portion of a corporate overpayment of tax exceeding \$10,000 for a taxable period is the federal short-term rate plus one-half (0.5) of a percentage point. The interest rates announced today are computed from the federal short-term rate based on daily compounding determined during January 1999.

Rev. Rul. 99-16, announcing the new rates of interest, is attached and will appear in Internal Revenue Bulletin No. 1999-13, dated March 29, 1999.

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Section 6621.-- Determination of Interest Rate

26 CFR 301.6621-1: Interest rate.

Rev. Rul. 99-16

Section 6621 of the Internal Revenue Code establishes the rates for interest on tax overpayments and tax underpayments. Under § 6621(a)(1), the overpayment rate beginning April 1, 1999, is the sum of the federal short-term rate plus 3 percentage points (2 percentage points in the case of a corporation), except the rate for the portion of a corporate overpayment of tax exceeding \$10,000 for a taxable period is the sum of the federal short-term rate plus 0.5 of a percentage point for interest computations made after December 31, 1994. Under § 6621(a)(2), the underpayment rate is the sum of the federal short-term rate plus 3 percentage points.

Section 6621(c) provides that for purposes of interest payable under § 6601 on any large corporate underpayment, the underpayment rate under § 6621(a)(2) is determined by substituting "5 percentage points" for "3 percentage points." See § 6621(c) and § 301.6621-3 of the Regulations on Procedure and Administration for the definition of a large corporate underpayment and for the rules for determining the applicable date. Section 6621(c) and § 301.6621-3 are generally effective for periods after December 31, 1990.

Section 6621(b)(1) provides that the Secretary will determine the federal short-term rate for the first month in each calendar quarter.

Section 6621(b)(2)(A) provides that the federal short-term rate determined under § 6621(b)(1) for any month applies during the first calendar quarter beginning after such month.

Section 6621(b)(2)(B) provides that in determining the addition to tax under § 6654 for failure to pay estimated tax for any taxable year, the federal short-term rate that applies during the third month following such taxable year also applies during the first 15 days of the fourth month following such taxable year.

Section 6621(b)(3) provides that the federal short-term rate for any month is the federal short-term rate determined during such month by the Secretary in accordance with § 1274(d), rounded to the nearest full percent (or, if a multiple of 1/2 of 1 percent, the rate is increased to the next highest full percent).

Notice 88-59, 1988-1 C.B. 546, announced that, in determining the quarterly interest rates to be used for overpayments and underpayments of tax under § 6621, the Internal Revenue Service will use the federal short-term rate based on daily compounding because that rate is most consistent with § 6621 which, pursuant to § 6622, is subject to daily compounding.

Rounded to the nearest full percent, the federal short-term rate based on daily compounding determined during the month of January 1999 is 5 percent. Accordingly, an overpayment rate

of 8 percent (7 percent in the case of a corporation) and an underpayment rate of 8 percent are established for the calendar quarter beginning April 1, 1999. The overpayment rate for the portion of a corporate overpayment exceeding \$10,000 for the calendar quarter beginning April 1, 1999, is 5.5 percent. The underpayment rate for large corporate underpayments for the calendar quarter beginning April 1, 1999, is 10 percent. These rates apply to amounts bearing interest during that calendar quarter.

Under § 6621(b)(2)(B), the 7 percent rate that applies to estimated tax underpayments for the first calendar quarter in 1999, as provided in Rev. Rul. 98-61, 1998-51 I.R.B. 8, also applies to such underpayments for the first 15 days in April 1999.

Interest factors for daily compound interest for annual rates of 5.5 percent, 7 percent, 8 percent, and 10 percent are published in Tables 16, 19, 21, and 25 of Rev. Proc. 95-17, 1995-1 C.B. 556, 570, 573, 575, and 579.

Annual interest rates to be compounded daily pursuant to § 6622 that apply for prior periods are set forth in the tables accompanying this revenue ruling.

INFORMATION

The principal author of this revenue ruling is Raymond Bailey of the Office of Assistant Chief Counsel (Income Tax and Accounting). For further information regarding this revenue ruling, contact Mr. Bailey on (202) 622-6226 (not a toll-free call).

TABLE OF INTEREST RATES

PERIODS BEFORE JUL. 1, 1975 - PERIODS ENDING DEC. 31, 1986

OVERPAYMENTS AND UNDERPAYMENTS

| PERIOD | RATE | In 1995-1 C.B. DAILY RATE TABLE |
|-----------------------------|------|------------------------------------|
| Before Jul. 1, 1975 | 6% | Table 2, pg. 557 |
| Jul. 1, 1975--Jan. 31, 1976 | 9% | Table 4, pg. 559 |
| Feb. 1, 1976--Jan. 31, 1978 | 7% | Table 3, pg. 558 |
| Feb. 1, 1978--Jan. 31, 1980 | 6% | Table 2, pg. 557 |
| Feb. 1, 1980--Jan. 31, 1982 | 12% | Table 5, pg. 560 |
| Feb. 1, 1982--Dec. 31, 1982 | 20% | Table 6, pg. 560 |
| Jan. 1, 1983--Jun. 30, 1983 | 16% | Table 37, pg. 591 |
| Jul. 1, 1983--Dec. 31, 1983 | 11% | Table 27, pg. 581 |
| Jan. 1, 1984--Jun. 30, 1984 | 11% | Table 75, pg. 629 |
| Jul. 1, 1984--Dec. 31, 1984 | 11% | Table 75, pg. 629 |
| Jan. 1, 1985--Jun. 30, 1985 | 13% | Table 31, pg. 585 |
| Jul. 1, 1985--Dec. 31, 1985 | 11% | Table 27, pg. 581 |
| Jan. 1, 1986--Jun. 30, 1986 | 10% | Table 25, pg. 579 |
| Jul. 1, 1986--Dec. 31, 1986 | 9% | Table 23, pg. 577 |

TABLE OF INTEREST RATES

FROM JAN. 1, 1987 - Dec. 31, 1998

| | OVERPAYMENTS | | | UNDERPAYMENTS | | |
|-----------------------------|---------------------|-------|-----|---------------------|-------|-----|
| | 1995-1 C.B. RATE | TABLE | PG | 1995-1 C.B. RATE | TABLE | PG |
| Jan. 1, 1987--Mar. 31, 1987 | 8% | 21 | 575 | 9% | 23 | 577 |
| Apr. 1, 1987--Jun. 30, 1987 | 8% | 21 | 575 | 9% | 23 | 577 |
| Jul. 1, 1987--Sep. 30, 1987 | 8% | 21 | 575 | 9% | 23 | 577 |
| Oct. 1, 1987--Dec. 31, 1987 | 9% | 23 | 577 | 10% | 25 | 579 |
| Jan. 1, 1988--Mar. 31, 1988 | 10% | 73 | 627 | 11% | 75 | 629 |
| Apr. 1, 1988--Jun. 30, 1988 | 9% | 71 | 625 | 10% | 73 | 627 |
| Jul. 1, 1988--Sep. 30, 1988 | 9% | 71 | 625 | 10% | 73 | 627 |
| Oct. 1, 1988--Dec. 31, 1988 | 10% | 73 | 627 | 11% | 75 | 629 |
| Jan. 1, 1989--Mar. 31, 1989 | 10% | 25 | 579 | 11% | 27 | 581 |
| Apr. 1, 1989--Jun. 30, 1989 | 11% | 27 | 581 | 12% | 29 | 583 |
| Jul. 1, 1989--Sep. 30, 1989 | 11% | 27 | 581 | 12% | 29 | 583 |
| Oct. 1, 1989--Dec. 31, 1989 | 10% | 25 | 579 | 11% | 27 | 581 |
| Jan. 1, 1990--Mar. 31, 1990 | 10% | 25 | 579 | 11% | 27 | 581 |
| Apr. 1, 1990--Jun. 30, 1990 | 10% | 25 | 579 | 11% | 27 | 581 |
| Jul. 1, 1990--Sep. 30, 1990 | 10% | 25 | 579 | 11% | 27 | 581 |
| Oct. 1, 1990--Dec. 31, 1990 | 10% | 25 | 579 | 11% | 27 | 581 |
| Jan. 1, 1991--Mar. 31, 1991 | 10% | 25 | 579 | 11% | 27 | 581 |
| Apr. 1, 1991--Jun. 30, 1991 | 9% | 23 | 577 | 10% | 25 | 579 |
| Jul. 1, 1991--Sep. 30, 1991 | 9% | 23 | 577 | 10% | 25 | 579 |
| Oct. 1, 1991--Dec. 31, 1991 | 9% | 23 | 577 | 10% | 25 | 579 |
| Jan. 1, 1992--Mar. 31, 1992 | 8% | 69 | 623 | 9% | 71 | 625 |
| Apr. 1, 1992--Jun. 30, 1992 | 7% | 67 | 621 | 8% | 69 | 623 |
| Jul. 1, 1992--Sep. 30, 1992 | 7% | 67 | 621 | 8% | 69 | 623 |
| Oct. 1, 1992--Dec. 31, 1992 | 6% | 65 | 619 | 7% | 67 | 621 |
| Jan. 1, 1993--Mar. 31, 1993 | 6% | 17 | 571 | 7% | 19 | 573 |
| Apr. 1, 1993--Jun. 30, 1993 | 6% | 17 | 571 | 7% | 19 | 573 |
| Jul. 1, 1993--Sep. 30, 1993 | 6% | 17 | 571 | 7% | 19 | 573 |
| Oct. 1, 1993--Dec. 31, 1993 | 6% | 17 | 571 | 7% | 19 | 573 |
| Jan. 1, 1994--Mar. 31, 1994 | 6% | 17 | 571 | 7% | 19 | 573 |
| Apr. 1, 1994--Jun. 30, 1994 | 6% | 17 | 571 | 7% | 19 | 573 |
| Jul. 1, 1994--Sep. 30, 1994 | 7% | 19 | 573 | 8% | 21 | 575 |
| Oct. 1, 1994--Dec. 31, 1994 | 8% | 21 | 575 | 9% | 23 | 577 |
| Jan. 1, 1995--Mar. 31, 1995 | 8% | 21 | 575 | 9% | 23 | 577 |
| Apr. 1, 1995--Jun. 30, 1995 | 9% | 23 | 577 | 10% | 25 | 579 |
| Jul. 1, 1995--Sep. 30, 1995 | 8% | 21 | 575 | 9% | 23 | 577 |
| Oct. 1, 1995--Dec. 31, 1995 | 8% | 21 | 575 | 9% | 23 | 577 |
| Jan. 1, 1996--Mar. 31, 1996 | 8% | 69 | 623 | 9% | 71 | 625 |
| Apr. 1, 1996--Jun. 30, 1996 | 7% | 67 | 621 | 8% | 69 | 623 |
| Jul. 1, 1996--Sep. 30, 1996 | 8% | 69 | 623 | 9% | 71 | 625 |
| Oct. 1, 1996--Dec. 31, 1996 | 8% | 69 | 623 | 9% | 71 | 625 |
| Jan. 1, 1997--Mar. 31, 1997 | 8% | 21 | 575 | 9% | 23 | 577 |
| Apr. 1, 1997--Jun. 30, 1997 | 8% | 21 | 575 | 9% | 23 | 577 |
| Jul. 1, 1997--Sep. 30, 1997 | 8% | 21 | 575 | 9% | 23 | 577 |
| Oct. 1, 1997--Dec. 31, 1997 | 8% | 21 | 575 | 9% | 23 | 577 |
| Jan. 1, 1998--Mar. 31, 1998 | 8% | 21 | 575 | 9% | 23 | 577 |
| Apr. 1, 1998--Jun. 30, 1998 | 7% | 19 | 573 | 8% | 21 | 575 |
| Jul. 1, 1998--Sep. 30, 1998 | 7% | 19 | 573 | 8% | 21 | 575 |
| Oct. 1, 1998--Dec. 31, 1998 | 7% | 19 | 573 | 8% | 21 | 575 |

TABLE OF INTEREST RATES
 FROM JANUARY 1, 1999 - PRESENT
 NONCORPORATE OVERPAYMENTS AND UNDERPAYMENTS

| | RATE | 1995-1 C.B. TABLE | PAGE |
|-----------------------------|------|----------------------|------|
| Jan. 1, 1999--Mar. 31, 1999 | 7% | 19 | 573 |
| Apr. 1, 1999--Jun. 30, 1999 | 8% | 21 | 575 |

TABLE OF INTEREST RATES
 FROM JANUARY 1, 1999 - PRESENT
 CORPORATE OVERPAYMENTS AND UNDERPAYMENTS

| | OVERPAYMENTS | | | UNDERPAYMENTS | | |
|-----------------------------|---------------------|-------|-----|---------------------|-------|-----|
| | 1995-1 C.B. RATE | TABLE | PG | 1995-1 C.B. RATE | TABLE | PG |
| Jan. 1, 1999--Mar. 31, 1999 | 6% | 17 | 571 | 7% | 19 | 573 |
| Apr. 1, 1999--Jun. 30, 1999 | 7% | 19 | 573 | 8% | 21 | 575 |

TABLE OF INTEREST RATES FOR
LARGE CORPORATE UNDERPAYMENTS
FROM JANUARY 1, 1991 - PRESENT

| | 1995-1 C.B. | | |
|-----------------------------|-------------|-------|-----|
| | RATE | TABLE | PG |
| Jan. 1, 1991--Mar. 31, 1991 | 13% | 31 | 585 |
| Apr. 1, 1991--Jun. 30, 1991 | 12% | 29 | 583 |
| Jul. 1, 1991--Sep. 30, 1991 | 12% | 29 | 583 |
| Oct. 1, 1991--Dec. 31, 1991 | 12% | 29 | 583 |
| Jan. 1, 1992--Mar. 31, 1992 | 11% | 75 | 629 |
| Apr. 1, 1992--Jun. 30, 1992 | 10% | 73 | 627 |
| Jul. 1, 1992--Sep. 30, 1992 | 10% | 73 | 627 |
| Oct. 1, 1992--Dec. 31, 1992 | 9% | 71 | 625 |
| Jan. 1, 1993--Mar. 31, 1993 | 9% | 23 | 577 |
| Apr. 1, 1993--Jun. 30, 1993 | 9% | 23 | 577 |
| Jul. 1, 1993--Sep. 30, 1993 | 9% | 23 | 577 |
| Oct. 1, 1993--Dec. 31, 1993 | 9% | 23 | 577 |
| Jan. 1, 1994--Mar. 31, 1994 | 9% | 23 | 577 |
| Apr. 1, 1994--Jun. 30, 1994 | 9% | 23 | 577 |
| Jul. 1, 1994--Sep. 30, 1994 | 10% | 25 | 579 |
| Oct. 1, 1994--Dec. 31, 1994 | 11% | 27 | 581 |
| Jan. 1, 1995--Mar. 31, 1995 | 11% | 27 | 581 |
| Apr. 1, 1995--Jun. 30, 1995 | 12% | 29 | 583 |
| Jul. 1, 1995--Sep. 30, 1995 | 11% | 27 | 581 |
| Oct. 1, 1995--Dec. 31, 1995 | 11% | 27 | 581 |
| Jan. 1, 1996--Mar. 31, 1996 | 11% | 75 | 629 |
| Apr. 1, 1996--Jun. 30, 1996 | 10% | 73 | 627 |
| Jul. 1, 1996--Sep. 30, 1996 | 11% | 75 | 629 |
| Oct. 1, 1996--Dec. 31, 1996 | 11% | 75 | 629 |
| Jan. 1, 1997--Mar. 31, 1997 | 11% | 27 | 581 |
| Apr. 1, 1997--Jun. 30, 1997 | 11% | 27 | 581 |
| Jul. 1, 1997--Sep. 30, 1997 | 11% | 27 | 581 |
| Oct. 1, 1997--Dec. 31, 1997 | 11% | 27 | 581 |
| Jan. 1, 1998--Mar. 31, 1998 | 11% | 27 | 581 |
| Apr. 1, 1998--Jun. 30, 1998 | 10% | 25 | 579 |
| Jul. 1, 1998--Sep. 30, 1998 | 10% | 25 | 579 |
| Oct. 1, 1998--Dec. 31, 1998 | 10% | 25 | 579 |
| Jan. 1, 1999--Mar. 31, 1999 | 9% | 23 | 577 |
| Apr. 1, 1999--Jun. 30, 1999 | 10% | 25 | 579 |

TABLE OF INTEREST RATES FOR CORPORATE
OVERPAYMENTS EXCEEDING \$10,000

FROM JANUARY 1, 1995 - PRESENT

| | 1995-1 RATE | C.B. TABLE | PG |
|-----------------------------|----------------|---------------|-----|
| Jan. 1, 1995--Mar. 31, 1995 | 6.5% | 18 | 572 |
| Apr. 1, 1995--Jun. 30, 1995 | 7.5% | 20 | 574 |
| Jul. 1, 1995--Sep. 30, 1995 | 6.5% | 18 | 572 |
| Oct. 1, 1995--Dec. 31, 1995 | 6.5% | 18 | 572 |
| Jan. 1, 1996--Mar. 31, 1996 | 6.5% | 66 | 620 |
| Apr. 1, 1996--Jun. 30, 1996 | 5.5% | 64 | 618 |
| Jul. 1, 1996--Sep. 30, 1996 | 6.5% | 66 | 620 |
| Oct. 1, 1996--Dec. 31, 1996 | 6.5% | 66 | 620 |
| Jan. 1, 1997--Mar. 31, 1997 | 6.5% | 18 | 572 |
| Apr. 1, 1997--Jun. 30, 1997 | 6.5% | 18 | 572 |
| Jul. 1, 1997--Sep. 30, 1997 | 6.5% | 18 | 572 |
| Oct. 1, 1997--Dec. 31, 1997 | 6.5% | 18 | 572 |
| Jan. 1, 1998--Mar. 31, 1998 | 6.5% | 18 | 572 |
| Apr. 1, 1998--Jun. 30, 1998 | 5.5% | 16 | 570 |
| Jul. 1. 1998--Sep. 30, 1998 | 5.5% | 16 | 570 |
| Oct. 1, 1998--Dec. 31, 1998 | 5.5% | 16 | 570 |
| Jan. 1, 1999--Mar. 31, 1999 | 4.5% | 14 | 568 |
| Apr. 1, 1999--Jun. 30, 1999 | 5.5% | 16 | 570 |