

IRS ANNOUNCES QUARTERLY INTEREST RATES

WASHINGTON -- The Internal Revenue Service today announced that interest rates for the calendar quarter beginning October 1, 1999, will remain at 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 remain at five and one-half (5.5) percent.

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 July 1999.

Rev. Rul. 99-36, announcing the new rates of interest, is attached and will appear in Internal Revenue Bulletin No. 1999-35, dated August 30, 1999.

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Part I

Section 6621.-- Determination of Interest Rate

26 CFR 301.6621-1: Interest rate.

Rev. Rul. 99-36

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 October 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)(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 July 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 October 1, 1999. The overpayment rate for the portion of a corporate overpayment exceeding \$10,000 for the calendar quarter beginning October 1, 1999, is 5.5 percent. The underpayment rate for large corporate underpayments for the calendar quarter beginning October 1, 1999, is 10 percent. These rates apply to amounts bearing interest during that calendar quarter.

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.

DRAFTING 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 TABLE	C.B. PAGE
Jan. 1, 1999--Mar. 31, 1999	7%	19	573
Apr. 1, 1999--Jun. 30, 1999	8%	21	575
Jul. 1, 1999--Sep. 30, 1999	8%	21	575
Oct. 1, 1999--Dec. 31, 1999	8%	21	575

TABLE OF INTEREST RATES

FROM JANUARY 1, 1999 - PRESENT

CORPORATE OVERPAYMENTS AND UNDERPAYMENTS

	OVERPAYMENTS			UNDERPAYMENTS		
	1995-1 RATE	C.B. TABLE	PG	1995-1 RATE	C.B. 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
Jul. 1, 1999--Sep. 30, 1999	7%	19	573	8%	21	575
Oct. 1, 1999--Dec. 31, 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
Jul. 1, 1999--Sep. 30, 1999		10%	25	579
Oct. 1, 1999--Dec. 31, 1999		10%	25	579

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

FROM JANUARY 1, 1995 - PRESENT

		1995-1	C.B.
		RATE	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
Jul. 1, 1999--Sep. 30, 1999	5.5%	16	570
Oct. 1, 1999--Dec. 31, 1999	5.5%	16	570