

DEPARTMENTAL REGULATION		Number: 2520-001
SUBJECT: Interest Rate on Delinquent Debts	DATE: June 24, 1985	
	OPI: Office of Finance and Management	

1 PURPOSE

This regulation sets the minimum annual rate of interest agencies must charge on delinquent debts owed to the United States.

2 AUTHORITIES AND REFERENCES

- a 31 U.S.C. 3717 (section 11, Debt Collection Act of 1982)
- b Federal Claims Collection Standards, 4 CFR 102.13
- c USDA Debt Collection Regulations, 7 CFR 3.34; 26 FR 7721, February 26, 1985
- d Decision of the Comptroller General, B-212222, August 23, 1983

3 BACKGROUND

The Debt Collection Act of 1982 requires heads of agencies to charge interest on outstanding debts owed by persons (not including State or local governments) to the United States.

Other statutes or common law may also authorize agencies to charge interest on delinquent debts, including those owed by State or local governments.

4 POLICY

a USDA agencies must charge a minimum annual rate of interest on delinquent debts owed to the United States that is equal to the higher of

- (1) the Treasury current value of funds rate, published in the Federal Register and the Treasury Fiscal Manual Bulletins, or
- (2) the prompt payment interest rate established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611)

Agencies may charge higher interest rates if they are set forth in the initial billing, or are published in the Federal Register.

b This policy does not apply to

- (1) debts where a statute, regulation required by statute, loan agreement, or contract either prohibits interest charges for delinquent debt, or fixes the interest rate to be charged
- (2) debts arising under contracts which were executed before or were in effect on October 25, 1982

5 INQUIRIES

Inquiries should be directed to the Office of Finance and Management, 447-8345.