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# Treasury Financial Manual

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Bulletin No. 2004-03

Volume I

Retention: December 31, 2004

**To: Heads of Government Departments, Agencies, and Others Concerned**

**Subject: Current Value of Funds Rate (CVFR) Percentage**

## 1. Purpose

This Treasury Financial Manual (TFM) bulletin publishes the CVFR percentage based on the current value of funds to the Department of the Treasury (Treasury).

## 2. Background

The CVFR percentage is based on the investment rates for the Treasury Tax and Loan accounts set for purposes of the Public Moneys Investment Act, Public Law 95-147, 91 Stat. 1227 (October 28, 1977).

Annually, Treasury computes the CVFR percentage by averaging investment rates for the 12-month period ending on September 30, rounded to the nearest whole percentage. Quarterly, if the annual average (on a 12-month moving average basis) changes by 2 percent, Treasury revises the rate. Treasury's Financial Management Service (FMS) publishes the presiding rate in the Federal Register and in a TFM bulletin.

Agencies may obtain current and previous rates from the Prompt Payment Web site at [fms.treas.gov/prompt/rates.html](http://fms.treas.gov/prompt/rates.html) or from the FMS Inside Line's fax-on-demand system (202-874-8616) as document 56.

## 3. Rate for Charges on Late Payments to the Government, Comparison Point for Cash Discounts, and Determination of Payment Due Dates for Purchase Card Invoices

Federal agencies will apply a CVFR percentage of 1.00 percent during the period January 1 through December 31, 2004. This rate reflects the average investment rate for the 12-month period ending September 30, 2003.

#### 4. Application

Federal agencies will apply the CVFR percentage as follows:

- To assess interest charges for outstanding debts on claims owed the Government under Section 11 of the Debt Collection Act of 1982, Public Law 97-365, 96 Stat. 1749, 1755 (October 25, 1982), as amended by the Debt Collection Improvement Act of 1996, Public Law 104-134, Title III, § 31001 (April 26, 1996).
- To evaluate the cost-effectiveness of a cash discount as a comparison point. (See I TFM 6-8000, subsections 8025.20, “Charges for Late Payments,” and 8040.40, “Cash Discounts.”) The Prompt Payment Web site at [fms.treas.gov/prompt/formulas.html](http://fms.treas.gov/prompt/formulas.html) provides a formula for determining whether a discount is economically justifiable.
- To determine when agencies should pay purchase card invoices when a rebate is offered by the card issuer. (See 5 CFR Part 1315.8 of the Prompt Payment rule on “Rebates.”) The Prompt Payment Web site at [fms.treas.gov/prompt/rebate.html](http://fms.treas.gov/prompt/rebate.html) provides a spreadsheet that automatically calculates the net savings to the Government and determines whether the agency should pay early or on the Prompt Payment due date.

#### 5. Rescission

This bulletin rescinds TFM Bulletin No. 2003-02.

#### 6. Effective Date

January 1, 2004.

#### 7. Inquiries

Direct questions concerning this bulletin to:

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