

Part I

Section 6621.-- Determination of Interest Rate

26 CFR 301.6621-1: Interest rate.

Rev. Rul. 98-61

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 January 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 October 1998 is 4 percent. Accordingly, an overpayment rate

of 7 percent (6 percent in the case of a corporation) and an underpayment rate of 7 percent are established for the calendar quarter beginning January 1, 1999. The overpayment rate for the portion of a corporate overpayment exceeding \$10,000 for the calendar quarter beginning January 1, 1999, is 4.5 percent. The underpayment rate for large corporate underpayments for the calendar quarter beginning January 1, 1999, is 9 percent. These rates apply to amounts bearing interest during that calendar quarter.

The 7 percent rate also applies to estimated tax underpayments for the first calendar quarter in 1999 and for the first 15 days in April 1999.

Interest factors for daily compound interest for annual rates of 7 percent, 6 percent, 4.5 percent, and 9 percent are published in Tables 19, 17, 14, and 23 of Rev. Proc. 95-17, 1995-1 C.B. 556, 573, 571, 568, and 577.

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	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

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

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

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