South Carolina Tax Commission
301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

SC INFORMATION LETTER #92-33

TO: Vickie Jinnette Ringer
Public Information Director

FROM: Jean Croft, Tax Analyst
Tax Policy and Appeals Department

DATE: December 29, 1992

SUBJECT: Interest Rate on Deferred Tax Liability Related to DISCs and Foreign Trade Receipts

REFERENCE: S.C. Code Ann. Section 12-7-780 (Supp. 1991)
S.C. Code Ann. Section 12-7-790 (Supp. 1991)
S.C. Code Ann. Section 12-7-415 (Supp. 1991)

AUTHORITY: S.C. Code Section 12-4-320 (Supp. 1991)
SC Revenue Procedure #87-3

SCOPE: An Information Letter is a temporary document issued for the purpose of disseminating general tax information and to respond to technical questions from within the Commission which are not related to a specific set of facts.

Taxpayers are required to pay interest on deferred income tax liability related to foreign trade receipts and DISC's. The interest rate is the "base period T-bill rate" for the one year period ending on September 30 of the calendar year ending with (or the most recent calendar year ending before) the close of the tax year of the taxpayer.

The base period T-bill rate is set as follows:

Year	Rate	Annual Rate, Compounded Daily, 365 Days
September 30, 1985	8.79%	.09187
September 30, 1986	6.92%	.07164

Year	Rate	Annual Rate, Compounded Daily, 365 Days
September 30, 1987	6.49%	.06705
September 30, 1988	7.32%	.07572
September 30, 1989	8.75%	.09143
September 30, 1990	8.02%	.08349
September 30, 1991	6.42%	.06630
September 30, 1992	4.23%	.04308

Generally, a taxpayer will use the factor for 365 days which is the annual rate compounded daily. A different factor should be used only if the taxpayer has a short taxable year, if the taxpayer uses a 52-53 week taxable year, or if the taxpayer's taxable year is a leap year.

The rates and tables are the same as determined under IRC Section 995(f)(4) and can be found in the Internal Revenue Bulletins or Cumulative Bulletins as follows:

Year	Citation
1992	Revenue Ruling 92-98, 1992-46 I.R.B. 9
1991	Revenue Ruling 91-59, 1991-2 C.B. 347
1990	Revenue Ruling 90-96, 1990-2 C.B. 188
1989	Revenue Ruling 89-116, 1989-2 C.B. 197
1988	Revenue Ruling 88-94, 1988-2 C.B. 301
1987	Revenue Ruling 87-129, 1987-2 C.B. 196
Prior to 1987	Revenue Ruling 86-132, 1986-2 C.B. 137