State of South Carolina
Department of Revenue
301 Gervais Street, P. O. Box 125, Columbia, South Carolina 29214

SC INFORMATION LETTER #97-9

SUBJECT: Interest Rate on Deferred Tax Liability Related to DISC's and Foreign Trade Receipts

DATE: April 1, 1997

REFERENCE: S.C. Code Ann. Section 12-6-2810 (Supp. 1996)
S.C. Code Ann. Section 12-6-2850 (Supp. 1996)

AUTHORITY: S.C. Code Section 12-4-320 (Supp. 1996)

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Taxpayers are required to pay interest on the deferred income tax liability related to DISC's and foreign trade receipts. 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 rates are the same as determined under IRC Section 995(f)(4). The base period T-bill rate is established and published annually by the Internal Revenue Service. The rate information for the period ending September 30, 1996 is published in IRS Revenue Ruling 96-55, I.R.B. 1996-49,4. This ruling also lists the revenue rulings where the base period T-bill rate for earlier periods can be found.

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, the taxpayer uses a 52-53 week taxable year, or the taxpayer' taxable year is a leap year.

The base period T-bill rates are as follows:

Period Ending	Rate	Annual Rate, Compounded Daily, 365 Days
September 30, 1996	5.51%	5.648%
September 30, 1995	6.30%	6.502%
September 30, 1994	4.55%	4.655%
September 30, 1993	3.47%	3.531%
September 30, 1992	4.23%	4.308%
September 30, 1991	6.42%	6.630%
September 30, 1990	8.02%	8.349%
September 30, 1989	8.75%	9.143%
September 30, 1988	7.32%	7.572%
September 30, 1987	6.49%	6.705%
September 30, 1986	6.92%	7.164%
September 30, 1985	8.79%	9.187%