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State of South Carolina  
Department of Revenue  
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SC INFORMATION LETTER #98-7

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

DATE: April 13, 1998

REFERENCE: S.C. Code Ann. Section 12-6-2810 (Supp. 1997)  
S.C. Code Ann. Section 12-6-2850 (Supp. 1997)

AUTHORITY: S.C. Code Section 12-4-320 (Supp. 1997)  
SC Revenue Procedure #97-8

SCOPE: An Information Letter is a document issued for the purpose of disseminating general information or information concerning an administrative pronouncement.

Information Letters issued to disseminate general information have no precedential value and do not represent the official position of the Department. Information Letters designated as administrative pronouncements do represent the official advisory opinion of the Department.

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, 1997 is published in IRS Revenue Ruling 97-49, 1997-48 I.R.B. 4. This IRS 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's taxable year is a leap year.

The base period T-bill rates are as follows:

| <u>Period Ending</u> | <u>Rate</u> | <u>Annual Rate,<br/>Compounded Daily, 365 Days</u> |
|----------------------|-------------|----------------------------------------------------|
| September 30, 1997   | 5.68%       | 5.843%                                             |
| 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%                                             |