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SC INFORMATION LETTER #91-2

TO: Vicki Jinnette Ringer
Public Information Director

FROM: Sally Major, Tax Analyst
Tax Policy and Appeals Department

DATE: January 3, 1991

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

REFERENCE: S.C. Code Ann. Section 12-7-780 (1989 Supp.)
S.C. Code Ann. Section 12-7-790 (1989 Supp.)
S.C. Code Ann. Section 12-7-415 (1989 Supp.)

AUTHORITY: S.C. Code Section 12-3-140 (1976)
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:

	<u>Rate</u>	<u>Annual Rate, Compounded Daily, 365 Days</u>
September 30, 1985	8.79%	.09187
September 30, 1986	6.92%	.07164
September 30, 1987	6.49%	.06705
September 30, 1988	7.32%	.07572
September 30, 1989	8.75%	.09143
September 30, 1990	8.02%	.08349

Generally, use the factor for 365 days which is the annual rate compounded daily. Use a different factor only if the taxpayer's taxable year is a short taxable year, if the taxpayer uses the 52-53 week taxable year, or if the taxpayers 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 as follows:

<u>Year</u>	<u>Citation</u>
1990	Revenue Ruling 90-96, I.R.B. 1990-46, 13.
1989	Revenue Ruling 89-116, 1989-2 C.B. 197.
1988	Revenue Ruling 88-94, 1988-2 C.B. 196.
1987	Revenue Ruling 87-129, 1987-2 C.B. 196.
Prior to 1987	Revenue Ruling 86-132, 1986-2 C.B. 137.