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SC INFORMATION LETTER #94-36

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

DATE: December 16, 1994

REFERENCE: S.C. Code Ann. Section 12-7-780 (Supp. 1993)
S.C. Code Ann. Section 12-7-790 (Supp. 1993)
S.C. Code Ann. Section 12-7-415 (Supp. 1993)

AUTHORITY: S.C. Code Section 12-4-320 (Supp. 1993)

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

<u>Year</u>	<u>Rate</u>	<u>Annual Rate, Compounded Daily, 365 Days</u>
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
September 30, 1993	3.47%	.03531
September 30, 1994	4.55%	.04655

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:

<u>Year</u>	<u>Citation</u>
1994	Revenue Ruling 94-68, 1994-46 I.R.B. 4
1993	Revenue Ruling 93-77, 1993-35 I.R.B. 13
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