

QUARTERLY INTERNAL REVENUE CODE SECTION 6621 INTEREST RATES

Section 6621 of the Internal Revenue Code (26 U.S.C. 6621) establishes the rates for interest on tax overpayments and underpayments. The annual rates shown below were issued by the Secretary of the Treasury pursuant to Section 6621.

These annual rates must be converted to quarterly rates, **compounded daily**, then individually applied to each quarterly period from the date of obligation to the date of repayment, i.e., the rates from the "Underpayments" column to be applied against the periodic amounts of Government overpayments to be recouped, and vice versa.

Quarterly Period	Contractor's Federal Income Tax		Quarterly Period	Contractor's Federal Income Tax	
	Overpay-ments	Underpay-ments		Overpay-ments	Underpay-ments
1 Jan 89 - 31 Mar 89	10%	11%	1 Jan 97 - 31 Mar 97	8%	9%
1 Apr 89 - 30 Jun 89	11%	12%	1 Apr 97 - 30 Jun 97	8%	9%
1 Jul 89 - 30 Sep 89	11%	12%	1 Jul 97 - 30 Sep 97	8%	9%
1 Oct 89 - 31 Dec 89	10%	11%	1 Oct 97 - 31 Dec 97	8%	9%
1 Jan 90 - 31 Mar 90	10%	11%	1 Jan 98 - 31 Mar 98	8%	9%
1 Apr 90 - 30 Jun 90	10%	11%	1 Apr 98 - 30 Jun 98	7%	8%
1 Jul 90 - 30 Sep 90	10%	11%	1 Jul 98 - 30 Sep 98	7%	8%
1 Oct 90 - 31 Dec 90	10%	11%	1 Oct 98 - 31 Dec 98	7%	8%
1 Jan 91 - 31 Mar 91	10%	11%	1 Jan 99 - 31 Mar 99	7%*	7%
1 Apr 91 - 30 Jun 91	9%	10%	1 Apr 99 - 30 Jun 99	8%*	8%
1 Jul 91 - 30 Sep 91	9%	10%	1 Jul 99 - 30 Sep 99	8%*	8%
1 Oct 91 - 31 Dec 91	9%	10%	1 Oct 99 - 31 Dec 99	8%*	8%
1 Jan 92 - 31 Mar 92	8%	9%	1 Jan 00 - 31 Mar 00	8%*	8%
1 Apr 92 - 30 Jun 92	7%	8%	1 Apr 00 - 30 Jun 00	9%*	9%
1 Jul 92 - 30 Sep 92	7%	8%	1 Jul 00 - 30 Sep 00	9%*	9%
1 Oct 92 - 31 Dec 92	6%	7%	1 Oct 00 - 31 Dec 00	9%*	9%
1 Jan 93 - 31 Mar 93	6%	7%	1 Jan 01 - 31 Mar 01	9%*	9%
1 Apr 93 - 30 Jun 93	6%	7%	1 Apr 01 - 30 Jun 01	8%*	8%
1 Jul 93 - 30 Sep 93	6%	7%	1 Jul 01 - 30 Sep 01	7%*	7%
1 Oct 93 - 31 Dec 93	6%	7%	1 Oct 01 - 31 Dec 01	7%*	7%
1 Jan 94 - 31 Mar 94	6%	7%	1 Jan 02 - 31 Mar 02	6%*	6%
1 Apr 94 - 30 Jun 94	6%	7%	1 Apr 02 - 30 Jun 02	6%*	6%
1 Jul 94 - 30 Sep 94	8%	9%	1 Jul 02 - 30 Sep 02	6%*	6%
1 Oct 94 - 31 Dec 94	8%	9%	1 Oct 02 - 31 Dec 02	6%*	6%
1 Jan 95 - 31 Mar 95	8%	9%	1 Jan 03 - 31 Mar 03	5%*	5%
1 Apr 95 - 30 Jun 95	9%	10%	1 Apr 03 - 30 Jun 03	5%*	5%
1 Jul 95 - 30 Sep 95	8%	9%	1 Jul 03 - 30 Sep 03	5%*	5%
1 Oct 95 - 31 Dec 95	8%	9%	1 Oct 03 - 31 Dec 03	4%*	4%
1 Jan 96 - 31 Mar 96	8%	9%	1 Jan 04 - 31 Mar 04	4%*	4%
1 Apr 96 - 30 Jun 96	8%	9%	1 Apr 04 - 30 Jun 04	5%*	5%
1 Jul 96 - 30 Sep 96	8%	9%			
1 Oct 96 - 31 Dec 96	8%	9%			

* Utilize one percentage point less in the case of a corporation.

Source of the above data: Select the most recent IRS News Release topic referencing "Interest Rates" (e.g., Interest Rates increase for the Second Quarter of 2004) by entering "Interest Rates" into the "Search IRS Site for:" box on the IRS home page www.irs.gov

Release of the quarterly rate: The new rate is announced by the IRS at least fifteen days before the start of the quarterly period, and the website updated promptly thereafter.

The "underpayments" column is used to compute interest on recoupments of Government overpayments via contract price adjustments, including defective pricing. A recent statutory change has now eliminated for other than corporations, the previously existing interest differential between the overpayments and underpayments. The Quarterly Treasury rates are issued in IRS news releases made approximately 18 working days prior to the start of each calendar quarterly period.

Guidance on the aforementioned uses of the IRS Section 6621 Interest Rates in connection with Government contracts is contained in the regulatory citations on the following page:

REGULATORY CITATIONS - QUARTERLY IRS CODE SECTION 6621 INTEREST RATES

FEDERAL ACQUISITION REGULATION (FAR) subparagraphs:

15.407-1(b)(7)(i)	(e)(1) of clause at 52.214-27	(a)(5) of clause at 52.230-2
15.407-1(b)(7)(ii)(C)	(d)(1) of clause at 52.215-10 (OCT 97) & its predecessor (52.215-22)	(a)(4) of clause at 52.230-3 clause at 52.230-4
30.602-2(c)(2)	(e)(1) of clause at 52.215-11 (OCT 97) & its predecessor (52.215-23)	(a)(5) of clause at 52.230-5
30.602-2(d)(2)		(a) of clause at 52.232-17**
32.610(b)(2)**		
32.613(h)(3)**		

** Although the IRS Section 6621 rate is applicable in the event of a debt arising due to defective pricing or a Cost Accounting Standards (CAS) noncompliance issue, this citation also addresses the general applicability of the Renegotiation Board/Contract Disputes Act/Prompt Payment Act interest rates for most other contract debts.

FAR Appendix--CAS Regulation:

(a)(5) of clause at 9903.201-4(a)	clause at 9903.201-4(d)
(a)(4) of clause at 9903.201-4(c)	(a)(5) of clause at 9903.201-4(e)

DEFENSE LOGISTICS AGENCY ACQUISITION DIRECTIVE (DLAD 4105.1) subparagraph:

15.407-1(b)(7)(i)	30.602-2(c)(2)	30.602-2(d)(2)
-------------------	----------------	----------------

Location of This Webpage: This webpage, and a similar page covering Renegotiation Board/Contract Disputes Act/Prompt Payment Act interest rates promulgated by the IRS, is published by the Defense Logistics Agency. It can be reached from the Agency's J-3 webpage by clicking on the Pricing Website link from site <http://www.dla.mil/j-3/> then clicking on the item 10 INTEREST RATES link from Section F. Tools.

Questions: Should be directed to Jerry Gilbert, Contract Price Cost Analyst, Procurement Integrity and Pricing Branch (J-3313), at (703) 767-1350, DSN 427-1350, or to his e-mail address: jerry.gilbert@dlam.mil

SEMIANNUAL RENEGOTIATION BOARD/CONTRACT DISPUTES ACT/PROMPT PAYMENT ACT INTEREST RATES

The rates shown below, were issued by the Secretary of the Treasury pursuant to Public Law 92-41 (85 Stat. 97) for the Renegotiation Board (31 U.S.C. 3902). Although the Renegotiation Board is no longer in existence, other Federal Agencies are required to use interest rates computed under the criteria established by the Renegotiation Act of 1971 (P.L. 92-41). For example, the Contract Disputes Act of 1978 (P.L. 95-563, 41 U.S.C. 611) and the Prompt Payment Act (P.L. 97-177) provide for interest due on claims at a rate established by the Secretary of the Treasury pursuant to 31 U.S.C. 3902(a) (50 U.S.C. App. 1215(b)(2)).

These annual rates must be converted to semiannual rates, and then individually applied to the over-/under- payment in each semiannual period from the date of obligation to the date of repayment.

Period	Annual Rate	Period	Annual Rate	Period	Annual Rate
1 Jan 72-30 Jun 72	6.750%	1 Jan 83-30 Jun 83	11.250%	1 Jan 94-30 Jun 94	5.500%
1 Jul 72-31 Dec 72	6.875%	1 Jul 83-31 Dec 83	11.500%	1 Jul 94-31 Dec 94	7.000%
1 Jan 73-30 Jun 73	7.125%	1 Jan 84-30 Jun 84	12.375%	1 Jan 95-30 Jun 95	8.125%
1 Jul 73-31 Dec 73	7.750%	1 Jul 84-31 Dec 84	14.375%	1 Jul 95-31 Dec 95	6.375%
1 Jan 74-30 Jun 74	7.875%	1 Jan 85-30 Jun 85	12.125%	1 Jan 96-30 Jun 96	5.875%
1 Jul 74-31 Dec 74	9.125%	1 Jul 85-31 Dec 85	10.375%	1 Jul 96-31 Dec 96	7.000%
1 Jan 75-30 Jun 75	8.875%	1 Jan 86-30 Jun 86	9.750%	1 Jan 97-30 Jun 97	6.375%
1 Jul 75-31 Dec 75	8.875%	1 Jul 86-31 Dec 86	8.500%	1 Jul 97-31 Dec 97	6.750%
1 Jan 76-30 Jun 76	8.750%	1 Jul 87-31 Dec 87	7.625%	1 Jan 98-30 Jun 98	6.250%
1 Jul 76-31 Dec 76	8.500%	1 Jan 87-30 Jun 87	8.875%	1 Jul 98-31 Dec 98	6.000%
1 Jan 77-30 Jun 77	7.750%	1 Jan 88-30 Jun 88	9.375%	1 Jan 99-30 Jun 99	5.000%
1 Jul 77-31 Dec 77	7.875%	1 Jul 88-31 Dec 88	9.250%	1 Jul 99-31 Dec 99	6.500%
1 Jan 78-30 Jun 78	8.250%	1 Jan 89-30 Jun 89	9.750%	1 Jan 00-30 Jun 00	6.750%
1 Jul 78-31 Dec 78	9.000%	1 Jul 89-31 Dec 89	9.125%	1 Jul 00-31 Dec 00	7.250%
1 Jan 79-30 Jun 79	9.875%	1 Jan 90-30 Jun 90	8.500%	1 Jan 01-30 Jun 01	6.375%
1 Jul 79-31 Dec 79	10.250%	1 Jul 90-31 Dec 90	9.000%	1 Jul 01-31 Dec 01	5.875%
1 Jan 80-30 Jun 80	12.250%	1 Jan 91-30 Jun 91	8.375%	1 Jan 02-30 Jun 02	5.500%
1 Jul 80-31 Dec 80	10.500%	1 Jul 91-31 Dec 91	8.500%	1 Jul 02-31 Dec 02	5.250%
1 Jan 81-30 Jun 81	14.625%	1 Jan 92-30 Jun 92	6.875%	1 Jan 03-30 Jun 03	4.250%
1 Jul 81-31 Dec 81	14.875%	1 Jul 92-31 Dec 92	7.000%	1 Jul 03-31 Dec 03	3.125%
1 Jan 82-30 Jun 82	14.750%	1 Jan 93-30 Jun 93	6.500%	1 Jan 04-30 Jun 04	4.000%
1 Jul 82-31 Dec 82	15.500%	1 Jul 93-31 Dec 93	5.625%		

Source of the above data: <http://www.publicdebt.treas.gov/opd/opdirsemi.htm>

Release of the semiannual rate: The new rate is published in the Federal Register on or preceding the start of the semi-annual period, and the website updated promptly thereafter. The page also contains a link to the rates from to prior periods.

The rate is used to compute interest applicable to determinations under the Contract Disputes Act, the Prompt Payment Act, and for standard clauses requiring interest determinations. The Cost Accounting Standards (CAS) utilize this rate in calculating the cost of money for facilities capital (CAS 414); present value of future benefits for deferred compensation (CAS 415); the alternate rate for present value of future payments for losses for insurance costs (CAS 416); and the cost of money for capital assets under construction (CAS 417).

Guidance on aforementioned uses of the Renegotiation Board/Contract Disputes Act/Prompt Payment Act Interest Rates in connection with Government contracts is contained in the regulatory citations on the following page:

**REGULATORY CITATIONS - RENEGOTIATION BOARD ACT/CONTRACT DISPUTES ACT/PROMPT PAYMENT
ACT INTEREST RATES**

FEDERAL ACQUISITION REGULATION (FAR) subparagraphs:

31.205-10(a)(1)(ii)(C)	49.603-3(b)(7)(xiv)	(a)(3) thru (a)(6)(i) of clause
31.205-19(a)(3)(i)	(g)(2) of clause at 52.212-4	at 52.232-27
32.407(a)(2) & (b)	(i) of clause at 52.212-4	(c)(2)(ii) of clause at 52.232-27
(b) of the D&F at 32.410(b)	(f)(3) ((e)(3) if using <i>Alternate V</i>)	(e)(4)(ii) and (e)(6) of clause
32.610(b)(2)**	of clause at 52.232-12	at 52.232-27
32.613(h)(3)** & (l)	(a) of clause 52.232-17**	(f)(2)(ii) of clause at 52.232-27
32.614-1(c)	(a)(4) thru (a)(7) of clause	(h) of clause at 52.233-1
32.614-2(b)(1), (2), & (3)	at 52.232-25	(d)(2)(ii) of clause at 52.242-3
32.615	(a)(5) thru (a)(7) of clause at	(m)(2) of clause at 52.249-2
32.617(a) & (b)	52.232-25 (Mar 94 version)	(m)(2) of clause at 52.249-3
32.907-1(d) & (e)	(a)(4) thru (a)(7) of clause at	(m)(2) of clause at 52.249-6
33.208(b)	52.232-26 (Mar 94 version)	(k)(2) of clause at 52.249-11
42.709-4(b)	(a)(4) thru (a)(6) of clause at	
49.112-1(g)	52.232-26 (Mar 94 version)	

** Coverage also addresses the contingent applicability of the IRS Section 6621 rate in the event of a debt arising due to defective pricing or a Cost Accounting Standards (CAS) noncompliance issue.

FAR Appendix--CAS Regulation:

9904.414-40(b)	9904.415-50(d)(5)	9904.416-50(a)(3)(ii)
9904.414-50(b)	9904.415-60(b)	9904.417-50(a)(1)

DEPARTMENT OF DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (DFARS) subparagraphs:

215.971-3(b)(7)	230.7101-1(a)	(d)(2)(ii) of clause at 252.231-7001
230.7100(c)(1)	231.7002-4(b)	

DEPARTMENT OF DEFENSE CLASS DEVIATIONS TO FAR:

31.205-20 (DAR Tracking Number 2002-O0003---for utilities privatization contracts awarded May 1, 2002 through April 30, 2007))
(d)(2) of Use and Charges (APR 1984)(DEVIATION) to FAR 52.245-9 (DAR tracking number 99-O0011)

DEFENSE LOGISTICS AGENCY ACQUISITION DIRECTIVE (DLAD 4105.1) subparagraph:

30.7001-2(e)

Location of This Webpage: This webpage, and a similar page covering Quarterly Internal Revenue Code Section 6621 interest rates promulgated by the IRS, can be reached from the Defense Logistics Agency's J-3 website: <http://www.dla.mil/j-3/> Then click on the Pricing Website link and select the item 10 INTEREST RATES EXCEL or PDF link from Section F. Tools.

Questions: Should be directed to Jerry Gilbert, Contract Price Cost Analyst, Procurement Integrity and Pricing Branch (J-3313), at (703) 767-1350, DSN 427-1350, or to his e-mail address: jerry.gilbert@dla.mil