



IN REPLY
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SEP 03 1999

CONTRACTING INSTRUCTION (CI): 99-16
MEMORANDUM FOR CI Distribution

SUBJECT: Interest Rates

CI 97-5 is hereby rescinded and replaced. The attached tables show the latest interest rates established by the Secretary of the Treasury for use in connection with selected postaward actions discussed below:

a. Quarterly Internal Revenue Service (IRS) Interest Rates (July 1 - September 30, 1999). Annual rate is 8 percent per annum for overpayments by other than corporations and 7 percent for corporations; 8 percent for underpayments (Attachment 1): 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 rate differential between overpayments and underpayments. The Quarterly Treasury rates are issued in IRS news releases made approximately 15 working days prior to the start of each calendar quarterly period. Shortly thereafter they are published on the IRS Newsstand (<http://www.irs.treas.gov/news/nandf.html>). Select the latest release under the topic "Quarterly Interest Rates" and click the "Retrieve Selected File" button to view or download.

b. Semiannual Renegotiation Act/Prompt Payment Act Interest Rates (July 1 - December 31, 1999). Annual rate rose to 6.5 percent per annum (Attachment 2): 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). A listing of the current and prior rates is also available <http://www.publicdebt.treas.gov/opdprmt2.htm>.

This CI is effective immediately and expires when superseded, but in no event later than 1 year after the issue date. Point of contact is Cheri Bohman, DESC-CPA, extension 7626.

SHARON L. MURPHY
DESC Senior Procurement Official

Attachments



QUARTERLY INTERNAL REVENUE CODE SECTION 6621 INTEREST RATES

Annual rates shown below, as issued by the Secretary of the Treasury pursuant to Section 6621 of the Internal Revenue Code of 1986 (26 U.S.C. 6621), must be converted to quarterly rates and individually applied to each quarterly period from date of obligation to date of repayment, i.e., the rates from the "Underpayments" column are applied against the periodic amounts of Government overpayments to be recouped, and vice versa.

Period	Contractor's Federal Income Tax		Period	Contractor's Federal Income Tax	
	Overpay- ments	Underpay- ments		Overpay- ments	Underpay- ments
1 Jan 87 - 31 Mar 87	8%	9%	1 Jul 93 - 30 Sep 93	6%	7%
1 Apr 87 - 30 Jun 87	8%	9%	1 Oct 93 - 31 Dec 93	6%	7%
1 Jul 87 - 30 Sep 87	8%	9%	1 Jan 94 - 31 Mar 94	6%	7%
1 Oct 87 - 31 Dec 87	9%	10%	1 Apr 94 - 30 Jun 94	6%	7%
1 Jan 88 - 31 Mar 88	10%	11%	1 Jul 94 - 30 Sep 94	8%	9%
1 Apr 88 - 30 Jun 88	9%	10%	1 Oct 94 - 31 Dec 94	8%	9%
1 Jul 88 - 30 Sep 88	9%	10%	1 Jan 95 - 31 Mar 95	8%	9%
1 Oct 88 - 31 Dec 88	10%	11%	1 Apr 95 - 30 Jun 95	9%	10%
1 Jan 89 - 31 Mar 89	10%	11%	1 Jul 95 - 30 Sep 95	8%	9%
1 Apr 89 - 30 Jun 89	11%	12%	1 Oct 95 - 31 Dec 95	8%	9%
1 Jul 89 - 30 Sep 89	11%	12%	1 Jan 96 - 31 Mar 96	8%	9%
1 Oct 89 - 31 Dec 89	10%	11%	1 Apr 96 - 30 Jun 96	8%	9%
1 Jan 90 - 31 Mar 90	10%	11%	1 Jul 96 - 30 Sep 96	8%	9%
1 Apr 90 - 30 Jun 90	10%	11%	1 Oct 96 - 31 Dec 96	8%	9%
1 Jul 90 - 30 Sep 90	10%	11%	1 Jan 97 - 31 Mar 97	8%	9%
1 Oct 90 - 31 Dec 90	10%	11%	1 Apr 97 - 30 Jun 97	8%	9%
1 Jan 91 - 31 Mar 91	10%	11%	1 Jul 97 - 30 Sep 97	8%	9%
1 Apr 91 - 30 Jun 91	9%	10%	1 Oct 97 - 31 Dec 97	8%	9%
1 Jul 91 - 30 Sep 91	9%	10%	1 Jan 98 - 31 Mar 98	8%	9%
1 Oct 91 - 31 Dec 91	9%	10%	1 Apr 98 - 30 Jun 98	7%	8%
1 Jan 92 - 31 Mar 92	8%	9%	1 Jul 98 - 30 Sep 98	7%	8%
1 Apr 92 - 30 Jun 92	7%	8%	1 Oct 98 - 31 Dec 98	7%	8%
1 Jul 92 - 30 Sep 92	7%	8%	1 Jan 99 - 31 Mar 99	7%*	7%
1 Oct 92 - 31 Dec 92	6%	7%	1 Apr 99 - 30 Jun 99	8%*	8%
1 Jan 93 - 31 Mar 93	6%	7%	1 Jul 99 - 30 Sep 99	8%*	8%
1 Apr 93 - 30 Jun 93	6%	7%			

* One percentage point less in the case of a corporation.

Data Source: Retrieve topic "IRS Announces Quarterly Interest Rates" from www.irs.treas.gov/news/nandf.html

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

FAR Appendix--CAS Regulation:	(a)(5) of clause at 9903.201-4(a)	the clause at 9903.201-4(d)
	(a)(4) of clause of 9903.201-4(c)	(a)(5) of clause at 9903.201-4(e)

DFARS: 232.502-1-71(c)(3)&(4)

** Coverage refers to both the Section 6621 rates (above) and to the Renegotiation Act/Prompt Payment Act rates (Attachment 2).

SEMIANNUAL RENEGOTIATION ACT/PROMPT PAYMENT ACT INTEREST RATES

Annual rates shown below, 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) and utilized pursuant to the Contract Disputes Act of 1978 (P.L. 95-563, 41 U.S.C. 611) and the Prompt Payment Act (P.L. 97-177) (50 U.S.C. App. 1215(b)(2)), must be converted to semiannual rates and individually applied to the over-/under- payment in each semiannual period from the date of obligation to the date of repayment.

Period	Rate	Period	Rate	Period	Rate
1 Jul 71-31 Dec 71	7.375%	1 Jan 81-30 Jun 81	14.625%	1 Jul 90-31 Dec 90	9.000%
1 Jan 72-30 Jun 72	6.750%	1 Jul 81-31 Dec 81	14.875%	1 Jan 91-30 Jun 91	8.375%
1 Jul 72-31 Dec 72	6.875%	1 Jan 82-30 Jun 82	14.750%	1 Jul 91-31 Dec 91	8.500%
1 Jan 73-30 Jun 73	7.125%	1 Jul 82-31 Dec 82	15.500%	1 Jan 92-30 Jun 92	6.875%
1 Jul 73-31 Dec 73	7.750%	1 Jan 83-30 Jun 83	11.250%	1 Jul 92-31 Dec 92	7.000%
1 Jan 74-30 Jun 74	7.875%	1 Jul 83-31 Dec 83	11.500%	1 Jan 93-30 Jun 93	6.500%
1 Jul 74-31 Dec 74	9.125%	1 Jan 84-30 Jun 84	12.375%	1 Jul 93-31 Dec 93	5.625%
1 Jan 75-30 Jun 75	8.875%	1 Jul 84-31 Dec 84	14.375%	1 Jan 94-30 Jun 94	5.500%
1 Jul 75-31 Dec 75	8.875%	1 Jan 85-30 Jun 85	12.125%	1 Jul 94-31 Dec 94	7.000%
1 Jan 76-30 Jun 76	8.750%	1 Jul 85-31 Dec 85	10.375%	1 Jan 95-30 Jun 95	8.125%
1 Jul 76-31 Dec 76	8.500%	1 Jan 86-30 Jun 86	9.750%	1 Jul 95-31 Dec 95	8.375%
1 Jan 77-30 Jun 77	7.750%	1 Jul 86-31 Dec 86	8.500%	1 Jan 96-30 Jun 96	5.875%
1 Jul 77-31 Dec 77	7.875%	1 Jan 87-30 Jun 87	7.825%	1 Jul 96-31 Dec 96	7.000%
1 Jan 78-30 Jun 78	8.250%	1 Jul 87-31 Dec 87	8.875%	1 Jan 97-30 Jun 97	8.375%
1 Jul 78-31 Dec 78	9.000%	1 Jan 88-30 Jun 88	9.375%	1 Jul 97-31 Dec 97	6.750%
1 Jan 79-30 Jun 79	9.875%	1 Jul 88-31 Dec 88	9.250%	1 Jan 98-30 Jun 98	6.250%
1 Jul 79-31 Dec 79	10.250%	1 Jan 89-30 Jun 89	9.750%	1 Jul 98-31 Dec 98	6.000%
1 Jan 80-30 Jun 80	12.250%	1 Jul 89-31 Dec 89	9.125%	1 Jan 99-30 Jun 99	5.000%
1 Jul 80-31 Dec 80	10.500%	1 Jan 90-30 Jun 90	8.500%	1 Jul 99-31 Dec 99	6.500%

Data Source: web address www.publicdebt.treas.gov/opdprmt2.htm

REGULATORY GUIDANCE

FAR:	31.205-10(a)(1)(ii)(C)	32.907-1(d) & (e)	(a)(4) of clause at 52.232-26
	31.205-19(a)(3)(i)	33.208(b)	(dated on/after Jun 97)
	32.407(a)(2) & (b)	(f)(3) / All V(e)(3)	(a)(5) of clause at 52.232-26
	32.610(b)(2)**	of clause at 52.232-12	(dated before Jun 97)
	32.613(h)(3)** & (f)	(a) of clause 52.232-17**	(a)(4) of clause at 53.232-27
	32.614-1(c)	(a)(5) of clause at 52.232-25	(c)(2)(ii) of clause at 52.232-27
	32.614-2(b)(1), (2), & (3)	(dated on/after Jun 97)	(e)(4)(ii) of clause at 52.232-27
	32.615	(a)(6) of clause at 52.232-25	(f)(2) of clause at 52.232-27
	32.617(a) & (b)	(dated before Jun 97)	(h) of clause at 52.233-1
DFARS:	215.971-3(b)(7)	230.7101-1(a)	231.7002-4(b)
	230.7100(c)(1)	230.7102(a)	(d)(2)(ii) of clause at 252.231-7001

** Coverage refers to both the Renegotiation Act/Prompt Payment Act rates (above) and to the Section 6221 rates (Attachment 1).