

IRS ANNOUNCES QUARTERLY INTEREST RATES

Washington -- The Internal Revenue Service today announced that interest rates for the calendar quarter beginning October 1, 1998, will be seven (7) percent for overpayments, eight (8) percent for underpayments, and ten (10) percent for large corporate underpayments. The overpayment rate for the portion of a corporate overpayment exceeding \$10,000 will be five and one-half (5.5) percent.

Under the Internal Revenue Code, the rate of interest is determined on a quarterly basis, the rate on underpayments is one (1) percent higher than the rate on overpayments, and the rate for large corporate underpayments is two (2) percent higher than the rate on underpayments. The interest paid on the portion of a corporate overpayment of tax exceeding \$10,000 for a taxable period is the sum of the federal short-term rate plus one-half (0.5) of a percentage point. The interest rates announced today are computed from the federal short-term rate based on daily compounding determined during July 1998.

Rev. Rul. 98-46, announcing the new rates of interest, is attached and will appear in Internal Revenue Bulletin No. 1998-39, dated September 28, 1998.

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