TARPS Interest Calculations

When a receivable enters the system, the initial interest calculation is performed based on the following rules:

- 1. Receivables with Special Issue Codes of 150 or 200 will accrue no initial interest.
- 2. Type 1 receivables will accrue interest from the date the bill was paid.
- 3. Type 2 and 3 receivables will accrue interest from the issue date. For receivables entered as part of a batch, this will result in zero interest, since the issue date is today. If a receivable is entered via the Maintain Support Files menu, the receivable issue date is entered and could be other than today, resulting in interest.

On a monthly basis, additional interest is computed based on the following rules:

- 1. The receivable status must be space. All other receivable status values stop the calculation of monthly interest (while under protest, for example).
- 2. Type 3 receivables will not accrue additional interest.
- 3. The receivable must have been in the system for at least 30 days.
- 4. Receivables with Special Issue Code 200 will not accrue additional interest.

All interest calculations are based solely on the principal, there is no compounding by computing the interest on already charged interest.

The interest calculation uses the interest rate times the number of day's interest due divided by 360 days.

The current interest rate is 1%.

Examples (using interest rate of 5%):

- 1. Initial interest on \$100 principal where the bill was paid 60 days ago (100*.05)*(60/360) = \$.83
- 2. Monthly interest on the same \$100 (100*.05)*(30/360) = "\$.42