



# Commonwealth of Massachusetts

## OFFICE OF THE COMPTROLLER

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WILLIAM McNAMARA  
COMPTROLLER

To: Chief Fiscal Officers  
From: Tryntje Bumgardner, Assistant Comptroller  
Date: July 18, 2024  
Re: Late Penalty Interest Rate

Comptroller Memo FY 2025-03

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### Executive Summary

The purpose of this memo is to advise departments that the late penalty interest rate for July 1, 2024 - December 31, 2024, is 5.50% per annum (Daily Interest Rate = 0.0001503).

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Pursuant to [M.G.L. c. 29, § 29C](#), the interest rate for calculating late payment interest to vendors is set on January 1 and July 1 of each year (and published in [Fiscal Year Updates](#)), and is equal to the discount rate charged on these dates by the [Federal Reserve Bank](#).

Today, the Office of the Comptroller (CTR) announces that the late penalty interest rate for July 1, 2024 – December 31, 2024 is 5.50% per annum (the daily interest rate = 0.0001503).

CTR's regulations, 815 CMR 4.00 et seq., provide rules and procedures governing the payment of late penalty interest. The late penalty interest rate is applicable to invoices that are not paid by the payment due date (which is 45 days after receipt of an invoice, unless the usual and customary time for payment is shorter or longer by statute or regulation). Departments must take all steps necessary to ensure that the Commonwealth's obligations are paid on a timely basis in accordance with the [Commonwealth's Bill Payment Policies](#).

The formula for computation of late payment interest requested by a vendor is calculated as follows: **[Invoice Amount] \* [Daily Interest Rate] \* [# days from Payment Due Date to Scheduled Payment Date]**. Payments are made using the appropriate object code for late penalty interest (in the same object class as the original payment) in the [Expenditure Classification Handbook](#).

[Cumulative Table of Late Payment Interest Rates](#)  
[815 CMR 4.00 Late Penalty Interest Calculator](#)

cc: MMARS Liaisons, Payroll Directors, General Counsels