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To: Chief Fiscal Officers
From: Tryntje Bumgardner, Assistant Comptroller
Date: January 26, 2026
Subject: Fiscal Year 2026 Late Penalty Interest Rate

Office of the Comptroller Fiscal Year Memo FY2026-11

Executive Summary

The purpose of this memo is to advise departments that the late penalty interest rate for January 1, 2026 – June 30, 2026, is 3.75% per annum (Daily Interest Rate = 0.0001027).

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 January 1, 2026 – June 30, 2026, is 3.75% per annum (the Daily Interest Rate = 0.0001027).

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 Policy](#).

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



OFFICE OF THE COMPTROLLER

CUMULATIVE TABLE OF LATE PAYMENT INTEREST RATES: M.G.L. c. 29, § 29C – 815 CMR 4.00

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 at [macomptroller.org/fiscal-year-memos](#)), and is equal to the discount rate charged on these dates by the Federal Reserve Bank. **Today, the Office of the Comptroller announces that the late penalty interest rate for January 1, 2026 – June 30, 2026 is 3.75% per annum (the Daily Interest Rate = 0.0001027).**

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 which 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 are expected to 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 Policy](#).

The formula for computation of late payment interest requested by a vendor is shown in the example below. Payments should be made using the appropriate object code for late penalty interest (in the same object class as the original payment) in the [Expenditure Classification Handbook](#).

EXAMPLE	
Invoice Amount	\$2,500.00
Payment Due Date	January 1, 2026
Scheduled Payment Date	February 9, 2026
Daily Interest Rate in effect on Scheduled Payment Date	0.0001027
# Days Payment Due to Scheduled Payment Date	40 days Past Due
CALCULATION:	$\\$2,500.00 * 0.0001027 * 40 = \\10.27 late payment interest

Effective Dates of Interest Rate	Interest Rate Percentage Per Annum	Daily Interest Rate (Annual Interest Rate * .01/365 days)
2020s		
January 1 – June 30, 2026	3.75	0.0001027
July 1 – December 31, 2025	4.50	0.0001233
January 1 – June 30, 2025	4.50	0.0001233
July 1 – December 31, 2024	5.50	0.0001503
January 1 – June 30, 2024	5.50	0.0001503
July 1 – December 31, 2023	5.25	0.0001438
January 1 – June 30, 2023	4.00	0.0001096
July 1 – December 31, 2022	1.75	0.0000479
January 1 – June 30, 2022	0.25	0.0000068
July 1 – December 31, 2021	0.25	0.0000068
January 1 – June 30, 2021	0.25	0.0000068
July 1 – December 31, 2020	0.25	0.0000068
January 1 – June 30, 2020	2.25	0.0000616
2010s		
July 1 – December 31, 2019	3.00	0.0000822
January 1 – June 30, 2019	3.00	0.0000822
July 1 – December 31, 2018	2.50	0.0000685
January 1 – June 30, 2018	2.00	0.0000548
July 1 – December 31, 2017	1.75	0.0000479
January 1 – June 30, 2017	1.25	0.0000342
July 1 – December 31, 2016	1.00	0.0000274
January 1 – June 30, 2016	1.00	0.0000274
July 1 – December 31, 2015	0.75	0.0000205
January 1 – June 30, 2015	0.75	0.0000205
July 1 – December 31, 2014	0.75	0.0000205
January 1 – June 30, 2014	0.75	0.0000205
July 1 – December 31, 2013	0.75	0.0000205
January 1 – June 30, 2013	0.75	0.0000205
July 1 – December 31, 2012	0.75	0.0000205
January 1 – June 30, 2012	0.75	0.0000205
July 1 – December 31, 2011	0.75	0.0000205
January 1 – June 30, 2011	0.75	0.0000205
July 1 – December 31, 2010	0.75	0.0000205
January 1 – June 30, 2010	0.50	0.0000137
2000s		
July 1 – December 31, 2009	0.50	0.0000137
January 1 – June 30, 2009	0.50	0.0000137
July 1 – December 31, 2008	2.25	0.0000616
January 1 – June 30, 2008	4.75	0.0001301
July 1 – December 31, 2007	6.25	0.0001712
January 1 – June 30, 2007	6.25	0.0001712

Effective Dates of Interest Rate	Interest Rate Percentage Per Annum	Daily Interest Rate (Annual Interest Rate * .01/365 days)
July 1 – December 31, 2006	6.25	0.0001712
January 1 – June 30, 2006	5.25	0.0001438
July 1 – December 31, 2005	4.25	0.0001164
January 1 – June 30, 2005	3.25	0.0000890
July 1 – December 31, 2004	2.25	0.0000616
January 1 – June 30, 2004	2.00	0.0000548
July 1 – December 31, 2003	2.00	0.0000548
January 1 – June 30, 2003	0.75	0.0000205
July 1 – December 31, 2002	1.25	0.0000342
January 1 – June 30, 2002	1.25	0.0000342
July 1 – December 31, 2001	3.25	0.0000890
January 1 – June 30, 2001	6.00	0.0001644
July 1 – December 31, 2000	6.00	0.0001644
January 1 – June 30, 2000	5.00	0.0001370
1990s		
July 1 – December 31, 1999	4.50	0.0001233
January 1 – June 30, 1999	4.50	0.0001233
July 1 – December 31, 1998	5.00	0.0001370
January 1 – June 30, 1998	5.00	0.0001370
July 1 – December 31, 1997	5.00	0.0001370
January 1 – June 30, 1997	5.00	0.0001370

Late Penalty Interest Rate Calculator

Enter Invoice Amount, # days late and Interest rate from CTR published listing under 815 CMR 4.00

ENTER INVOICE ANMOUNT	ENTER # Days late (Due Date to Scheduled Payment Date)	ENTER CTR Published Interest Rate (for period of late payment)	Daily Interest Rate Calculation	Daily Late Penalty Interest Calculation	Total Late Penalty Interest Due Calculation
\$2,500.00	40	3.75	0.0001027	\$0.26	\$10.27
			0.0000000	\$0.00	\$0.00
			0.0000000	\$0.00	\$0.00
			0.0000000	\$0.00	\$0.00
			0.0000000	\$0.00	\$0.00
			0.0000000	\$0.00	\$0.00