

# ? “How do I use the IRR function in Google Sheets?”

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June 29, 2024

## RECOMMENDED CITATION

stats writer (2024). ? “How do I use the IRR function in Google Sheets?”. PSYCHOLOGICAL SCALES. Retrieved from <https://scales.arabpsychology.com/?p=158680>

The IRR function in Google Sheets is a tool used for calculating the internal rate of return for a series of cash flows. It takes into account the initial investment and the expected future cash flows to determine the rate of return on the investment. This function can be useful for evaluating the profitability of projects and investments. To use the IRR function, simply enter the initial investment as a negative value and the expected cash flows as positive values in a column. Then, use the formula `=IRR(range of cash flows)` to calculate the internal rate of return. The result will be displayed as a percentage, which can be interpreted as the estimated rate of return on the investment. This function is helpful for making informed financial decisions and comparing different investment options."

## IRR

Calculates the internal rate of return on an investment based on a series of periodic cash flows.

### Sample Usage

```
IRR(A2:A25)
```

```
IRR({-4000,200,250,300,350},0.1)
```

### Syntax

```
IRR(cashflow_amounts, )
```

`cashflow_amounts` - An array or range containing the income or payments associated with the investment.

`cashflow_amounts` must contain at least one negative and one positive cash flow to calculate rate of return.

`rate_guess` - - An estimate for what the internal rate of return will be.

### Notes

Each cell in `cashflow_amounts` should be positive if it represents income from the perspective of the owner of the investment (e.g. coupons) or negative if it represents payments (e.g. loan repayment).

`NPV` will return zero if `discount` is set to the result of `IRR` using the same cash flow amounts.

If the cash flows of an investment are irregularly spaced, use `XIRR` instead.

## See Also

**XNPV**: Calculates the net present value of an investment based on a specified series of potentially irregularly spaced cash flows and a discount rate.

**XIRR**: Calculates the internal rate of return of an investment based on a specified series of potentially irregularly spaced cash flows.

**PV**: Calculates the present value of an annuity investment based on constant-amount periodic payments and a constant interest rate.

**NPV**: Calculates the net present value of an investment based on a series of periodic cash flows and a discount rate.

**MIRR**: Calculates the modified internal rate of return on an investment based on a series of periodic cash flows and the difference between the interest rate paid on financing versus the return received on reinvested income.

## Examples