

## Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of January 2002. See Rev. Rul. 2002-2, on this page.

## Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2002. See Rev. Rul. 2002-2, on this page.

## Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2002. See Rev. Rul. 2002-2, on this page.

## Section 1032.—Exchange of Stock for Property

26 CFR 1.1032-3: *Disposition of stock or stock options in certain transactions not qualifying under any other nonrecognition provision.*

*Options and Spin-off:* Income tax treatment of options and restricted stock in spin-offs, under the facts presented. See Rev. Rul. 2002-1, page 268.

## Section 1274.—Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also sections 42, 280G, 382, 412, 467, 468, 482, 483, 642, 807, 846, 1288, 7520, 7872.)

**Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate.** For purposes of sections 382, 1274, 1288, and other sections of the Code, tables set forth the rates for January 2002.

### Rev. Rul. 2002-2

This revenue ruling provides various prescribed rates for federal income tax purposes for January 2002 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(2) for buildings placed in

service during the current month. Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520. Finally, Table 6 contains the deemed rate of return for transfers made during calendar year 2002 to pooled income funds described in § 642(c)(5) that have been in existence for less than 3 taxable years immediately preceding the taxable year in which the transfer is made.

REV. RUL. 2002-2 TABLE 1

Applicable Federal Rates (AFR) for January 2002

*Period for Compounding*

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-Term</i>				
AFR	2.73%	2.71%	2.70%	2.69%
110% AFR	3.00%	2.98%	2.97%	2.96%
120% AFR	3.28%	3.25%	3.24%	3.23%
130% AFR	3.55%	3.52%	3.50%	3.49%

REV. RUL. 2002-2 TABLE 1—CONTINUED

Applicable Federal Rates (AFR) for January 2002

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Mid-Term</i>				
AFR	4.49%	4.44%	4.42%	4.40%
110% AFR	4.94%	4.88%	4.85%	4.83%
120% AFR	5.40%	5.33%	5.29%	5.27%
130% AFR	5.85%	5.77%	5.73%	5.70%
150% AFR	6.77%	6.66%	6.61%	6.57%
175% AFR	7.92%	7.77%	7.70%	7.65%
<i>Long-Term</i>				
AFR	5.46%	5.39%	5.35%	5.33%
110% AFR	6.02%	5.93%	5.89%	5.86%
120% AFR	6.57%	6.47%	6.42%	6.38%
130% AFR	7.13%	7.01%	6.95%	6.91%

REV. RUL. 2002-2 TABLE 2

Adjusted AFR for January 2002

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	2.47%	2.45%	2.44%	2.44%
Mid-term adjusted AFR	3.57%	3.54%	3.52%	3.51%
Long-term adjusted AFR	4.82%	4.76%	4.73%	4.71%

REV. RUL. 2002-2 TABLE 3

Rates Under Section 382 for January 2002

Adjusted federal long-term rate for the current month	4.82%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	4.82%

REV. RUL. 2002-2 TABLE 4

Appropriate Percentages Under Section 42(b)(2) for January 2002

Appropriate percentage for the 70% present value low-income housing credit	8.16%
Appropriate percentage for the 30% present value low-income housing credit	3.50%

REV. RUL. 2002-2 TABLE 5

Rate Under Section 7520 for January 2002

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	5.4%
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REV. RUL. 2002-2 TABLE 6

Rate Under Section 7520 for January 2002

Deemed rate of return for transfers during 2002 to pooled income funds that have been in existence for less than 3 taxable years	6.6%
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## Federal Rates; Adjusted Federal Rates; Adjusted Federal Long-Term Rate and the Long-Term Exempt Rate

### Announcement 2002-13

Rev. Rul. 2002-2 (2002-2 I.R.B. 271), which set forth the applicable federal rates and various other rates for January 2002, incorrectly labeled table 6 “Rate Under Section 7520 for January 2002”. The title should read, “Deemed Rate for Transfers to New Pooled Income Funds During 2002”.

The principal author of this announcement is Pat Monahan of the Office of Chief Counsel (Financial Institutions and Products). For further information regarding this announcement contact Ms. Monahan at (202) 622-4431 (not a toll-free call).

## Allocation of Loss With Respect to Stock and Other Personal Property; Correction

### Announcement 2002-14

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains corrections to final regulations (T.D. 8973, 2002-4 I.R.B. 391) which were published in the **Federal Register** on Friday, December 28, 2001 (66 FR 67081). The final regulations relate to the allocation of loss recognized on the disposition of stock and other personal property under sections 861 and 865.

DATES: This correction is effective January 8, 2002.

FOR FURTHER INFORMATION CONTACT: David A. Juster (202) 622-3850 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

## Background

The final regulations that are subject to these corrections are under sections 861 and 865 of the Internal Revenue Code.

### Need for Correction

As published, final regulations (T.D. 8973) contains errors that may prove to be misleading and are in need of clarification.

### Correction of Publication

Accordingly, the publication of final regulations (T.D. 8973), which was the subject of FR Doc. 01-31819, is corrected as follows:

#### § 1.861-8T [Corrected]

1. On page 67083, column 3, § 1.861-8T, line 3 of the paragraph heading, the language “for other sources and activities (temporary).” is corrected to read “from other sources and activities (temporary).”

#### § 1.865-2 [Corrected]

2. On page 67086, column 2, § 1.865-2(a)(4)(iv), *Example 3.* (i), line 10, the language “country X for \$1,000. On January 2, 2002, R” is corrected to read “Country X for \$1,000. On January 2, 2002, R”.

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*Associate Chief Counsel*  
*(Income Tax & Accounting).*

(Filed by the Office of the Federal Register on January 25, 2002, 8:45 a.m., and published in the issue of the Federal Register for January 28, 2002, 67 F.R. 3811)

## Certain Transfers of Property to Regulated Investment Companies and Real Estate Investment Trusts; Correction

### Announcement 2002-15

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: This document contains a correction to REG-142299-01 and REG-209135-88 (2002-4 I.R.B. 418) that was published in the **Federal Register** on January 2, 2002 (67 FR 48). These regulations apply to certain transactions or events that result in a Regulated Investment Company [RIC] or Real Estate Investment Trust [REIT] owning property that has a basis determined by reference to a C corporation’s basis in the property.

DATES: This correction is effective January 2, 2002.

FOR FURTHER INFORMATION CONTACT: Lisa A. Fuller (202) 622-7750 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

## Background

The notice of proposed rulemaking that is the subject of these corrections is under section 337(d) of the Internal Revenue Code.

### Need for Correction

As published, REG-142299-01 and REG 209135-88 contains errors that may prove to be misleading and are in need of clarification.

### Correction of Publication

Accordingly, the publication REG-142299-01 and REG-209135-88, which is the subject of FR. Doc. 01-25909, is corrected as follows:

On page 52677, column 2, in the preamble under the paragraph heading “*Background*”, lines 14 and 15, the language “property to a RIC or REIT, then the RIC or REIT will be subject either to section”, is corrected to read “property to a RIC or REIT, then either the RIC or REIT will be subject to section”.

LaNita Van Dyke,  
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*(Modernization and Strategic Planning).*

(Filed by the Office of the Federal Register on January 28, 2002, 8:45 a.m., and published in the issue of the Federal Register for January 29, 2002, 67 F.R. 4218)