

Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2004. See Rev. Rul. 2004-66, page 4.

Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of July 2004. See Rev. Rul. 2004-66, page 4.

Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2004. See Rev. Rul. 2004-66, page 4.

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of July 2004. See Rev. Rul. 2004-66, page 4.

Section 671.—Trust Income, Deductions, and Credits Attributable to Grantors and Others as Substantial Owners

What are the gift tax consequences if the grantor of a trust with respect to which the grantor is treated as the owner of the trust under subpart E, part I, subchap-

ter J, chapter 1 of the Internal Revenue Code (subpart E), pays the income tax attributable to the inclusion of the trust's income in the grantor's taxable income, and what are the estate tax consequences if, pursuant to the governing instrument or applicable local law, the grantor may or must be reimbursed by the trust for that income tax? See Rev. Rul. 2004-64, page 7.

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 July 2004. See Rev. Rul. 2004-66, page 4.

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 July 2004. See Rev. Rul. 2004-66, page 4.

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, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for July 2004.

Rev. Rul. 2004-66

This revenue ruling provides various prescribed rates for federal income tax purposes for July 2004 (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 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 blended annual rate for 2004 for purposes of section 7872.

REV. RUL. 2004-66 TABLE 1
Applicable Federal Rates (AFR) for July 2004

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	2.26%	2.25%	2.24%	2.24%
110% AFR	2.50%	2.48%	2.47%	2.47%
120% AFR	2.72%	2.70%	2.69%	2.68%
130% AFR	2.95%	2.93%	2.92%	2.91%
<i>Mid-term</i>				
AFR	4.11%	4.07%	4.05%	4.04%
110% AFR	4.53%	4.48%	4.46%	4.44%
120% AFR	4.94%	4.88%	4.85%	4.83%
130% AFR	5.36%	5.29%	5.26%	5.23%
150% AFR	6.20%	6.11%	6.06%	6.03%
175% AFR	7.25%	7.12%	7.06%	7.02%
<i>Long-term</i>				
AFR	5.34%	5.27%	5.24%	5.21%
110% AFR	5.88%	5.80%	5.76%	5.73%
120% AFR	6.42%	6.32%	6.27%	6.24%
130% AFR	6.97%	6.85%	6.79%	6.75%

REV. RUL. 2004-66 TABLE 2
Rates Under Section 382 for July 2004

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	1.78%	1.77%	1.77%	1.76%
Mid-term adjusted AFR	3.34%	3.31%	3.30%	3.29%
Long-term adjusted AFR	4.72%	4.67%	4.64%	4.63%

REV. RUL. 2004-66 TABLE 3
Rates Under Section 382 for July 2004

Adjusted federal long-term rate for the current month	4.72%
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.)	4.72%

REV. RUL. 2004-66 TABLE 4
Appropriate Percentages Under Section 42(b)(2) for July 2004

Appropriate percentage for the 70% present value low-income housing credit	8.10%
Appropriate percentage for the 30% present value low-income housing credit	3.47%

REV. RUL. 2004-66 TABLE 5
Rate Under Section 7520 for July 2004

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 5.0%

REV. RUL. 2004-66 TABLE 6
Blended Annual Rate for 2004

Section 7872(e)(2) blended annual rate for 2004 1.98%

Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2004. See Rev. Rul. 2004-66, page 4.

Section 2032A.—Valuation of Certain Farm, etc., Real Property

26 CFR 20.2032A-4: Method of valuing farm real property.

Special use value; farms; interest rates. The 2004 interest rates to be used in computing the special use value of farm real property for which an election is made under section 2032A of the Code are listed for estates of decedents.

Rev. Rul. 2004-63

This revenue ruling contains a list of the average annual effective interest rates on new loans under the Farm Credit System. This revenue ruling also contains a list of the states within each Farm Credit System Bank Chartered Territory.

Under § 2032A(e)(7)(A)(ii) of the Internal Revenue Code, rates on new Farm Credit System Bank loans are used in computing the special use value of real property used as a farm for which an election is made under § 2032A. The rates in this revenue ruling may be used by estates that value farmland under § 2032A as of a date in 2004.

Average annual effective interest rates, calculated in accordance with § 2032A(e)(7)(A) and § 20.2032A-4(e) of the Estate Tax Regulations, to be used under § 2032A(e)(7)(A)(ii), are set forth in the accompanying Table of Interest Rates (Table 1). The states within each Farm

Credit System Bank Chartered Territory are set forth in the accompanying Table of Farm Credit System Bank Chartered Territories (Table 2).

Rev. Rul. 81-170, 1981-1 C.B. 454, contains an illustrative computation of an average annual effective interest rate. The rates applicable for valuation in 2003 are in Rev. Rul. 2003-53, 2003-1 C.B. 969. For rate information for years prior to 2003, see Rev. Rul. 2002-26, 2002-1 C.B. 906, and other revenue rulings that are referenced therein.

DRAFTING INFORMATION

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REV. RUL. 2004-63 TABLE 1
TABLE OF INTEREST RATES
(Year of Valuation 2004)

Farm Credit System Bank Servicing State in Which Property is Located	Rate
AgFirst, FCB	8.32
AgriBank, FCB	6.93
CoBank, ACB	6.64
Texas, FCB	6.59
U.S. AgBank, FCB	6.84