

§1.861-8(e)(12)(iv)(B), to charitable contributions made during the taxable year ending on or after July 14, 2005.

(f) through (j) [Reserved]. For further guidance, see §1.861-14T(f) through (j).

**§1.861-14T [Amended]**

Par. 5. Section 1.861-14T is amended by removing paragraph (e)(6).

Mark E. Matthews,  
*Deputy Commissioner for  
Services and Enforcement.*

Approved July 5, 2005.

Eric Solomon,  
*Acting Deputy Assistant Secretary  
of the Treasury.*

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**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 August 2005.

**Rev. Rul. 2005-54**

This revenue ruling provides various prescribed rates for federal income tax purposes for August 2005 (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. Finally, 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.

REV. RUL. 2005-54 TABLE 1  
Applicable Federal Rates (AFR) for August 2005

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	3.58%	3.55%	3.53%	3.52%
110% AFR	3.95%	3.91%	3.89%	3.88%
120% AFR	4.31%	4.26%	4.24%	4.22%
130% AFR	4.67%	4.62%	4.59%	4.58%
<i>Mid-term</i>				
AFR	3.92%	3.88%	3.86%	3.85%
110% AFR	4.32%	4.27%	4.25%	4.23%
120% AFR	4.71%	4.66%	4.63%	4.62%
130% AFR	5.10%	5.04%	5.01%	4.99%
150% AFR	5.90%	5.82%	5.78%	5.75%
175% AFR	6.91%	6.79%	6.73%	6.70%
<i>Long-term</i>				
AFR	4.33%	4.28%	4.26%	4.24%
110% AFR	4.77%	4.71%	4.68%	4.66%
120% AFR	5.21%	5.14%	5.11%	5.09%
130% AFR	5.64%	5.56%	5.52%	5.50%

REV. RUL. 2005-54 TABLE 2				
Adjusted AFR for August 2005				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	2.71%	2.69%	2.68%	2.68%
Mid-term adjusted AFR	3.11%	3.09%	3.08%	3.07%
Long-term adjusted AFR	4.12%	4.08%	4.06%	4.05%

REV. RUL. 2005-54 TABLE 3	
Rates Under Section 382 for August 2005	
Adjusted federal long-term rate for the current month	4.12%
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.)	4.20%

REV. RUL. 2005-54 TABLE 4	
Appropriate Percentages Under Section 42(b)(2) for August 2005	
Appropriate percentage for the 70% present value low-income housing credit	7.96%
Appropriate percentage for the 30% present value low-income housing credit	3.41%

REV. RUL. 2005-54 TABLE 5	
Rate Under Section 7520 for August 2005	
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	4.8%

**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 August 2005. See Rev. Rul. 2005-54, page 289.

**Section 1363.—Effect of Election on Corporation**

26 CFR 1.1363-2: Recapture of LIFO benefits.

**T.D. 9210**

**DEPARTMENT OF THE TREASURY  
Internal Revenue Service  
26 CFR Parts 1 and 602**

**LIFO Recapture Under Section 1363(d)**

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulation.

SUMMARY: This document contains final regulations regarding LIFO recapture

by corporations converting from C corporations to S corporations. The purpose of these regulations is to provide guidance on the LIFO recapture requirement when the corporation holds inventory accounted for under the last-in, first-out (LIFO) method (LIFO inventory) indirectly through a partnership. These regulations affect C corporations that own interests in partnerships holding LIFO inventory and that elect to be taxed as S corporations or that transfer such partnership interests to S corporations in nonrecognition transactions. These regulations also affect S corporations receiving such partnership interests from C corporations in nonrecognition transactions.

DATES: *Effective Date:* These regulations are effective July 12, 2005.