

# Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

## Section 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

## Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

## Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted applicable federal long-term rate is set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

## Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

## Section 467.—Certain Payments for the Use of Property or Services

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

## 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 April 2006. See Rev. Rul. 2006-22, page 687.

## 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 April 2006. See Rev. Rul. 2006-22, page 687.

## 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 April 2006. See Rev. Rul. 2006-22, page 687.

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

Federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

## 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 April 2006. See Rev. Rul. 2006-22, page 687.

## 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 April 2006. See Rev. Rul. 2006-22, page 687.

## 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 April 2006.

## Rev. Rul. 2006-22

This revenue ruling provides various prescribed rates for federal income tax purposes for April 2006 (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. 2006-22 TABLE 1  
Applicable Federal Rates (AFR) for April 2006

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	4.77%	4.71%	4.68%	4.66%
110% AFR	5.25%	5.18%	5.15%	5.12%
120% AFR	5.73%	5.65%	5.61%	5.58%
130% AFR	6.21%	6.12%	6.07%	6.04%
<i>Mid-term</i>				
AFR	4.72%	4.67%	4.64%	4.63%
110% AFR	5.21%	5.14%	5.11%	5.09%
120% AFR	5.68%	5.60%	5.56%	5.54%
130% AFR	6.16%	6.07%	6.02%	5.99%
150% AFR	7.13%	7.01%	6.95%	6.91%
175% AFR	8.34%	8.17%	8.09%	8.03%
<i>Long-term</i>				
AFR	4.79%	4.73%	4.70%	4.68%
110% AFR	5.27%	5.20%	5.17%	5.14%
120% AFR	5.76%	5.68%	5.64%	5.61%
130% AFR	6.24%	6.15%	6.10%	6.07%

REV. RUL. 2006-22 TABLE 2  
Adjusted AFR for April 2006

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	3.33%	3.30%	3.29%	3.28%
Mid-term adjusted AFR	3.58%	3.55%	3.53%	3.52%
Long-term adjusted AFR	4.25%	4.21%	4.19%	4.17%

REV. RUL. 2006-22 TABLE 3  
Rates Under Section 382 for April 2006

Adjusted federal long-term rate for the current month	4.25%
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.)	4.26%

REV. RUL. 2006-22 TABLE 4  
Appropriate Percentages Under Section 42(b)(2) for April 2006

Appropriate percentage for the 70% present value low-income housing credit	8.11%
Appropriate percentage for the 30% present value low-income housing credit	3.47%

REV. RUL. 2006-22 TABLE 5

Rate Under Section 7520 for April 2006

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

5.6%

## 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 April 2006. See Rev. Rul. 2006-22, page 687.

## Section 1441.—Withholding of Tax on Nonresident Aliens

26 CFR 1.1441-1: Requirement for the deduction and withholding of tax on payments to foreign persons.

### T.D. 9253

#### DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Parts 1 and 301

#### Revisions to Regulations Relating to Withholding of Tax on Certain U.S. Source Income Paid to Foreign Persons and Revisions of Information Reporting Regulations

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations and removal of temporary regulations.

SUMMARY: This document contains final regulations relating to the withholding of tax under sections 1441 and 1442 on certain U.S. source income paid to foreign persons and related requirements governing collection, deposit, refunds, and credits of withheld amounts under sections 1461 through 1463. Additionally, this document contains final regulations under sections 6049 and 6114. These regulations affect persons making payments of U.S. source income to foreign persons and foreign persons claiming benefits under a U.S. income tax treaty.

**DATES: Effective Date:** These regulations are effective March 14, 2006. The removal of §1.1441-1(e)(4)(vii)(G) is effective as of January 1, 2001.

**FOR FURTHER INFORMATION CONTACT:** Ethan Atticks, (202) 622-3840 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Paperwork Reduction Act

The collections of information contained in this final rule have been previously reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) under control number 1545-1484.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number assigned by the Office of Management and Budget.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

##### Background

In Treasury Decision 8734, 1997-2 C.B. 109 [62 FR 53387], the Treasury Department and the IRS issued comprehensive regulations under chapter 3 (sections 1441-1464) and subpart B of Part III of Subchapter A of chapter 61 (sections 6041 through 6050T) of the Internal Revenue Code (Code). Those regulations were amended by T.D. 8804, 1999-1 C.B. 793 [63 FR 72183], T.D. 8856, 2000-1 C.B. 298 [64 FR 73408], T.D. 8881, 2000-1 C.B. 1158 [65 FR 32152], and T.D. 9023, 2002-2 C.B. 955 [67 FR 70310] (collectively the current regulations). The current regulations are generally effective as of January 1, 2001.

In Notice 2001-4, 2001-1 C.B. 267, Notice 2001-11, 2001-1 C.B. 464, and Notice 2001-43, 2001-2 C.B. 72, the Treasury Department and the IRS announced the intention to amend the current regulations under sections 1441, 6049 and 6114 to address the matters discussed in those notices.

On March 30, 2005, the IRS and Treasury published a notice of proposed rulemaking (REG-125443-01, 2005-16 I.R.B. 912) in the **Federal Register** (70 FR 16189) (hereinafter the proposed regulations). The proposed regulations contained provisions to implement certain changes announced in those notices and other changes.

No public hearing regarding the proposed regulations was requested or held. However, certain written comments were received. After consideration of the comments, the proposed regulations are adopted as revised by this Treasury decision.

##### Summary of Comments

These final regulations finalize the provisions of the proposed regulations with only two areas of modification. The comments received and the modifications made in response to those comments are described below.

##### A. Taxpayer Identification Number (TIN) Requirement for Certain Foreign Grantor Trusts

Section 1.1441-1(e)(4)(vii)(G) provides that a TIN must be stated on a withholding certificate from a person representing to be a foreign grantor trust with 5 or fewer grantors. Generally, if no TIN is provided, the withholding certificate is considered invalid. See §1.1441-1(e)(2)(ii).

The proposed regulations eliminated this TIN requirement for withholding certificates provided by such persons to qualified intermediaries (QIs), but retained it for withholding certificates provided by