

Section 1001.—Determination of Amount of and Recognition of Gain or Loss

26 CFR 1.1001-3: Modifications of debt instruments.

This revenue procedure describes the conditions under which changes to certain subprime mortgage loans will not cause the Internal Revenue Service to challenge the tax status of certain securitization vehicles holding the loans or to assert that those modifications create a liability for tax on a prohibited transaction. See Rev. Proc. 2008-47, page 272.

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 2008.

Rev. Rul. 2008-43

This revenue ruling provides various prescribed rates for federal income tax purposes for August 2008 (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. 2008-43 TABLE 1
Applicable Federal Rates (AFR) for August 2008

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	2.54%	2.52%	2.51%	2.51%
110% AFR	2.79%	2.77%	2.76%	2.75%
120% AFR	3.04%	3.02%	3.01%	3.00%
130% AFR	3.31%	3.28%	3.27%	3.26%
<i>Mid-term</i>				
AFR	3.55%	3.52%	3.50%	3.49%
110% AFR	3.91%	3.87%	3.85%	3.84%
120% AFR	4.26%	4.22%	4.20%	4.18%
130% AFR	4.63%	4.58%	4.55%	4.54%
150% AFR	5.35%	5.28%	5.25%	5.22%
175% AFR	6.25%	6.16%	6.11%	6.08%
<i>Long-term</i>				
AFR	4.58%	4.53%	4.50%	4.49%
110% AFR	5.04%	4.98%	4.95%	4.93%
120% AFR	5.51%	5.44%	5.40%	5.38%
130% AFR	5.98%	5.89%	5.85%	5.82%

REV. RUL. 2008-43 TABLE 2				
Adjusted AFR for August 2008				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	2.09%	2.08%	2.07%	2.07%
Mid-term adjusted AFR	3.48%	3.45%	3.44%	3.43%
Long-term adjusted AFR	4.65%	4.60%	4.57%	4.56%

REV. RUL. 2008-43 TABLE 3	
Rates Under Section 382 for August 2008	
Adjusted federal long-term rate for the current month	4.65%
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.)	4.65%

REV. RUL. 2008-43 TABLE 4	
Appropriate Percentages Under Section 42(b)(2) for August 2008	
Appropriate percentage for the 70% present value low-income housing credit	7.94%
Appropriate percentage for the 30% present value low-income housing credit	3.40%

REV. RUL. 2008-43 TABLE 5	
Rate Under Section 7520 for August 2008	
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	4.2%

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 2008. See Rev. Rul. 2008-43, page 258.

Section 2036.—Transfers With Retained Life Estate

26 CFR 20.2036-1: Transfers with retained life estate.

This notice sets forth a proposed revenue ruling concerning the income, gift, estate, and generation-skipping transfer tax consequences in situations in which family members create a private trust company to serve as the trustee of trust in which family members are grantors and beneficiaries. See Notice 2008-63, page 261.

Section 2038.—Revocable Transfers

26 CFR 20.2038-1: Revocable transfers.

This notice sets forth a proposed revenue ruling concerning the income, gift, estate, and generation-skipping transfer tax consequences in situations in which family members create a private trust company to serve as the trustee of trust in which family members are grantors and beneficiaries. See Notice 2008-63, page 261.

Section 2041.—Powers of Appointment

26 CFR 20.2041-1: Powers of appointment; in general.

This notice sets forth a proposed revenue ruling concerning the income, gift, estate, and generation-skipping transfer tax consequences in situations in which family members create a private trust company to serve as the trustee of trust in which family

members are grantors and beneficiaries. See Notice 2008-63, page 261.

Section 2511.—Transfers in General

26 CFR 25.2511-1: Transfers in general.

This notice sets forth a proposed revenue ruling concerning the income, gift, estate, and generation-skipping transfer tax consequences in situations in which family members create a private trust company to serve as the trustee of trust in which family members are grantors and beneficiaries. See Notice 2008-63, page 261.

Section 2601.—Tax Imposed

26 CFR 26.2601-1: Effective dates.

This notice sets forth a proposed revenue ruling concerning the income, gift, estate, and generation-