

# 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 2011. See Rev. Rul. 2011-10, page 597.

## Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of April 2011. See Rev. Rul. 2011-10, page 597.

## 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 2011. See Rev. Rul. 2011-10, page 597.

## 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 2011. See Rev. Rul. 2011-10, page 597.

## 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 2011. See Rev. Rul. 2011-10, page 597.

## 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 2011. See Rev. Rul. 2011-10, page 597.

## 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 2011. See Rev. Rul. 2011-10, page 597.

## 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 2011. See Rev. Rul. 2011-10, page 597.

## 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 2011. See Rev. Rul. 2011-10, page 597.

## 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 2011. See Rev. Rul. 2011-10, page 597.

## 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 2011. See Rev. Rul. 2011-10, page 597.

## 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 2011.

## Rev. Rul. 2011-10

This revenue ruling provides various prescribed rates for federal income tax purposes for April 2011 (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)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, and before December 31, 2013, shall not be less than 9%. 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. 2011-10 TABLE 1  
Applicable Federal Rates (AFR) for April 2011

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	.55%	.55%	.55%	.55%
110% AFR	.61%	.61%	.61%	.61%
120% AFR	.66%	.66%	.66%	.66%
130% AFR	.72%	.72%	.72%	.72%
<i>Mid-term</i>				
AFR	2.49%	2.47%	2.46%	2.46%
110% AFR	2.74%	2.72%	2.71%	2.70%
120% AFR	2.98%	2.96%	2.95%	2.94%
130% AFR	3.24%	3.21%	3.20%	3.19%
150% AFR	3.74%	3.71%	3.69%	3.68%
175% AFR	4.37%	4.32%	4.30%	4.28%
<i>Long-term</i>				
AFR	4.25%	4.21%	4.19%	4.17%
110% AFR	4.68%	4.63%	4.60%	4.59%
120% AFR	5.11%	5.05%	5.02%	5.00%
130% AFR	5.54%	5.47%	5.43%	5.41%

REV. RUL. 2011-10 TABLE 2  
Adjusted AFR for April 2011

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	.87%	.87%	.87%	.87%
Mid-term adjusted AFR	2.09%	2.08%	2.07%	2.07%
Long-term adjusted AFR	4.30%	4.25%	4.23%	4.21%

REV. RUL. 2011-10 TABLE 3  
Rates Under Section 382 for April 2011

Adjusted federal long-term rate for the current month	4.30%
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.)	4.55%

REV. RUL. 2011-10 TABLE 4

Appropriate Percentages Under Section 42(b)(1) for April 2011

Note: Under Section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, and before December 31, 2013, shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	7.78%
Appropriate percentage for the 30% present value low-income housing credit	3.33%

REV. RUL. 2011-10 TABLE 5

Rate Under Section 7520 for April 2011

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	3.0%
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## 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 2011. See Rev. Rul. 2011-10, page 597.

## Section 1502.—Regulations.

26 CFR 1.1502-13: *Intercompany transactions.*

### T.D. 9515

## DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 1

## Guidance Under Section 1502; Amendment of Matching Rule for Certain Gains on Member Stock

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations.

SUMMARY: This document contains final regulations concerning the treatment of certain intercompany gain with respect to stock owned by members of a consolidated group. These regulations provide for the redetermination of intercompany gain as excluded from gross income in

certain transactions involving stock transfers between members of a consolidated group. The temporary regulations contained in this document are solely for the purpose of retaining the portion of the existing temporary regulations that were in the same temporary regulation section but that are not being promulgated as final regulations at this time. These regulations affect corporations filing consolidated returns.

**DATES: Effective Date:** These regulations are effective on March 4, 2011.

**Applicability Date:** Section 1.1502-13(c)(6)(ii)(C), (c)(6)(ii)(D), and (c)(7)(ii), *Examples 16 and 17* apply with respect to items taken into account on or after March 4, 2011.

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### SUPPLEMENTARY INFORMATION:

#### Background

On March 7, 2008, the IRS and the Treasury Department published temporary regulations §1.1502-13T. See T.D. 9383, 2008-1 C.B. 738 (73 FR 12265-01). Also on March 7, 2008, the IRS and the Treasury Department published a notice of proposed rulemaking cross-referencing those temporary regulations. See REG-137573-07, 2008-1 C.B. 750 (73 FR 12312-01).

The IRS and the Treasury Department did not receive written comments from the

public during the prescribed comment period and no public hearing was requested or held. This Treasury decision adopts the proposed regulation (REG-137573-07) with the changes discussed in this preamble. In addition, this Treasury decision revises the temporary regulation, §1.1502-13T.

### Summary of Comments and Explanation of Revisions

#### *Finalization of 2008 temporary regulations.*

The 2008 temporary regulations concern the treatment of certain intercompany gain with respect to consolidated group member stock. Section 1.1502-13 provides rules governing the timing and characterization of items resulting from transactions between consolidated group members. Section 1.1502-13(c) provides general rules under which the timing and character of those items can be deferred or recharacterized to clearly reflect the taxable income (and tax liability) of the group as a whole. These rules generally apply a “matching” principle under which the timing of inclusion of gain on the sale of property by the seller (S) is linked to the buyer’s (B) recovery of its basis in the property and S and B’s characterization are subject to redetermination in order to treat S and B as divisions of a single corporation.

The proposed regulations provide that intercompany gain with respect to member stock may be permanently excluded from gross income following certain stock basis elimination transactions (for example,