

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

## 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.)

### Rev. Rul. 2016-27

This revenue ruling provides various prescribed rates for federal income tax purposes for December 2016 (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). The rates in Table 2 have been determined in accordance with § 1.1288-1. See T.D. 9763, 81 FR 24482 (April 26, 2016). 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 appro-

priate 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, shall not be less than 9%. 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. Finally, Table 6 contains the 2017 interest rate for purposes of sections 846 and 807.

**REV. RUL. 2016-27 TABLE 1**

Applicable Federal Rates (AFR) for December 2016

*Period for Compounding*

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	.74%	.74%	.74%	.74%
110% AFR	.81%	.81%	.81%	.81%
120% AFR	.89%	.89%	.89%	.89%
130% AFR	.96%	.96%	.96%	.96%
<i>Mid-term</i>				
AFR	1.47%	1.46%	1.46%	1.46%
110% AFR	1.62%	1.61%	1.61%	1.60%
120% AFR	1.76%	1.75%	1.75%	1.74%
130% AFR	1.91%	1.90%	1.90%	1.89%
150% AFR	2.20%	2.19%	2.18%	2.18%
175% AFR	2.58%	2.56%	2.55%	2.55%
<i>Long-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%

**REV. RUL. 2016-27 TABLE 2**

Adjusted AFR for December 2016

*Period for Compounding*

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	.55%	.55%	.55%	.55%
Mid-term adjusted AFR	1.09%	1.09%	1.09%	1.09%
Long-term adjusted AFR	1.68%	1.67%	1.67%	1.66%

**REV. RUL. 2016–27 TABLE 3**

Rates Under Section 382 for December 2016

Adjusted federal long-term rate for the current month	1.68%
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.)	1.68%

**REV. RUL. 2016–27 TABLE 4**

Appropriate Percentages Under Section 42(b)(1) for December 2016

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

Appropriate percentage for the 70% present value low-income housing credit	7.43%
Appropriate percentage for the 30% present value low-income housing credit	3.18%

**REV. RUL. 2016–27 TABLE 5**

Rate Under Section 7520 for December 2016

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	1.8%
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**REV. RUL. 2016–27 TABLE 6**

Rates Under Sections 846 and 807

Applicable rate of interest for 2017 for purposes of sections 846 and 807	1.46%
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**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 December 2016. See Rev. Rul. 2016–27, page 781.

**Section 412.—Minimum Funding Standards**

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of December 2016. See Rev. Rul. 2016–27, page 781.

**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 December 2016. See Rev. Rul. 2016–27, page 781.

**Section 280G.—Golden Parachute Payments**

Federal short-term, mid-term, and long-term rates are set forth for the month of December 2016. See Rev. Rul. 2016–27, page 781.

**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 December 2016. See Rev. Rul. 2016–27, page 781.

**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 December 2016. See Rev. Rul. 2016–27, page 781.

**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 December 2016. See Rev. Rul. 2016–27, page 781.

**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 December 2016. See Rev. Rul. 2016–27, page 781.

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

Federal short-term, mid-term, and long-term rates are set forth for the month of December 2016. See Rev. Rul. 2016–27, page 781.