will primarily affect large corporations with a substantial number of shareholders. Accordingly, a regulatory flexibility analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking preceding this regulation was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business, and no comments were received.

Drafting Information

The principal author of these regulations is Austin M. Diamond-Jones, Office of Associate Chief Counsel (Corporate). However, other personnel from the Treasury Department and the IRS participated in their development.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 1.337(d)–7 is amended by revising paragraphs (b)(2)(iii) and (g)(2)(iii) to read as follows:

§ 1.337(d)–7 Tax on property owned by a C corporation that becomes property of a RIC or REIT.

* * * * *

(b) * * *

(2) * * *

(iii) Recognition period. For purposes of applying the rules of section 1374 and the regulations thereunder, as modified by paragraph (b) of this section, the term recognition period means the recognition period described in section 1374(d)(7), beginning—

(A) In the case of a conversion transaction that is a qualification of a C corporation as a RIC or a REIT, on the first day of the RIC’s or the REIT’s first taxable year; and

(B) In the case of other conversion transactions, on the day the RIC or the REIT acquires the property.

* * * * *

(g) * * *

(2) * * *

(iii) Recognition period. Paragraphs (b)(1)(ii) and (d)(2)(iii) of this section apply to conversion transactions that occur on or after August 8, 2016. Paragraph (b)(2)(iii) of this section applies to conversion transactions that occur after February 17, 2017. For conversion transactions that occurred on or after August 8, 2016 and on or before February 17, 2017, see § 1.337(d)–7T(b)(2)(iii) in effect on August 8, 2016. However, taxpayers may apply paragraph (b)(2)(iii) of this section to conversion transactions that occurred on or after August 8, 2016 and on or before February 17, 2017. For conversion transactions that occurred on or after January 2, 2002 and before August 8, 2016, see § 1.337(d)–7 as contained in 26 CFR part 1 in effect on April 1, 2016.

Par. 3. Section 1.337(d)–7T is amended by revising paragraphs (b)(1) through (3) and (g)(2)(iii) to read as follows:

§ 1.337(d)–7T Tax on property owned by a C corporation that becomes property of a RIC or REIT.

* * * * *

(b)(1) through (3) [Reserved]. For further guidance, see § 1.337(d)–7T(b)(1) through (3).

* * * * *

(g) * * *

(2) * * *

(iii) [Reserved]. For further guidance, see § 1.337(d)–7T(g)(2)(iii).

* * * * *

John Dalrymple,
Deputy Commissioner for Services and Enforcement.

Approved: December 30, 2016.
### REV. RUL. 2017–4 TABLE 1
Applicable Federal Rates (AFR) for February 2017

<table>
<thead>
<tr>
<th>Period for Compounding</th>
<th>Annual</th>
<th>Semiannual Short-term</th>
<th>Quarterly</th>
<th>Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-term</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AFR</td>
<td>1.04%</td>
<td>1.04%</td>
<td>1.04%</td>
<td>1.04%</td>
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<tr>
<td>110% AFR</td>
<td>1.14%</td>
<td>1.14%</td>
<td>1.14%</td>
<td>1.14%</td>
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<tr>
<td>120% AFR</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
<td>1.25%</td>
</tr>
<tr>
<td>130% AFR</td>
<td>1.35%</td>
<td>1.35%</td>
<td>1.35%</td>
<td>1.35%</td>
</tr>
<tr>
<td><strong>Mid-term</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AFR</td>
<td>2.10%</td>
<td>2.09%</td>
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<td>2.08%</td>
</tr>
<tr>
<td>110% AFR</td>
<td>2.31%</td>
<td>2.30%</td>
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<td>2.29%</td>
</tr>
<tr>
<td>120% AFR</td>
<td>2.53%</td>
<td>2.51%</td>
<td>2.50%</td>
<td>2.50%</td>
</tr>
<tr>
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<tr>
<td>150% AFR</td>
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<td>3.63%</td>
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<tr>
<td><strong>Long-term</strong></td>
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</tr>
<tr>
<td>AFR</td>
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<td>3.38%</td>
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<td>3.34%</td>
<td>3.33%</td>
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<tr>
<td>130% AFR</td>
<td>3.66%</td>
<td>3.63%</td>
<td>3.61%</td>
<td>3.60%</td>
</tr>
</tbody>
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### REV. RUL. 2017–4 TABLE 2
Adjusted AFR for February 2017

<table>
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<tr>
<th>Period for Compounding</th>
<th>Annual</th>
<th>Semiannual</th>
<th>Quarterly</th>
<th>Monthly</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-term</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Short-term adjusted AFR</td>
<td>.77%</td>
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<td>.77%</td>
<td>.77%</td>
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<tr>
<td>Mid-term adjusted AFR</td>
<td>1.56%</td>
<td>1.55%</td>
<td>1.55%</td>
<td>1.55%</td>
</tr>
<tr>
<td>Long-term adjusted AFR</td>
<td>2.09%</td>
<td>2.08%</td>
<td>2.07%</td>
<td>2.07%</td>
</tr>
</tbody>
</table>

### REV. RUL. 2017–4 TABLE 3
Rates Under Section 382 for February 2017

- Adjusted federal long-term rate for the current month: 2.09%
- 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): 2.09%

### REV. RUL. 2017–4 TABLE 4
Appropriate Percentages Under Section 42(b)(1) for February 2017

- Appropriate percentage for the 70% present value low-income housing credit: 7.56%
- Appropriate percentage for the 30% present value low-income housing credit: 3.24%
Section 42.—Low-Income Housing Credit


Section 280G.—Golden Parachute Payments


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


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


Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs


Section 482.—Allocation of Income and Deductions Among Taxpayers


Section 483.—Interest on Certain Deferred Payments


Section 642.—Special Rules for Credits and Deductions


Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations


Section 7520.—Valuation Tables


Section 7872.—Treatment of Loans With Below-Market Interest Rates