

Section 1274.--Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also Sections 42, 280G, 382, 467, 468, 482, 483, 1288, 7520.)

Rev. Rul. 2018-5

This revenue ruling provides various prescribed rates for federal income tax purposes for February 2018 (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, 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. 2018-5 TABLE 1

Applicable Federal Rates (AFR) for February 2018

	<u>Annual</u>	<u>Period for Compounding</u>		<u>Monthly</u>
		<u>Semiannual</u>	<u>Quarterly</u>	
<u>Short-term</u>				
AFR	1.81%	1.80%	1.80%	1.79%
110% AFR	1.99%	1.98%	1.98%	1.97%
120% AFR	2.17%	2.16%	2.15%	2.15%
130% AFR	2.35%	2.34%	2.33%	2.33%
<u>Mid-term</u>				
AFR	2.31%	2.30%	2.29%	2.29%
110% AFR	2.55%	2.53%	2.52%	2.52%
120% AFR	2.78%	2.76%	2.75%	2.74%
130% AFR	3.01%	2.99%	2.98%	2.97%
150% AFR	3.48%	3.45%	3.44%	3.43%
175% AFR	4.07%	4.03%	4.01%	4.00%
<u>Long-term</u>				
AFR	2.66%	2.64%	2.63%	2.63%
110% AFR	2.92%	2.90%	2.89%	2.88%
120% AFR	3.20%	3.17%	3.16%	3.15%
130% AFR	3.46%	3.43%	3.42%	3.41%

REV. RUL. 2018-5 TABLE 2

Adjusted AFR for February 2018

	<u>Period for Compounding</u>			
	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
Short-term adjusted AFR	1.34%	1.34%	1.34%	1.34%
Mid-term adjusted AFR	1.72%	1.71%	1.71%	1.70%
Long-term adjusted AFR	1.97%	1.96%	1.96%	1.95%

REV. RUL. 2018-5 TABLE 3

Rates Under Section 382 for February 2018

Adjusted federal long-term rate for the current month	1.97%
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.)	1.97%

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Appropriate Percentages Under Section 42(b)(1) for February 2018

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	7.57%
Appropriate percentage for the 30% present value low-income housing credit	3.25%

REV. RUL. 2018-5 TABLE 5

Rate Under Section 7520 for February 2018

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	2.8%
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