

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, 7702, 7872.)

Rev. Rul. 2025-1

This revenue ruling provides various prescribed rates for federal income tax purposes for January 2025 (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%. 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. Table 6 contains the deemed rate of return for transfers made during calendar year 2025 to pooled income funds described in section 642(c)(5) that have been in existence for less than 3 taxable years immediately preceding the taxable year in which the transfer was made. Finally, Table 7 contains the average of the applicable federal mid-term rates (based on annual compounding) for the 60-month period ending December 31, 2024, for purposes of section 7702(f)(11).

REV. RUL. 2025-1 TABLE 1

Applicable Federal Rates (AFR) for January 2025

	<u>Annual</u>	<u>Period for Compounding</u>		<u>Monthly</u>
		<u>Semiannual</u>	<u>Quarterly</u>	
		<u>Short-term</u>		
AFR	4.33%	4.28%	4.26%	4.24%
110% AFR	4.77%	4.71%	4.68%	4.66%
120% AFR	5.21%	5.14%	5.11%	5.09%
130% AFR	5.64%	5.56%	5.52%	5.50%
		<u>Mid-term</u>		
AFR	4.24%	4.20%	4.18%	4.16%
110% AFR	4.67%	4.62%	4.59%	4.58%
120% AFR	5.10%	5.04%	5.01%	4.99%
130% AFR	5.53%	5.46%	5.42%	5.40%
150% AFR	6.40%	6.30%	6.25%	6.22%
175% AFR	7.49%	7.35%	7.28%	7.24%
		<u>Long-term</u>		
AFR	4.53%	4.48%	4.46%	4.44%
110% AFR	4.99%	4.93%	4.90%	4.88%
120% AFR	5.45%	5.38%	5.34%	5.32%
130% AFR	5.90%	5.82%	5.78%	5.75%

REV. RUL. 2025-1 TABLE 2

Adjusted AFR for January 2025

	<u>Period for Compounding</u>			
	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
Short-term adjusted AFR	3.28%	3.25%	3.24%	3.23%
Mid-term adjusted AFR	3.22%	3.19%	3.18%	3.17%
Long-term adjusted AFR	3.43%	3.40%	3.39%	3.38%

REV. RUL. 2025-1 TABLE 3

Rates Under Section 382 for January 2025

Adjusted federal long-term rate for the current month	3.43%
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.)	3.43%

REV. RUL. 2025-1 TABLE 4

Appropriate Percentages Under Section 42(b)(1) for January 2025

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	8.02%
Appropriate percentage for the 30% present value low-income housing credit	3.44%

REV. RUL. 2025-1 TABLE 5

Rate Under Section 7520 for January 2025

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	5.2%
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REV. RUL. 2025-1 TABLE 6

Deemed Rate for Transfers to New Pooled Income Funds During 2025

Deemed rate of return for transfers during 2025 to pooled income funds that have been in existence for less than 3 taxable years	4.0%
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REV. RUL. 2025-1 TABLE 7

Average of the Applicable Federal Mid-Term Rates for 2024

For purposes of section 7702(f)(11), the average of the applicable federal mid-term rates (based on annual compounding) for the 60-month period ending December 31, 2024, is 2.53% rounded to 3%.