

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of August 1998. See Rev. Rul. 98-36, page 6.

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 August 1998. See Rev. Rul. 98-36, page 6.

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 August 1998. See Rev. Rul. 98-36, page 6.

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 1274, 1288, 382, and other sections of the Code, tables set forth the rates for August 1998.

Rev. Rul. 98-36

This revenue ruling provides various prescribed rates for federal income tax purposes for August 1998 (the current month.) Table 1 contains the short-term, mid-term, and long-term applicable fed-

eral 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)(2) for buildings placed in service during the current month. 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. 98-36 TABLE 1

Applicable Federal Rates (AFR) for August 1998

Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-Term</i>				
AFR	5.48%	5.41%	5.37%	5.35%
110% AFR	6.04%	5.95%	5.91%	5.88%
120% AFR	6.60%	6.49%	6.44%	6.40%
130% AFR	7.15%	7.03%	6.97%	6.93%
<i>Mid-Term</i>				
AFR	5.57%	5.49%	5.45%	5.43%
110% AFR	6.13%	6.04%	6.00%	5.97%
120% AFR	6.70%	6.59%	6.54%	6.50%
130% AFR	7.27%	7.14%	7.08%	7.04%
150% AFR	8.41%	8.24%	8.16%	8.10%
175% AFR	9.84%	9.61%	9.50%	9.42%
<i>Long-Term</i>				
AFR	5.72%	5.64%	5.60%	5.57%
110% AFR	6.30%	6.20%	6.15%	6.12%
120% AFR	6.88%	6.77%	6.71%	6.68%
130% AFR	7.46%	7.33%	7.26%	7.22%

REV. RUL. 98-36 TABLE 2				
Adjusted AFR for August 1998				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	3.66%	3.63%	3.61%	3.60%
Mid-term adjusted AFR	4.25%	4.21%	4.19%	4.17%
Long-term adjusted AFR	5.01%	4.95%	4.92%	4.90%

REV. RUL. 98-36 TABLE 3	
Rates Under Section 382 for August 1998	
Adjusted federal long-term rate for the current month	5.01%
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.)	5.15%

REV. RUL. 98-36 TABLE 4	
Appropriate Percentages Under Section 42(b)(2) for August 1998	
Appropriate percentage for the 70% present value low-income housing credit	8.32%
Appropriate percentage for the 30% present value low-income housing credit	3.57%

REV. RUL. 98-36 TABLE 5	
Rate Under Section 7520 for August 1998	
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	6.8%

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 August 1998. See Rev. Rul. 98-36, page 6.

Section 3221.—Rate of Tax Determination of Quarterly Rate of Excise Tax for Railroad Retirement Supplemental Annuity Program

In accordance with directions in Sec-

tion 3221(c) of the Railroad Retirement Tax Act (26 U.S.C., Section 3221(c)), the Railroad Retirement Board has determined that the excise tax imposed by such Section 3221(c) on every employer, with respect to having individuals in his employ, for each work-hour for which compensation is paid by such employer for