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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 382, 1274, 1288, and other sections of the Code, tables set forth the rates for March 2003.

Rev. Rul. 2003-26

This revenue ruling provides various prescribed rates for federal income tax purposes for March 2003 (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)(2) for buildings placed in service during the current month. Finally, Table 5 contains the federal rate for determining the present value of 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. 2003-26 TABLE 1 | | | | |
|---|------------------------|------------|-----------|---------|
| Applicable Federal Rates (AFR) for March 2003 | | | | |
| | Period for Compounding | | | |
| | Annual | Semiannual | Quarterly | Monthly |
| <i>Short-Term</i> | | | | |
| AFR | 1.58% | 1.57% | 1.57% | 1.56% |
| 110% AFR | 1.74% | 1.73% | 1.73% | 1.72% |
| 120% AFR | 1.89% | 1.88% | 1.88% | 1.87% |
| 130% AFR | 2.05% | 2.04% | 2.03% | 2.03% |
| <i>Mid-Term</i> | | | | |
| AFR | 3.24% | 3.21% | 3.20% | 3.19% |
| 110% AFR | 3.56% | 3.53% | 3.51% | 3.50% |
| 120% AFR | 3.89% | 3.85% | 3.83% | 3.82% |
| 130% AFR | 4.21% | 4.17% | 4.15% | 4.13% |
| 150% AFR | 4.88% | 4.82% | 4.79% | 4.77% |
| 175% AFR | 5.70% | 5.62% | 5.58% | 5.56% |
| <i>Long-Term</i> | | | | |
| AFR | 4.80% | 4.74% | 4.71% | 4.69% |
| 110% AFR | 5.28% | 5.21% | 5.18% | 5.15% |
| 120% AFR | 5.77% | 5.69% | 5.65% | 5.62% |
| 130% AFR | 6.25% | 6.16% | 6.11% | 6.08% |

| REV. RUL. 2003-26 TABLE 2 | | | | |
|-----------------------------|------------------------|------------|-----------|---------|
| Adjusted AFR for March 2003 | | | | |
| | Period for Compounding | | | |
| | Annual | Semiannual | Quarterly | Monthly |
| <i>Short-term</i> | | | | |
| adjusted AFR | 1.34% | 1.34% | 1.34% | 1.34% |
| <i>Mid-term</i> | | | | |
| adjusted AFR | 2.76% | 2.74% | 2.73% | 2.72% |
| <i>Long-term</i> | | | | |
| adjusted AFR | 4.58% | 4.53% | 4.50% | 4.49% |

REV. RUL. 2003-26 TABLE 3

Rates Under Section 382 for March 2003

| | |
|--|-------|
| Adjusted federal long-term rate for the current month | 4.58% |
| 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.) | 4.61% |

REV. RUL. 2003-26 TABLE 4

Appropriate Percentages Under Section 42(b)(2) for March 2003

| | |
|--|-------|
| Appropriate percentage for the 70% present value low-income housing credit | 7.93% |
| Appropriate percentage for the 30% present value low-income housing credit | 3.40% |

REV. RUL. 2003-26 TABLE 5

Rate Under Section 7520 for March 2003

| | |
|---|------|
| 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 | 3.8% |
|---|------|

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of March 2003. See Rev. Rul. 2003-26, page 563.

Section 5891.—Structured Settlement Factoring Transactions

26 CFR 157.5891-1T: Imposition of excise tax on structured settlement factoring transactions.

T.D. 9042

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Parts 157 and 602

Excise Tax Relating to Structured Settlement Factoring Transactions

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Temporary regulations.

SUMMARY: This document contains temporary regulations relating to the manner and method of reporting and paying the nondeductible 40-percent excise tax imposed on any person who acquires structured settlement payment rights in a structured settlement factoring transaction. The Victims of Terrorism Tax Relief Act of 2001 added this excise tax to the Internal Revenue Code of 1986. The text of the temporary regulations also serves as the text of the proposed regulations set forth in the notice of proposed rulemaking (REG-139768-02) on this subject in this issue of the Bulletin.

DATES: *Effective Date:* These regulations are effective on February 19, 2003.

Applicability Date: For dates of applicability, see §157.5891-1T(e).

FOR FURTHER INFORMATION CONTACT: Shareen S. Pflanz at 202-622-8488 (not a toll-free call).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

These regulations are being issued without prior notice and public procedure pursuant to the Administrative Procedure Act (5 U.S.C. 553). For this reason, the collection of information contained in these regulations has been reviewed and, pending receipt and evaluation of public comments, approved by the Office of Management and Budget under control number 1545-1824. Responses to this collection of information are mandatory.