

§1.861-8(e)(12)(iv)(B), to charitable contributions made during the taxable year ending on or after July 14, 2005.

(f) through (j) [Reserved]. For further guidance, see §1.861-14T(f) through (j).

§1.861-14T [Amended]

Par. 5. Section 1.861-14T is amended by removing paragraph (e)(6).

Mark E. Matthews,
*Deputy Commissioner for
Services and Enforcement.*

Approved July 5, 2005.

Eric Solomon,
*Acting Deputy Assistant Secretary
of the Treasury.*

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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, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for August 2005.

Rev. Rul. 2005-54

This revenue ruling provides various prescribed rates for federal income tax purposes for August 2005 (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 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. 2005-54 TABLE 1
Applicable Federal Rates (AFR) for August 2005

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	3.58%	3.55%	3.53%	3.52%
110% AFR	3.95%	3.91%	3.89%	3.88%
120% AFR	4.31%	4.26%	4.24%	4.22%
130% AFR	4.67%	4.62%	4.59%	4.58%
<i>Mid-term</i>				
AFR	3.92%	3.88%	3.86%	3.85%
110% AFR	4.32%	4.27%	4.25%	4.23%
120% AFR	4.71%	4.66%	4.63%	4.62%
130% AFR	5.10%	5.04%	5.01%	4.99%
150% AFR	5.90%	5.82%	5.78%	5.75%
175% AFR	6.91%	6.79%	6.73%	6.70%
<i>Long-term</i>				
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%

REV. RUL. 2005-54 TABLE 2				
Adjusted AFR for August 2005				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	2.71%	2.69%	2.68%	2.68%
Mid-term adjusted AFR	3.11%	3.09%	3.08%	3.07%
Long-term adjusted AFR	4.12%	4.08%	4.06%	4.05%

REV. RUL. 2005-54 TABLE 3	
Rates Under Section 382 for August 2005	
Adjusted federal long-term rate for the current month	4.12%
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.)	4.20%

REV. RUL. 2005-54 TABLE 4	
Appropriate Percentages Under Section 42(b)(2) for August 2005	
Appropriate percentage for the 70% present value low-income housing credit	7.96%
Appropriate percentage for the 30% present value low-income housing credit	3.41%

REV. RUL. 2005-54 TABLE 5	
Rate Under Section 7520 for August 2005	
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	4.8%

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 2005. See Rev. Rul. 2005-54, page 289.

Section 1363.—Effect of Election on Corporation

26 CFR 1.1363-2: Recapture of LIFO benefits.

T.D. 9210

**DEPARTMENT OF THE TREASURY
Internal Revenue Service
26 CFR Parts 1 and 602**

LIFO Recapture Under Section 1363(d)

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulation.

SUMMARY: This document contains final regulations regarding LIFO recapture

by corporations converting from C corporations to S corporations. The purpose of these regulations is to provide guidance on the LIFO recapture requirement when the corporation holds inventory accounted for under the last-in, first-out (LIFO) method (LIFO inventory) indirectly through a partnership. These regulations affect C corporations that own interests in partnerships holding LIFO inventory and that elect to be taxed as S corporations or that transfer such partnership interests to S corporations in nonrecognition transactions. These regulations also affect S corporations receiving such partnership interests from C corporations in nonrecognition transactions.

DATES: *Effective Date:* These regulations are effective July 12, 2005.