

Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted applicable federal long-term rate is set forth for the month of October 2005. See Rev. Rul. 2005-66, page 686.

Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 2005. See Rev. Rul. 2005-66, page 686.

Section 467.—Certain Payments for the Use of Property or Services

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 2005. See Rev. Rul. 2005-66, page 686.

Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 2005. See Rev. Rul. 2005-66, page 686.

Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of October 2005. See Rev. Rul. 2005-66, page 686.

Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 2005. See Rev. Rul. 2005-66, page 686.

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of October 2005. See Rev. Rul. 2005-66, page 686.

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 October 2005. See Rev. Rul. 2005-66, page 686.

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 October 2005. See Rev. Rul. 2005-66, page 686.

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 October 2005.

Rev. Rul. 2005-66

This revenue ruling provides various prescribed rates for federal income tax purposes for October 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. 2005-66 TABLE 1
Applicable Federal Rates (AFR) for October 2005

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	3.89%	3.85%	3.83%	3.82%
110% AFR	4.28%	4.24%	4.22%	4.20%
120% AFR	4.67%	4.62%	4.59%	4.58%
130% AFR	5.07%	5.01%	4.98%	4.96%
<i>Mid-term</i>				
AFR	4.08%	4.04%	4.02%	4.01%
110% AFR	4.49%	4.44%	4.42%	4.40%
120% AFR	4.91%	4.85%	4.82%	4.80%
130% AFR	5.32%	5.25%	5.22%	5.19%
150% AFR	6.15%	6.06%	6.01%	5.98%
175% AFR	7.19%	7.07%	7.01%	6.97%
<i>Long-term</i>				
AFR	4.40%	4.35%	4.33%	4.31%
110% AFR	4.85%	4.79%	4.76%	4.74%
120% AFR	5.29%	5.22%	5.19%	5.16%
130% AFR	5.74%	5.66%	5.62%	5.59%

REV. RUL. 2005-66 TABLE 2
Adjusted AFR for October 2005

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	2.83%	2.81%	2.80%	2.79%
Mid-term adjusted AFR	3.27%	3.24%	3.23%	3.22%
Long-term adjusted AFR	4.14%	4.10%	4.08%	4.07%

REV. RUL. 2005-66 TABLE 3
Rates Under Section 382 for October 2005

Adjusted federal long-term rate for the current month	4.14%
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.)	4.24%

REV. RUL. 2005-66 TABLE 4
Appropriate Percentages Under Section 42(b)(2) for October 2005

Appropriate percentage for the 70% present value low-income housing credit	7.98%
Appropriate percentage for the 30% present value low-income housing credit	3.42%

REV. RUL. 2005-66 TABLE 5
Rate Under Section 7520 for October 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 5.0%

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 October 2005. See Rev. Rul. 2005-66, page 686.

Section 6654.—Failure by Individual to Pay Estimated Income Tax

26 CFR 1.6654-2: *Exceptions to imposition of the addition to the tax in the case of individuals.*

T.D. 9224

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 1

Updating Estimated Income Tax Regulations Under Section 6654

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to certain changes made to the law by the Tax Reform Act of 1984. These final regulations are necessary to update, clarify, and reorganize the rules and procedures for making payments of estimated income tax by individuals. These final regulations do not impose any new requirements for taxpayers.

DATES: *Effective Date:* These final regulations are effective September 2, 2005.

FOR FURTHER INFORMATION CONTACT: Tatiana Belenkaya of the Office of Associate Chief Counsel (Procedure and Administration), (202) 622-4910 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to 26 CFR part 1. Section 412 of the Tax Reform Act of 1984, Public Law 98-369 (98 Stat. 792), repealed section 6015 of the Internal Revenue Code (Code), which required individuals to file declarations of estimated income tax. Public Law 98-369 (98 Stat. 792) is effective for taxable years beginning after December 31, 1984; however, individual taxpayers still must pay estimated tax in quarterly installments under section 6654 of the Code.

Explanation of Provisions

In general, section 6654(a) of the Code provides that in the case of any underpayment of estimated tax by an individual, there shall be added to the tax under chapter 1 and the tax under chapter 2 for the taxable year an amount determined by applying (1) the underpayment rate established under section 6621, (2) to the amount of the underpayment, (3) for the period of the underpayment. Section 6654(m) authorizes the Secretary to prescribe such regulations as may be necessary to carry out the purposes of section 6654.

Prior to its repeal in 1984, section 6015 of the Code, and §§1.6015(a)-1 through 1.6015(j)-1 of the Income Tax Regulations, provided rules for making declarations of estimated income tax by individuals. Section 6015 of the Code was repealed for taxable years beginning after December 31, 1984. The repeal of section 6015 rendered §§1.6015(a)-1 through 1.6015(j)-1 obsolete, except to the extent that portions of these sections provide guidance still relevant to the payment of estimated tax under section 6654.

These final regulations remove §§1.6015(a)-1 through 1.6015(j)-1, revise §§1.6654-2 and 1.6654-3, and add §§1.6654-5 and 1.6654-6. Removing the obsolete declaration of estimated income tax regulations and revising the current es-

timated income tax regulations will clarify the estimated income tax regulations under section 6654 of the Code. Removal of §§1.6015(a)-1 through 1.6015(j)-1 also alleviates any confusion under the current section 6015 regulations, which address relief from joint and several liability for an individual who has made a joint return. Adding §§1.6654-5 and 1.6654-6 will provide additional instructions for determining estimated tax payments and additional guidance for nonresident alien individuals required to make estimated tax payments.

Special Analyses

Because these regulations are interpretative and generally re-codify, under an existing statute, existing rules promulgated under a prior statute, notice and public comment procedures are not required pursuant to 5 U.S.C. 553(b)(A) and (B), and a delayed effective date is not required pursuant to 5 U.S.C. 553(d)(2) and (3). Because no notice of proposed rulemaking is required, the provisions of the Regulatory Flexibility Act, 5 U.S.C. 601 (*et seq.*) do not apply. Further, because this Treasury decision is not a significant regulatory action for purposes of Executive Order 12866, a regulatory assessment is not required. Pursuant to section 7805(f) of the Code, these regulations were submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

Drafting Information

The principal author of these regulations is Tatiana Belenkaya, Office of Associate Chief Counsel (Procedure and Administration), Administrative Provisions and Judicial Practice Division.

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Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows: