

# Part I

## 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, 642, 1288, 7520, 7872.)

### Rev. Rul. 2020-1

This revenue ruling provides various prescribed rates for federal income tax purposes for January 2020 (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. Howev-

er, 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. Finally, Table 6 contains the deemed rate of return for transfers made during calendar year 2020 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.

**REV. RUL. 2020-1 TABLE 1**  
Applicable Federal Rates (AFR) for January 2020  
*Period for Compounding*

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	1.60%	1.59%	1.59%	1.58%
110% AFR	1.76%	1.75%	1.75%	1.74%
120% AFR	1.92%	1.91%	1.91%	1.90%
130% AFR	2.08%	2.07%	2.06%	2.06%
<i>Mid-term</i>				
AFR	1.69%	1.68%	1.68%	1.67%
110% AFR	1.86%	1.85%	1.85%	1.84%
120% AFR	2.03%	2.02%	2.01%	2.01%
130% AFR	2.19%	2.18%	2.17%	2.17%
150% AFR	2.54%	2.52%	2.51%	2.51%
175% AFR	2.96%	2.94%	2.93%	2.92%
<i>Long-term</i>				
AFR	2.07%	2.06%	2.05%	2.05%
110% AFR	2.28%	2.27%	2.26%	2.26%
120% AFR	2.49%	2.47%	2.46%	2.46%
130% AFR	2.70%	2.68%	2.67%	2.67%

**REV. RUL. 2020-1 TABLE 2**  
Adjusted AFR for January 2020  
*Period for Compounding*

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	1.21%	1.21%	1.21%	1.21%
Mid-term adjusted AFR	1.28%	1.28%	1.28%	1.28%
Long-term adjusted AFR	1.57%	1.56%	1.56%	1.55%

**REV. RUL. 2020-1 TABLE 3**

Rates Under Section 382 for January 2020

Adjusted federal long-term rate for the current month	1.57%
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.)	1.59%

**REV. RUL. 2020-1 TABLE 4**

Appropriate Percentages Under Section 42(b)(1) for January 2020

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	7.43%
Appropriate percentage for the 30% present value low-income housing credit	3.18%

**REV. RUL. 2020-1 TABLE 5**

Rate Under Section 7520 for January 2020

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	2.0%
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**REV. RUL. 2020-1 TABLE 6**

Deemed Rate for Transfers to New Pooled Income Funds During 2020

Deemed rate of return for transfers during 2020 to pooled income funds that have been in existence for less than 3 taxable years	2.2%
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**Section 42.—Low-Income Housing Credit**

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2020. See Rev. Rul. 2020-1, page 296.

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**Section 280G.—Golden Parachute Payments**

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2020. See Rev. Rul. 2020-1, page 296.

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**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 January 2020. See Rev. Rul. 2020-1, page 296.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2020. See Rev. Rul. 2020-1, page 296.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2020. See Rev. Rul. 2020-1, page 296.

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**Section 482.—Allocation of Income and Deductions Among Taxpayers**

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2020. See Rev. Rul. 2020-1, page 296.

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## Section 483.—Interest on Certain Deferred Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2020. See Rev. Rul. 2020-1, page 296.

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## Section 642.—Special Rules for Credits and Deductions

Deemed rate for transfers to new pooled income funds during 2020 is set forth. See Rev. Rul. 2020-1, page 296.

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*26 CFR 1.401(l)-1: Permitted disparity in employer-provided contributions or benefits*

## Rev. Rul. 2020-2

This revenue ruling provides tables of covered compensation under § 401(l)(5)(E) of the Internal Revenue Code and the Income Tax Regulations thereunder, for the 2020 plan year.

Section 401(l)(5)(E)(i) defines covered compensation with respect to an employee as the average of the contribution and benefit bases in effect under section 230 of the Social Security Act (the “Act”) for each year in the 35-year period ending with the year in which the employee attains social security retirement age.

Section 401(l)(5)(E)(ii) states that the determination for any year preceding the year in which the employee attains social security retirement age shall be made by assuming that there is no increase in cov-

## 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 January 2020. See Rev. Rul. 2020-1, page 296.

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## Section 7520.—Valuation Tables

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2020. See Rev. Rul. 2020-1, page 296.

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ered compensation after the determination year and before the employee attains social security retirement age.

Section 1.401(l)-1(c)(34) of the Income Tax Regulations defines the taxable wage base as the contribution and benefit base under section 230 of the Act.

Section 1.401(l)-1(c)(7)(i) defines covered compensation for an employee as the average (without indexing) of the taxable wage bases in effect for each calendar year during the 35-year period ending with the last day of the calendar year in which the employee attains (or will attain) social security retirement age. A 35-year period is used for all individuals regardless of the year of birth of the individual. In determining an employee’s covered compensation for a plan year, the taxable wage base for all calendar years beginning after the first day of the plan year is assumed to be the same as the taxable wage base in effect as of the beginning of the plan year. An employee’s covered compensation for

## Section 7872.—Treatment of Loans With Below-Market Interest Rates

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2020. See Rev. Rul. 2020-1, page 296.

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a plan year beginning after the 35-year period applicable under § 1.401(l)-1(c)(7)(i) is the employee’s covered compensation for a plan year during which the 35-year period ends. An employee’s covered compensation for a plan year beginning before the 35-year period applicable under § 1.401(l)-1(c)(7)(i) is the taxable wage base in effect as of the beginning of the plan year.

Section 1.401(l)-1(c)(7)(ii) provides that, for purposes of determining the amount of an employee’s covered compensation under § 1.401(l)-1(c)(7)(i), a plan may use tables, provided by the Commissioner, that are developed by rounding the actual amounts of covered compensation for different years of birth.

For purposes of determining covered compensation for the 2020 year, the taxable wage base is \$137,700.

The following tables provide covered compensation for 2020.