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.)

Rev. Rul. 2016-1

This revenue ruling provides various prescribed rates for federal income tax purposes for January 2016 (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 longterm rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the lowincome housing credit described in section 42(b)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, with respect to housing credit dollar amount allocations made before January 1, 2015, 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 2016 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. 2016-1 TABLE 1

Applicable Federal Rates (AFR) for January 2016

	<u>Annual</u>	Period for Com Semiannual	npounding Quarterly	Monthly		
	<u>Short-term</u>					
AFR 110% AFR 120% AFR 130% AFR	.75% .83% .90% .98%	.75% .83% .90% .98%	.75% .83% .90% .98%	.75% .83% .90% .98%		
	<u>Mid-term</u>					
AFR 110% AFR 120% AFR 130% AFR 150% AFR 175% AFR	1.81% 1.99% 2.17% 2.35% 2.72% 3.17%	1.80% 1.98% 2.16% 2.34% 2.70% 3.15%	1.80% 1.98% 2.15% 2.33% 2.69% 3.14%	1.79% 1.97% 2.15% 2.33% 2.68% 3.13%		
	<u>Long-term</u>					
AFR 110% AFR 120% AFR 130% AFR	2.65% 2.91% 3.18% 3.45%	2.63% 2.89% 3.16% 3.42%	2.62% 2.88% 3.15% 3.41%	2.62% 2.87% 3.14% 3.40%		

### REV. RUL. 2016-1 TABLE 2

### Adjusted AFR for January 2016

	Period for Compounding				
	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>	
Short-term adjusted AFR	.57%	.57%	.57%	.57%	
Mid-term adjusted AFR	1.46%	1.45%	1.45%	1.45%	
Long-term adjusted AFR	2.65%	2.63%	2.62%	2.62%	

Adjusted federal long-term rate for the current month

# REV. RUL. 2016-1 TABLE 3

# Rates Under Section 382 for January 2016

2.65%

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.)	2.65%

#### REV. RUL. 2016-1 TABLE 4

Appropriate Percentages Under Section 42(b)(1) for January 2016 Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, with respect to housing credit dollar amount allocations made before January 1, 2015 shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit 7.51%

Appropriate percentage for the 30% present value low-income

housing credit

3.22%

#### REV. RUL. 2016-1 TABLE 5

### Rate Under Section 7520 for January 2016

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

2.2%

#### **REV. RUL. 2016-1 TABLE 6**

Deemed Rate for Transfers to New Pooled Income Funds During 2016

Deemed rate of return for transfers during 2016 to pooled income funds that have been in existence for less than 3 taxable years

1.2%