

Section 995.—Taxation of DISC Income to Shareholders

2016 Base Period T-Bill Rate. The “base period T-bill rate” for the period ending September 30, 2016, is published as required by section 995(f) of the Internal Revenue Code.

Rev. Rul. 2017-01

Section 995(f)(1) of the Internal Revenue Code provides that a shareholder of a domestic international sales corporation (“DISC”) shall pay interest each taxable year in an amount equal to the product of the “shareholder’s DISC-related deferred tax liability” for the year (as defined in section 995(f)(2)) and the “base period T-bill rate.” Under section 995(f)(4), the base period T-bill rate is the annual rate of interest determined by the Secretary to be equivalent to the average of the 1-year constant maturity Treasury yields, as published by the Board of Governors of the Federal Reserve System, for the 1-year period ending on September 30 of the calendar year ending with (or the most recent calendar year ending before) the close of the taxable year of the shareholder.

The base period T-bill rate for the period ending September 30, 2016, is 0.54 percent.

Pursuant to section 6622 of the Internal Revenue Code, interest must be compounded daily. The table below provides factors for compounding the 2016 base period T-bill rate daily for any number of days in the shareholder’s taxable year (including for a 52-53 week accounting period). To compute the amount of the interest charge for the shareholder’s taxable year, multiply the amount of the shareholder’s DISC-related deferred tax liability for that year by the base period T-bill rate factor corresponding to the number of days in the shareholder’s taxable year for which the interest charge is being computed. Generally, one would use the factor for 365 days. One would use a different factor only if the shareholder’s taxable year for which the interest charge is being determined is a short taxable year, if the shareholder uses a 52-53 week taxable year, or if the shareholder’s taxable year is a leap year.

For the base period T-bill rates for periods ending in prior years, see Rev. Rul. 2015-26, 2015-49 IRB 696; Rev. Rul. 2014-33, 2014-52 IRB 957; Rev. Rul. 2013-24, 2013-49 IRB 594; Rev. Rul. 2012-22, 2012-48 IRB 565; and Rev. Rul. 2011-30, 2011-49 IRB 826.

DRAFTING INFORMATION

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ANNUAL RATE, COMPOUNDED DAILY

<u>DAYS</u>	<u>0.54 PERCENT FACTOR</u>
1	.000014754
2	.000029508
3	.000044263
4	.000059018
5	.000073773
6	.000088528
7	.000103283
8	.000118039
9	.000132795
10	.000147551
11	.000162307
12	.000177064
13	.000191820
14	.000206577
15	.000221334
16	.000236092
17	.000250849
18	.000265607
19	.000280365
20	.000295123
21	.000309882
22	.000324640
23	.000339399
24	.000354158
25	.000368918
26	.000383677
27	.000398437
28	.000413197
29	.000427957
30	.000442718
31	.000457478
32	.000472239
33	.000487000
34	.000501761
35	.000516523
36	.000531285
37	.000546047
38	.000560809
39	.000575571
40	.000590334
41	.000605097
42	.000619860
43	.000634623
44	.000649386
45	.000664150
46	.000678914
47	.000693678

ANNUAL RATE, COMPOUNDED DAILY

<u>DAYS</u>	<u>0.54 PERCENT FACTOR</u>
48	.000708442
49	.000723207
50	.000737972
51	.000752737
52	.000767502
53	.000782267
54	.000797033
55	.000811799
56	.000826565
57	.000841331
58	.000856098
59	.000870864
60	.000885631
61	.000900398
62	.000915166
63	.000929933
64	.000944701
65	.000959469
66	.000974238
67	.000989006
68	.001003775
69	.001018544
70	.001033313
71	.001048082
72	.001062852
73	.001077621
74	.001092391
75	.001107162
76	.001121932
77	.001136703
78	.001151474
79	.001166245
80	.001181016
81	.001195788
82	.001210559
83	.001225331
84	.001240103
85	.001254876
86	.001269648
87	.001284421
88	.001299194
89	.001313968
90	.001328741
91	.001343515
92	.001358289
93	.001373063
94	.001387837

ANNUAL RATE, COMPOUNDED DAILY

<u>DAYS</u>	<u>0.54 PERCENT FACTOR</u>
95	.001402612
96	.001417387
97	.001432162
98	.001446937
99	.001461712
100	.001476488
101	.001491264
102	.001506040
103	.001520816
104	.001535593
105	.001550369
106	.001565146
107	.001579924
108	.001594701
109	.001609479
110	.001624257
111	.001639035
112	.001653813
113	.001668591
114	.001683370
115	.001698149
116	.001712928
117	.001727708
118	.001742487
119	.001757267
120	.001772047
121	.001786827
122	.001801608
123	.001816388
124	.001831169
125	.001845950
126	.001860732
127	.001875513
128	.001890295
129	.001905077
130	.001919859
131	.001934642
132	.001949424
133	.001964207
134	.001978990
135	.001993774
136	.002008557
137	.002023341
138	.002038125
139	.002052909
140	.002067693

ANNUAL RATE, COMPOUNDED DAILY

<u>DAYS</u>	<u>0.54 PERCENT FACTOR</u>
141	.002082478
142	.002097263
143	.002112048
144	.002126833
145	.002141618
146	.002156404
147	.002171190
148	.002185976
149	.002200763
150	.002215549
151	.002230336
152	.002245123
153	.002259910
154	.002274698
155	.002289485
156	.002304273
157	.002319061
158	.002333850
159	.002348638
160	.002363427
161	.002378216
162	.002393005
163	.002407794
164	.002422584
165	.002437374
166	.002452164
167	.002466954
168	.002481745
169	.002496535
170	.002511326
171	.002526117
172	.002540909
173	.002555700
174	.002570492
175	.002585284
176	.002600077
177	.002614869
178	.002629662
179	.002644455
180	.002659248
181	.002674041
182	.002688835
183	.002703628
184	.002718422
185	.002733217
186	.002748011
187	.002762806

ANNUAL RATE, COMPOUNDED DAILY

<u>DAYS</u>	<u>0.54 PERCENT FACTOR</u>
188	.002777600
189	.002792396
190	.002807191
191	.002821986
192	.002836782
193	.002851578
194	.002866374
195	.002881171
196	.002895967
197	.002910764
198	.002925561
199	.002940358
200	.002955156
201	.002969953
202	.002984751
203	.002999550
204	.003014348
205	.003029146
206	.003043945
207	.003058744
208	.003073543
209	.003088343
210	.003103143
211	.003117942
212	.003132743
213	.003147543
214	.003162343
215	.003177144
216	.003191945
217	.003206746
218	.003221548
219	.003236349
220	.003251151
221	.003265953
222	.003280756
223	.003295558
224	.003310361
225	.003325164
226	.003339967
227	.003354770
228	.003369574
229	.003384378
230	.003399182
231	.003413986
232	.003428790
233	.003443595
234	.003458400

ANNUAL RATE, COMPOUNDED DAILY

<u>DAYS</u>	<u>0.54 PERCENT FACTOR</u>
235	.003473205
236	.003488011
237	.003502816
238	.003517622
239	.003532428
240	.003547234
241	.003562041
242	.003576847
243	.003591654
244	.003606461
245	.003621268
246	.003636076
247	.003650884
248	.003665692
249	.003680500
250	.003695308
251	.003710117
252	.003724926
253	.003739735
254	.003754544
255	.003769354
256	.003784163
257	.003798973
258	.003813783
259	.003828594
260	.003843404
261	.003858215
262	.003873026
263	.003887837
264	.003902649
265	.003917460
266	.003932272
267	.003947085
268	.003961897
269	.003976709
270	.003991522
271	.004006335
272	.004021148
273	.004035962
274	.004050775
275	.004065589
276	.004080403
277	.004095218
278	.004110032
279	.004124847
280	.004139662

ANNUAL RATE, COMPOUNDED DAILY

<u>DAYS</u>	<u>0.54 PERCENT FACTOR</u>
281	.004154477
282	.004169292
283	.004184108
284	.004198924
285	.004213740
286	.004228556
287	.004243373
288	.004258189
289	.004273006
290	.004287823
291	.004302641
292	.004317458
293	.004332276
294	.004347094
295	.004361912
296	.004376731
297	.004391550
298	.004406368
299	.004421188
300	.004436007
301	.004450826
302	.004465646
303	.004480466
304	.004495286
305	.004510107
306	.004524927
307	.004539748
308	.004554569
309	.004569391
310	.004584212
311	.004599034
312	.004613856
313	.004628678
314	.004643500
315	.004658323
316	.004673146
317	.004687969
318	.004702792
319	.004717616
320	.004732439
321	.004747263
322	.004762087
323	.004776912
324	.004791736
325	.004806561
326	.004821386
327	.004836211

ANNUAL RATE, COMPOUNDED DAILY

<u>DAYS</u>	<u>0.54 PERCENT FACTOR</u>
328	.004851037
329	.004865863
330	.004880688
331	.004895515
332	.004910341
333	.004925167
334	.004939994
335	.004954821
336	.004969648
337	.004984476
338	.004999303
339	.005014131
340	.005028959
341	.005043788
342	.005058616
343	.005073445
344	.005088274
345	.005103103
346	.005117932
347	.005132762
348	.005147592
349	.005162422
350	.005177252
351	.005192083
352	.005206913
353	.005221744
354	.005236575
355	.005251407
356	.005266238
357	.005281070
358	.005295902
359	.005310734
360	.005325567
361	.005340400
362	.005355232
363	.005370066
364	.005384899
365	.005399732
366	.005414566
367	.005429400
368	.005444234
369	.005459069
370	.005473903
371	.005488738