

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, 1288, 7520, 7872.)

Rev. Rul. 2018-27

This revenue ruling provides various prescribed rates for federal income tax purposes for October 2018 (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. However, 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%. 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. 2018-27 TABLE 1

Applicable Federal Rates (AFR) for October 2018

	<u>Annual</u>	<u>Period for Compounding</u>		<u>Monthly</u>
		<u>Semiannual</u>	<u>Quarterly</u>	
<u>Short-term</u>				
AFR	2.55%	2.53%	2.52%	2.52%
110% AFR	2.80%	2.78%	2.77%	2.76%
120% AFR	3.06%	3.04%	3.03%	3.02%
130% AFR	3.32%	3.29%	3.28%	3.27%
<u>Mid-term</u>				
AFR	2.83%	2.81%	2.80%	2.79%
110% AFR	3.11%	3.09%	3.08%	3.07%
120% AFR	3.40%	3.37%	3.36%	3.35%
130% AFR	3.68%	3.65%	3.63%	3.62%
150% AFR	4.26%	4.22%	4.20%	4.18%
175% AFR	4.98%	4.92%	4.89%	4.87%
<u>Long-term</u>				
AFR	2.99%	2.97%	2.96%	2.95%
110% AFR	3.30%	3.27%	3.26%	3.25%
120% AFR	3.59%	3.56%	3.54%	3.53%
130% AFR	3.90%	3.86%	3.84%	3.83%

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Adjusted AFR for October 2018

	<u>Period for Compounding</u>			
	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
Short-term adjusted AFR	1.93%	1.92%	1.92%	1.91%
Mid-term adjusted AFR	2.14%	2.13%	2.12%	2.12%
Long-term adjusted AFR	2.27%	2.26%	2.25%	2.25%

REV. RUL. 2018-27 TABLE 3

Rates Under Section 382 for October 2018

Adjusted federal long-term rate for the current month	2.27%
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.)	2.29%

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Appropriate Percentages Under Section 42(b)(1) for October 2018

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	7.67%
Appropriate percentage for the 30% present value low-income housing credit	3.29%

REV. RUL. 2018-27 TABLE 5

Rate Under Section 7520 for October 2018

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	3.4%
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