

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. 2019-26

This revenue ruling provides various prescribed rates for federal income tax purposes for December 2019 (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.

Applicable Federal Rates (AFR) for December 2019

	<u>Annual</u>	<u>Period for Compounding</u>		<u>Monthly</u>
		<u>Semiannual</u>	<u>Quarterly</u>	
<u>Short-term</u>				
AFR	1.61%	1.60%	1.60%	1.59%
110% AFR	1.77%	1.76%	1.76%	1.75%
120% AFR	1.93%	1.92%	1.92%	1.91%
130% AFR	2.09%	2.08%	2.07%	2.07%
<u>Mid-term</u>				
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%
<u>Long-term</u>				
AFR	2.09%	2.08%	2.07%	2.07%
110% AFR	2.30%	2.29%	2.28%	2.28%
120% AFR	2.52%	2.50%	2.49%	2.49%
130% AFR	2.72%	2.70%	2.69%	2.68%

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Adjusted AFR for December 2019

	<u>Period for Compounding</u>			
	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
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	1.59%	1.58%	1.58%	1.57%

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Rates Under Section 382 for December 2019

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

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Appropriate Percentages Under Section 42(b)(1) for December 2019

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	3.19%

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Rate Under Section 7520 for December 2019

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%