

a residual interest (reduced by net losses previously taken into account under this paragraph), a net loss (described in section 860C(b)(2)) with respect to the residual interest shall be allocated to the class of gross income and apportioned to the statutory grouping(s) or residual grouping of gross income to which the excess inclusion income was assigned.

(f) *Effective/applicability date.* Paragraph (e)(2) of this section applies for taxable years ending after August 1, 2006.

§1.863-1T [Removed]

Par. 9. Section 1.863-1T is removed.

Par. 10. Section 1.1441-0 is amended by revising the entry for §1.1441-2(f) and removing the entries for §1.1441-2T to read as follows:

§1.1441-0 Outline of regulation provisions for section 1441.

§1.1441-2 Amounts subject to withholding.

(f) *Effective/applicability date.*

Par. 11. Section 1.1441-2(b)(5), (d)(4) and (f) are revised to read as follows:

§1.1441-2 Amounts subject to withholding.

(b) *****

(5) *REMIC residual interests.* Amounts subject to withholding include an excess inclusion described in §1.860G-3(b)(2) and the portion of an amount described in §1.860G-3(b)(1) that is an excess inclusion.

(d) *****

(4) *Withholding exemption inapplicable.* The exemption in §1.1441-2(d) from the obligation to withhold shall not apply to amounts described in §1.860G-3(b)(1) (regarding certain partnership allocations of REMIC net income with respect to a REMIC residual interest).

(f) *Effective/applicability date.* This section applies to payments made after December 31, 2000. Paragraphs (b)(5) and (d)(4) of this section apply to payments made after August 1, 2006.

§1.1441-2T [Removed]

Par. 12. Section 1.1441-2T is removed.

Linda E. Stiff,
*Deputy Commissioner for
Services and Enforcement.*

Approved June 30, 2008.

Eric Solomon,
*Assistant Secretary of
the Treasury (Tax Policy).*

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Section 863.—Special Rules for Determining Source

Final regulations under section 860G of the Code relate to income that is associated with a residual interest in a Real Estate Mortgage Investment Conduit (REMIC) and that is allocated through certain entities to foreign persons who have invested in those entities. See T.D. 9415, page 570.

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.)

Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of sections 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for September 2008.

Rev. Rul. 2008-46

This revenue ruling provides various prescribed rates for federal income tax purposes for September 2008 (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)(2) for buildings placed in service during the current month. 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. 2008-46 TABLE 1
Applicable Federal Rates (AFR) for September 2008

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
	<i>Short-term</i>			
AFR	2.38%	2.37%	2.36%	2.36%
110% AFR	2.63%	2.61%	2.60%	2.60%
120% AFR	2.86%	2.84%	2.83%	2.82%
130% AFR	3.10%	3.08%	3.07%	3.06%
	<i>Mid-term</i>			
AFR	3.46%	3.43%	3.42%	3.41%
110% AFR	3.81%	3.77%	3.75%	3.74%
120% AFR	4.16%	4.12%	4.10%	4.09%
130% AFR	4.51%	4.46%	4.44%	4.42%
150% AFR	5.22%	5.15%	5.12%	5.10%
175% AFR	6.09%	6.00%	5.96%	5.93%
	<i>Long-term</i>			
AFR	4.58%	4.53%	4.50%	4.49%
110% AFR	5.04%	4.98%	4.95%	4.93%
120% AFR	5.51%	5.44%	5.40%	5.38%
130% AFR	5.98%	5.89%	5.85%	5.82%

REV. RUL. 2008-46 TABLE 2
Adjusted AFR for September 2008

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	1.81%	1.80%	1.80%	1.79%
Mid-term adjusted AFR	3.21%	3.18%	3.17%	3.16%
Long-term adjusted AFR	4.53%	4.48%	4.46%	4.44%

REV. RUL. 2008-46 TABLE 3
Rates Under Section 382 for September 2008

Adjusted federal long-term rate for the current month	4.53%
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.)	4.65%

REV. RUL. 2008-46 TABLE 4
Appropriate Percentages Under Section 42(b)(2) for September 2008

Appropriate percentage for the 70% present value low-income housing credit	7.93%
Appropriate percentage for the 30% present value low-income housing credit	3.40%

REV. RUL. 2008-46 TABLE 5

Rate Under Section 7520 for September 2008

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

4.2%

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 September 2008. See Rev. Rul. 2008-46, page 572.

Section 1441.—Withholding of Tax on Nonresident Aliens

Final regulations under section 860G of the Code relate to income that is associated with a residual in-

terest in a Real Estate Mortgage Investment Conduit (REMIC) and that is allocated through certain entities to foreign persons who have invested in those entities. See T.D. 9415, page 570.

Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of September 2008. See Rev. Rul. 2008-46, page 572.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of September 2008. See Rev. Rul. 2008-46, page 572.