

## Section 702.—Income and Credits for Partner

If a corporation makes the section 168(k)(4) election and is a partner in a partnership (electing corporate partner), the partnership must provide the electing corporate partner with sufficient information to apply section 168(k)(4)(G)(ii) in determining its distributive share of partnership items under section 702 relating to any eligible qualified property placed in service by the partnership during the taxable year. This information must be provided in the time and manner required by section 6031(b) and section 1.6031(b)—IT(a)(3)(ii) and (b). See Rev. Proc. 2009-16, page 449.

## Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2009. See Rev. Rul. 2009-5, page 432.

## Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of February 2009. See Rev. Rul. 2009-5, page 432.

## 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 February 2009.

### Rev. Rul. 2009-5

This revenue ruling provides various prescribed rates for federal income tax purposes for February 2009 (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, and before December 31, 2013, 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. 2009-5 TABLE 1  
Applicable Federal Rates (AFR) for February 2009

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	.60%	.60%	.60%	.60%
110% AFR	.66%	.66%	.66%	.66%
120% AFR	.72%	.72%	.72%	.72%
130% AFR	.78%	.78%	.78%	.78%
<i>Mid-term</i>				
AFR	1.65%	1.64%	1.64%	1.63%
110% AFR	1.81%	1.80%	1.80%	1.79%
120% AFR	1.98%	1.97%	1.97%	1.96%
130% AFR	2.14%	2.13%	2.12%	2.12%
150% AFR	2.48%	2.46%	2.45%	2.45%
175% AFR	2.89%	2.87%	2.86%	2.85%
<i>Long-term</i>				
AFR	2.96%	2.94%	2.93%	2.92%
110% AFR	3.26%	3.23%	3.22%	3.21%
120% AFR	3.56%	3.53%	3.51%	3.50%
130% AFR	3.86%	3.82%	3.80%	3.79%

REV. RUL. 2009-5 TABLE 2  
Adjusted AFR for February 2009

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	1.50%	1.49%	1.49%	1.49%
Mid-term adjusted AFR	2.83%	2.81%	2.80%	2.79%
Long-term adjusted AFR	5.27%	5.20%	5.17%	5.14%

REV. RUL. 2009-5 TABLE 3  
Rates Under Section 382 for February 2009

Adjusted federal long-term rate for the current month	5.27%
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.)	5.49%

REV. RUL. 2009-5 TABLE 4  
Appropriate Percentages Under Section 42(b)(1) for February 2009

Note: Under Section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, and before December 31, 2013, shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	7.53%
Appropriate percentage for the 30% present value low-income housing credit	3.23%

REV. RUL. 2009-5 TABLE 5  
Rate Under Section 7520 for February 2009

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%
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### 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 February 2009. See Rev. Rul. 2009-5, page 432.

### Section 1374.—Tax Imposed on Certain Built-In Gains

Under section 1374(b)(3)(B), an S corporation is allowed as a credit against the section 1374(a) tax any business and AMT credit carryforwards that arose in a taxable year in which the corporation was a C corporation. The section 168(k)(4) election does not increase the S corporation's section 1374(b)(3)(B) lim-

itations and, therefore, if the section 168(k)(4) election is made an S corporation may not claim business credits or AMT credits in excess of its section 1374(a) tax for the taxable year. Any credits allowed as a result of the increases in the business or AMT credit limitations, which may be used only as an additional credit against the section 1374(a) tax, are not refundable to the S corporation. See Rev. Proc. 2009-16, page 449.

### Section 1400N.—Tax Benefits for Gulf Opportunity Zone

A notice sets forth the manner in which the Treasury Department and the Internal Revenue Service will determine and announce the credit rates for certain tax credit bonds for purposes of sections 54, 54A, 1400N(l), and similar provisions. See Notice 2009-15, page 449.

## Section 1502.—Regulations

If all members of a controlled group are members of an affiliated group of corporations that file a consolidated return (hereinafter, a "consolidated group"), the common parent (within the meaning of section 1.1502-77(a)(1)(i)) of the consolidated group makes the section 168(k)(4) election on behalf of all members of the consolidated group. A section 168(k)(4) election (or the lack of a section 168(k)(4) election) made by a consolidated group (or a controlled group in which the consolidated group is a member) applies to any eligible qualified property placed in service by a member of the consolidated group during a consolidated return year, even if such member is not a member of the consolidated group on the date that controlled group membership is determined under this revenue procedure. See Rev. Proc. 2009-16, page 449.