Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

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.)

Rev. Rul. 2018–12

This revenue ruling provides various prescribed rates for federal income tax purposes for May 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. 2018–12 TABLE 1			
Applicable Federal Rates (AFR) for May 2018			
Period for Compounding			
Annual	*Semiannual*	*Quarterly*	*Monthly*
Short-term			
AFR 2.18%	2.17%	2.16%	2.16%
110% AFR 2.40%	2.39%	2.38%	2.38%
120% AFR 2.62%	2.60%	2.59%	2.59%
130% AFR 2.84%	2.82%	2.81%	2.80%
Mid-term			
AFR 2.69%	2.67%	2.66%	2.66%
110% AFR 2.96%	2.94%	2.93%	2.92%
120% AFR 3.23%	3.20%	3.19%	3.18%
130% AFR 3.50%	3.47%	3.46%	3.45%
150% AFR 4.05%	4.01%	3.99%	3.98%
175% AFR 4.72%	4.67%	4.64%	4.63%
Long-term			
AFR 2.94%	2.92%	2.91%	2.90%
110% AFR 3.24%	3.21%	3.20%	3.19%
120% AFR 3.53%	3.50%	3.48%	3.47%
130% AFR 3.84%	3.80%	3.78%	3.77%

REV. RUL. 2018-12 TABLE 2			
Adjusted AFR for May 2018			
Period for Compounding			
	Annual	*Semiannual*	*Quarterly*	*Monthly*
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Short-term adjusted AFR	1.66%	1.65%	1.65%	1.64%
Mid-term adjusted AFR	2.04%	2.03%	2.02%	2.02%
Long-term adjusted AFR	2.23%	2.22%	2.21%	2.21%

REV. RUL. 2018-12 TABLE 3	
Rates Under Section 382 for May 2018	
Adjusted federal long-term rate for the current month	2.23%
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.)	2.30%

REV. RUL. 2018-12 TABLE 4	
Appropriate Percentages Under Section 42(b)(1) for May 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	7.65%
Appropriate percentage for the 30% present value low-income housing credit	3.28%

REV. RUL. 2018-12 TABLE 5	
Rate Under Section 7520 for May 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	3.2%

Section 42.—Low-Income Housing Credit

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

Section 280G.—Golden Parachute Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted applicable federal long-term rate is set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

Section 467.—Certain Payments for the Use of Property or Services

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

Section 482.—Allocation of Income and Deductions Among Taxpayers

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

Section 483.—Interest on Certain Deferred Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

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 May 2018. See Rev. Rul. 2018–12, page 575.

Section 7520.—Valuation Tables

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of May 2018. See Rev. Rul. 2018–12, page 575.

Section 807.—Rules for Certain Reserves

Rev. Rul. 2018–13

For purposes of § 807(d)(4) of the Internal Revenue Code, for taxable years beginning after December 31, 2016, and on or before December 31, 2017, this ruling supplements the schedules of prevailing state assumed interest rates set forth in Rev. Rul. 92–19, 1992–1 C.B. 227. This information is to be used by insurance companies in computing their reserves for (1) life insurance and supplementary total and permanent disability benefits, (2) individual annuities and pure endowments, and (3) group annuities and pure endowments. For taxable years beginning on or before December 31, 2017, under § 807(d), the amount of the life insurance reserves for any contract is the greater of the net surrender value of such contract or the reserve determined by using (1) the tax reserve method applicable to such contract, (2) the greater of (i) the applicable federal interest rate, or (ii) the prevailing state assumed interest rate, and (3) the