

ATTACHMENT II
2019 ROUNDED COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	2019 COVERED COMPENSATION ROUNDED
1967 – 1968	117,000
1969 – 1970	120,000
1971 – 1972	123,000
1973 – 1975	126,000
1976 – 1979	129,000
1980 – 1983	132,000
1984 and Later	132,900

DRAFTING INFORMATION

The principal author of this notice is Tom Morgan of the Office of the Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). However, other personnel from the IRS participated in the development of this guidance. For further information regarding this notice, contact Mr. Morgan at 202-317-6700 or Gregory K. Davis at 443-853-5590 (not toll-free numbers).

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. 2019–08

This revenue ruling provides various prescribed rates for federal income tax purposes for April 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.

REV. RUL. 2019–08 TABLE 1
Applicable Federal Rates (AFR) for April 2019
Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
		<i>Short-term</i>		
AFR	2.52%	2.50%	2.49%	2.49%
110% AFR	2.77%	2.75%	2.74%	2.73%
120% AFR	3.02%	3.00%	2.99%	2.98%
130% AFR	3.28%	3.25%	3.24%	3.23%
		<i>Mid-term</i>		
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%
150% AFR	3.84%	3.80%	3.78%	3.77%
175% AFR	4.48%	4.43%	4.41%	4.39%

REV. RUL. 2019-08 TABLE 1				
Applicable Federal Rates (AFR) for April 2019				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
		<i>Long-term</i>		
AFR	2.89%	2.87%	2.86%	2.85%
110% AFR	3.18%	3.16%	3.15%	3.14%
120% AFR	3.47%	3.44%	3.43%	3.42%
130% AFR	3.76%	3.73%	3.71%	3.70%

REV. RUL. 2019-08 TABLE 2				
Adjusted AFR for April 2019				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	1.91%	1.90%	1.90%	1.89%
Mid-term adjusted AFR	1.93%	1.92%	1.92%	1.91%
Long-term adjusted AFR	2.19%	2.18%	2.17%	2.17%

REV. RUL. 2019-08 TABLE 3	
Rates Under Section 382 for April 2019	
Adjusted federal long-term rate for the current month	2.19%
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.)	2.20%

REV. RUL. 2019-08 TABLE 4	
Appropriate Percentages Under Section 42(b)(1) for April 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	7.63%
Appropriate percentage for the 30% present value low-income housing credit	3.27%

REV. RUL. 2019-08 TABLE 5	
Rate Under Section 7520 for April 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	3.0%

Section 42.—Low-Income Housing Credit

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

Section 280G.—Golden Parachute Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

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 April 2019. See Rev. Rul. 2019–08, page 923.

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 April 2019. See Rev. Rul. 2019–08, page 923.

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 April 2019. See Rev. Rul. 2019–08, page 923.

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 April 2019. See Rev. Rul. 2019–08, page 923.

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 April 2019. See Rev. Rul. 2019–08, page 923.

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 April 2019. See Rev. Rul. 2019–08, page 923.

Section 7520.—Valuation Tables

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

Section 355.—Distributions of Stock and Securities of a Controlled Corporation

26 CFR 1.355–3: Active conduct of a trade or business.

Rev. Rul. 2019–09

This revenue ruling suspends Rev. Rul. 57–464, 1957–2 C.B. 244, and Rev. Rul. 57–492, 1957–2 C.B. 247, pending the completion of a study by the Department of the Treasury (Treasury Department) and the Internal Revenue Service (Service) regarding the active trade or business (ATB) requirement under sections 355(a)(1)(C) and (b) of the Internal Revenue Code.

REVENUE RULINGS

In Rev. Rul. 57–464, the Service considered the section 355 qualification of a corporation’s separation of a manufacturing business from a group of real estate

assets consisting of an old factory building used for storage and four other buildings: a duplex apartment building rented to employees of the corporation, a small office building rented to a single tenant, and two houses, one of which was occupied by a sister-in-law of the president of the corporation. The use of the old factory building for storage “was not in itself the active operation of a business as defined in the regulations.” The rental activities “produced only a nominal rental” and “negligible” net income, and the properties “were acquired either as an investment or as a convenience to employees of the manufacturing business.” The Service held that the separation did not satisfy the ATB requirement.

In Rev. Rul. 57–492, a corporation engaged in refining, transporting, and marketing petroleum products began a separate operation to explore for and produce oil. The exploration and production operation incurred substantial expenditures but “did not include any income producing activity or any source of income” until less than five years preceding its separation from the primary refining, transportation, and marketing operation. The Service held that the exploration and production operation failed to qualify as an ATB because, “[b]efore oil was discovered in commercial quantities . . . , the venture . . . did not include any income producing activity or any source of income.”

LAW

Section 355(a)(1) provides that, if certain requirements are met, a corporation may distribute stock and securities of a controlled corporation to its shareholders and security holders without recognition of gain or loss or income to the recipient shareholders or security holders. Among those requirements, both the distributing corporation and the controlled corporation must be engaged in an ATB immediately after the distribution. Sections 355(a)(1)(C) and (b), and § 1.355–3(a)(1)(i). Each trade or business must have been actively conducted throughout the five-year period ending on the date of the distribution. Section 355(b)(2)(B) and § 1.355–3(b)(3).

Section 1.355–3(b)(2)(ii) describes a “trade or business” as “a specific group of activities [that] are being carried on by the