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Approved March 14, 2002.

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(Filed by the Office of the Federal Register on March 15, 2002, 8:54 a.m., and published in the issue of the Federal Register for March 20, 2002, 67 F.R. 12863)

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, 1274, 1288, and other sections of the Code, tables set forth the rates for April 2002.

Rev. Rul. 2002-17

This revenue ruling provides various prescribed rates for federal income tax purposes for April 2002 (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. 2002-17 TABLE 1

Applicable Federal Rates (AFR) for April 2002

Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-Term</i>				
AFR	2.88%	2.86%	2.85%	2.84%
110% AFR	3.17%	3.15%	3.14%	3.13%
120% AFR	3.46%	3.43%	3.42%	3.41%
130% AFR	3.75%	3.72%	3.70%	3.69%
<i>Mid-Term</i>				
AFR	4.65%	4.60%	4.57%	4.56%
110% AFR	5.12%	5.06%	5.03%	5.01%
120% AFR	5.60%	5.52%	5.48%	5.46%
130% AFR	6.07%	5.98%	5.94%	5.91%
150% AFR	7.02%	6.90%	6.84%	6.80%
175% AFR	8.21%	8.05%	7.97%	7.92%
<i>Long-Term</i>				
AFR	5.62%	5.54%	5.50%	5.48%
110% AFR	6.18%	6.09%	6.04%	6.01%
120% AFR	6.76%	6.65%	6.60%	6.56%
130% AFR	7.33%	7.20%	7.14%	7.09%

REV. RUL. 2002-17 TABLE 2

Adjusted AFR for April 2002

Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	2.08%	2.07%	2.06%	2.06%
Mid-term adjusted AFR	3.52%	3.49%	3.47%	3.46%
Long-term adjusted AFR	4.87%	4.81%	4.78%	4.76%

REV. RUL. 2002-17 TABLE 3

Rates Under Section 382 for April 2002

Adjusted federal long-term rate for the current month	4.87%
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.)	5.01%

REV. RUL. 2002-17 TABLE 4

Appropriate Percentages Under Section 42(b)(2) for April 2002

Appropriate percentage for the 70% present value low-income housing credit	8.20%
Appropriate percentage for the 30% present value low-income housing credit	3.51%

REV. RUL. 2002-17 TABLE 5

Rate Under Section 7520 for April 2002

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

5.6%

Syllabus

Section 1288.—Treatment of Original Issue Discounts on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2002. See Rev. Rul. 2002-17, page 716.

Section 1361.—S Corporation Defined

26 CFR 1.1361-1: S Corporation defined.

Under what conditions will the Internal Revenue Service consider a request for a ruling that an undivided interest in rental real property (other than a mineral property as defined in § 614) is not an interest in a business entity within the meaning of § 301.7701-3 of the Procedure and Administration Regulations? See Rev. Proc. 2002-22, page 733.

Section 4401.—Imposition of Tax

Ct. D. 2073

SUPREME COURT OF THE UNITED STATES

No. 00-507

CHICKASAW NATION v. UNITED STATES

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

November 27, 2001*

The Indian Gaming Regulatory Act (Gaming Act) provides, as relevant here, that Internal Revenue Code (Code) provisions “(including [Secs.] 1441, 3402(q), 6041, and 6050I, and chapter 35 . . .) concerning the reporting and withholding of taxes” with respect to gambling operations shall apply to Indian tribes in the same way as they apply to States. 25 U.S.C. Sec. 2719(d)(i). Chapter 35 imposes taxes from which it exempts certain state-controlled gambling activities, but says nothing about tax reporting or withholding. Petitioners, the Choctaw and Chickasaw Nations, claim that the Gaming Act subsection’s explicit parenthetical reference exempts them from paying those chapter 35 taxes from which the States are exempt. Rejecting that claim, the Tenth Circuit held that the subsection applies only to Code provisions concerning tax withholding and reporting.

Held: Section 2719(d)(i) does not exempt tribes from paying the gambling-related taxes that chapter 35 imposes. Pp. 3-11.

(a) The subsection’s language outside the parenthetical says that the subsection applies to Code provisions concerning reporting and withholding, and the other four parenthetical references arguably concern reporting and withholding. The Tribes nonetheless claim that the subsection’s explicit parenthetical reference to chapter 35 expands the Gaming Act’s scope beyond reporting and withholding provisions — to the tax-imposing provisions that chapter 35 contains — and at the very least gives the subsection an

ambiguity that can be resolved by applying the canon that statutes are to be construed liberally in favor of Indians with ambiguous provisions interpreted to their benefit. Rejecting their argument reduces the chapter 35 phrase to surplusage, but there is no other reasonable reading of the statute. Pp. 3-4.

(b) The statute’s language is too strong to give the chapter 35 reference independent operative effect. The unambiguous language outside the parenthetical says without qualification that the subsection applies to “provisions . . . concerning the reporting and withholding of taxes”; and the language inside the parenthetical, prefaced with the word “including,” literally says the same, since to “include” means to “contain.” The use of parentheses emphasizes the fact that that which is within is meant simply to be illustrative. To give the chapter 35 reference independent operative effect would require seriously rewriting the rest of the statute. One would have to read “including” to mean what it does not mean, namely, “including . . . and.” To read the language outside the parenthetical as if it referred to (1) Code provisions concerning tax reporting and withholding and (2) those “concerning . . . wagering operations” would be far too convoluted to believe Congress intended it. There is no reason to think Congress intended to sweep within the subsection’s scope every Code provision concerning wagering. The subject matter at issue — tax exemption — also counsels against accepting the Tribes’ interpretation. This Court can find no comparable instance in which Congress

*Together with *Choctaw Nation of Oklahoma v. United States* (see this Court’s Rule 12.4), also on certiorari to the same court.