

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

## Section 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2010. See Rev. Rul. 2010-18, page 1.

## Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of July 2010. See Rev. Rul. 2010-18, page 1.

## 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 July 2010. See Rev. Rul. 2010-18, page 1.

## Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2010. See Rev. Rul. 2010-18, page 1.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2010. See Rev. Rul. 2010-18, page 1.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2010. See Rev. Rul. 2010-18, page 1.

## Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of July 2010. See Rev. Rul. 2010-18, page 1.

## Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of July 2010. See Rev. Rul. 2010-18, page 1.

## Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of July 2010. See Rev. Rul. 2010-18, page 1.

## 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 July 2010. See Rev. Rul. 2010-18, page 1.

## 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 July 2010. See Rev. Rul. 2010-18, page 1.

## 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, and 1288, and other sections of the Code, tables set forth the rates for July 2010.

## Rev. Rul. 2010-18

This revenue ruling provides various prescribed rates for federal income tax purposes for July 2010 (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%. 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. Finally, Table 6 contains the blended annual rate for 2010 for purposes of section 7872.

REV. RUL. 2010-18 TABLE 1  
Applicable Federal Rates (AFR) for July 2010

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	.61%	.61%	.61%	.61%
110% AFR	.67%	.67%	.67%	.67%
120% AFR	.73%	.73%	.73%	.73%
130% AFR	.79%	.79%	.79%	.79%
<i>Mid-term</i>				
AFR	2.35%	2.34%	2.33%	2.33%
110% AFR	2.59%	2.57%	2.56%	2.56%
120% AFR	2.83%	2.81%	2.80%	2.79%
130% AFR	3.06%	3.04%	3.03%	3.02%
150% AFR	3.54%	3.51%	3.49%	3.48%
175% AFR	4.14%	4.10%	4.08%	4.07%
<i>Long-term</i>				
AFR	3.94%	3.90%	3.88%	3.87%
110% AFR	4.34%	4.29%	4.27%	4.25%
120% AFR	4.73%	4.68%	4.65%	4.64%
130% AFR	5.13%	5.07%	5.04%	5.02%

REV. RUL. 2010-18 TABLE 2  
Adjusted AFR for July 2010

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	.63%	.63%	.63%	.63%
Mid-term adjusted AFR	1.97%	1.96%	1.96%	1.95%
Long-term adjusted AFR	3.99%	3.95%	3.93%	3.92%

REV. RUL. 2010-18 TABLE 3  
Rates Under Section 382 for July 2010

Adjusted federal long-term rate for the current month	3.99%
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.)	4.01%

REV. RUL. 2010-18 TABLE 4  
Appropriate Percentages Under Section 42(b)(1) for July 2010

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	7.73%
Appropriate percentage for the 30% present value low-income housing credit	3.31%

REV. RUL. 2010-18 TABLE 5  
Rate Under Section 7520 for July 2010

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 2.8%

REV. RUL. 2010-18 TABLE 6  
Blended Annual Rate for 2010

Section 7872(e)(2) blended annual rate for 2010 .59%

## 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 July 2010. See Rev. Rul. 2010-18, page 1.

## Section 5000B.—Indoor Tanning Services

26 CFR 49.5000B-1T: *Indoor tanning services (temporary).*

T.D. 9486

### DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Parts 40, 49, and 602

### Indoor Tanning Services; Cosmetic Services; Excise Taxes

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations.

SUMMARY: This document contains final and temporary regulations that provide guidance on the indoor tanning services excise tax imposed by the Patient Protection and Affordable Care Act. These final and temporary regulations affect persons that use, provide, or pay for indoor tanning services. The text of these temporary regulations also serves as the text of the proposed regulations (REG-112841-10) set

forth in the notice of proposed rulemaking on this subject in this issue of the Bulletin.

**DATES:** *Effective Date:* These regulations are effective on June 15, 2010.

*Applicability Date:* For dates of applicability, see §§40.0-1T(e) and 49.5000B-1T(h).

FOR FURTHER INFORMATION CONTACT: Taylor Cortright, (202) 622-3130 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

#### Paperwork Reduction Act

The collection of information contained in these regulations has been reviewed and approved by the Office of Management and Budget under control number 1545-2177. The information is required to be maintained in order for the provider of indoor tanning services to accurately calculate the tax on indoor tanning services when those services are offered with other goods and services, as described in §49.5000B-1T(d)(2). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

For further information concerning this collection of information, and where to submit comments on the collection of information and the accuracy of the estimated burden, and suggestions for reducing this burden, please refer to the preamble to the cross-reference notice of proposed rulemaking on this subject in this issue of the Bulletin.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue

law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

#### Background

This document amends the Excise Tax Procedural Regulations (26 CFR part 40) and the Facilities and Services Excise Tax Regulations (26 CFR part 49) under section 5000B of the Internal Revenue Code (Code). Section 5000B was added to the Code by section 10907 of the Patient Protection and Affordable Care Act, Public Law 111-148 (124 Stat. 119 (2010)), to impose an excise tax on indoor tanning services.

#### Explanation of Provisions

Section 5000B(a) imposes on any indoor tanning service a tax equal to 10 percent of the amount paid for such service. Indoor tanning service, as defined in section 5000B(b), does not include any phototherapy service provided by a licensed medical professional. The regulations define phototherapy service and clarify that such service must be performed by, and on the premises of, a licensed medical professional.

The tax applies to amounts paid after June 30, 2010, for indoor tanning services. Liability for the tax arises at the time of payment for the indoor tanning services. In some cases (such as purchase of an undesignated payment card, discussed later in this preamble), it may not be possible to determine whether there is a payment for indoor tanning services. Thus, the regulations provide in those cases that a payment is treated as made, and the tax is imposed, at the time it can reasonably be determined that the payment is made specifically for indoor tanning services. In the