

# 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 August 2010. See Rev. Rul. 2010-19, page 174.

## Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of August 2010. See Rev. Rul. 2010-19, page 174.

## 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 August 2010. See Rev. Rul. 2010-19, page 174.

## Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2010. See Rev. Rul. 2010-19, page 174.

## 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 August 2010. See Rev. Rul. 2010-19, page 174.

## 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 August 2010. See Rev. Rul. 2010-19, page 174.

## 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 August 2010. See Rev. Rul. 2010-19, page 174.

## 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 August 2010. See Rev. Rul. 2010-19, page 174.

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

Federal short-term, mid-term, and long-term rates are set forth for the month of August 2010. See Rev. Rul. 2010-19, page 174.

## 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 August 2010. See Rev. Rul. 2010-19, page 174.

## 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 August 2010. See Rev. Rul. 2010-19, page 174.

## 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 August 2010.

## Rev. Rul. 2010-19

This revenue ruling provides various prescribed rates for federal income tax purposes for August 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%. 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. 2010-19 TABLE 1  
Applicable Federal Rates (AFR) for August 2010

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
AFR	.53%	.53%	.53%	.53%
110% AFR	.58%	.58%	.58%	.58%
120% AFR	.64%	.64%	.64%	.64%
130% AFR	.69%	.69%	.69%	.69%
<i>Mid-term</i>				
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%
150% AFR	3.29%	3.26%	3.25%	3.24%
175% AFR	3.84%	3.80%	3.78%	3.77%
<i>Long-term</i>				
AFR	3.79%	3.75%	3.73%	3.72%
110% AFR	4.17%	4.13%	4.11%	4.09%
120% AFR	4.55%	4.50%	4.47%	4.46%
130% AFR	4.94%	4.88%	4.85%	4.83%

REV. RUL. 2010-19 TABLE 2  
Adjusted AFR for August 2010

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	.58%	.58%	.58%	.58%
Mid-term adjusted AFR	1.93%	1.92%	1.92%	1.91%
Long-term adjusted AFR	3.98%	3.94%	3.92%	3.91%

REV. RUL. 2010-19 TABLE 3  
Rates Under Section 382 for August 2010

Adjusted federal long-term rate for the current month	3.98%
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. 2010-19 TABLE 4

Appropriate Percentages Under Section 42(b)(1) for August 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	7.69%
Appropriate percentage for the 30% present value low-income housing credit	3.30%

REV. RUL. 2010-19 TABLE 5  
Rate Under Section 7520 for August 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

2.6%

## 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 August 2010. See Rev. Rul. 2010-19, page 174.

## Section 1502.—Regulations

26 CFR 1.1502-21: Net operating losses.

### T.D. 9490

#### DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Parts 1 and 602

#### Extended Carryback of Losses to or from a Consolidated Group

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations.

SUMMARY: This document contains final and temporary regulations under section 1502 that affect corporations filing consolidated returns. These regulations contain rules regarding the implementation of section 172(b)(1)(H) within a consolidated group. These regulations also permit certain acquiring consolidated groups to elect to waive all or a portion of the pre-acquisition carryback period pursuant to section 172(b)(1)(H) for specific losses attributable to certain acquired members. The text of these temporary regulations also serves as the text of the proposed regulations (REG-151605-09) 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 23, 2010.

*Applicability Date:* For date of applicability, see §1.1502-21T(h)(9)(i). The applicability of these regulations will expire on June 21, 2013.

FOR FURTHER INFORMATION CONTACT: Grid Glycer, (202) 622-7930 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Paperwork Reduction Act

These regulations are being issued without prior notice and public procedure pursuant to the Administrative Procedure Act (5 U.S.C. 553). For this reason, the collection of information contained in these regulations has been reviewed and, pending receipt and evaluation of public comments, approved by the Office of Management and Budget under control number 1545-2171. Responses to this collection of information are required to obtain a benefit.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

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-referencing notice of proposed rulemaking published in this issue of the Bulletin.

Books or records relating to the 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

Section 172(b)(1) provides, in part, that a net operating loss for any taxable year must generally be carried back to each of

the two taxable years preceding the taxable year of the loss. Section 172(b)(3) provides that any taxpayer entitled to a carryback period pursuant to section 172(b)(1) may elect to relinquish the carryback period with respect to a loss for any taxable year. An election to relinquish the carryback period pursuant to section 172(b)(3) must be made by the due date (including extensions) of the taxpayer's return for the taxable year of the loss and in the manner prescribed by the Secretary. Normally, this election is irrevocable. A consolidated group is permitted to make this election for its entire consolidated net operating loss (CNOL) pursuant to the procedures provided in §1.1502-21(b)(3)(i). In addition, §1.1502-21(b)(3)(ii)(B) permits an acquiring consolidated group to make a separate election to waive, for all taxable years of the acquiring group, and solely with respect to all consolidated net operating losses attributable to certain acquired members, the portion of the carryback period for which the acquired corporations were members of another group. This election is irrevocable and must be made by the due date (including extensions) of the acquiring group for the taxable year of the acquisition.

Section 172(b)(1)(H) was amended by the Worker, Homeownership, and Business Assistance Act of 2009, which was signed by the President on November 6, 2009 (Public Law 111-92, 123 Stat. 2984) (the Act). As amended, section 172(b)(1)(H) allows taxpayers to elect to extend the standard two-year carryback period for an additional period of up to three years (Extended Carryback Period) for a net operating loss arising in a single taxable year ending after December 31, 2007, and beginning before January 1, 2010 (Applicable NOL). However, section 172(b)(1)(H) does not apply to any taxpayer if that taxpayer, or any member of the taxpayer's affiliated group (within the meaning of the Act), is described in section 13(f) of the Act.

As described in Revenue Procedure 2009-52, 2009-49 I.R.B. 744, section