

2011 ANNUAL RATE,
COMPOUNDED DAILY

0.22 PERCENT

DAYS	FACTOR
346	.002087649
347	.002093689
348	.002099729
349	.002105769
350	.002111809
351	.002117850
352	.002123890
353	.002129930
354	.002135970
355	.002142010
356	.002148051
357	.002154091
358	.002160131
359	.002166172
360	.002172212
361	.002178253
362	.002184293
363	.002190334
364	.002196374
365	.002202415
366	.002208456
367	.002214497
368	.002220537

2011 ANNUAL RATE,
COMPOUNDED DAILY

0.22 PERCENT

DAYS	FACTOR
369	.002226578
370	.002232619
371	.002238660

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 December 2011.

Rev. Rul. 2011-31

This revenue ruling provides various prescribed rates for federal income tax purposes for December 2011 (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 2012 interest rate for sections 846 and 807.

REV. RUL. 2011-31 TABLE 1

Applicable Federal Rates (AFR) for December 2011

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
<i>Short-term</i>				
AFR	.20%	.20%	.20%	.20%
110% AFR	.22%	.22%	.22%	.22%
120% AFR	.24%	.24%	.24%	.24%
130% AFR	.26%	.26%	.26%	.26%
<i>Mid-term</i>				
AFR	1.27%	1.27%	1.27%	1.27%
110% AFR	1.40%	1.40%	1.40%	1.40%
120% AFR	1.53%	1.52%	1.52%	1.52%
130% AFR	1.66%	1.65%	1.65%	1.64%
150% AFR	1.92%	1.91%	1.91%	1.90%
175% AFR	2.23%	2.22%	2.21%	2.21%
<i>Long-term</i>				
AFR	2.80%	2.78%	2.77%	2.76%
110% AFR	3.08%	3.06%	3.05%	3.04%
120% AFR	3.37%	3.34%	3.33%	3.32%
130% AFR	3.64%	3.61%	3.59%	3.58%

REV. RUL. 2011-31 TABLE 2				
Adjusted AFR for December 2011				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	.45%	.45%	.45%	.45%
Mid-term adjusted AFR	1.69%	1.68%	1.68%	1.67%
Long-term adjusted AFR	3.55%	3.52%	3.50%	3.49%

REV. RUL. 2011-31 TABLE 3	
Rates Under Section 382 for December 2011	
Adjusted federal long-term rate for the current month	3.55%
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.)	3.55%

REV. RUL. 2011-31 TABLE 4	
Appropriate Percentages Under Section 42(b)(1) for December 2011	
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	7.47%
Appropriate percentage for the 30% present value low-income housing credit	3.20%

REV. RUL. 2011-31 TABLE 5	
Rate Under Section 7520 for December 2011	
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	1.6%

REV. RUL. 2011-31 TABLE 6	
Rates Under Sections 846 and 807	
Applicable rate of interest for 2012 for purposes of sections 846 and 807	2.89%

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 December 2011. See Rev. Rul. 2011-31, page 829.

Section 2042.—Proceeds of Life Insurance

26 CFR 20.2042-1: *Proceeds of life insurance.*

Substitution of insurance policy. This ruling provides guidance regarding whether a grantor's retention of a power, exercisable in a nonfiduciary capacity, to acquire an insurance policy held by a trust by substituting other assets of equivalent value will cause the value of the insurance policy to be includible in the grantor's gross estate under section 2042 of the

Code. The ruling provides that a grantor's retention of the power, exercisable in a nonfiduciary capacity, to acquire an insurance policy held in trust by substituting other assets of equivalent value will not, by itself, cause the value of the insurance policy to be includible in the grantor's gross estate under section 2042, provided the trustee has a fiduciary obligation (under local law or the trust instrument) to ensure the grantor's compliance with the terms of this power by satisfying itself that the properties acquired and substituted by