

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

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.)

Rev. Rul. 2015-25

This revenue ruling provides various prescribed rates for federal income tax purposes for December 2015 (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 ser-

vice 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, with respect to housing credit dollar amount allocations made before January 1, 2015, 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 2016 interest rate for purposes of sections 846 and 807.

REV. RUL. 2015-25 TABLE 1

Applicable Federal Rates (AFR) for December 2015

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
	<i>Short-term</i>			
AFR	.56%	.56%	.56%	.56%
110% AFR	.62%	.62%	.62%	.62%
120% AFR	.67%	.67%	.67%	.67%
130% AFR	.73%	.73%	.73%	.73%
	<i>Mid-term</i>			
AFR	1.68%	1.67%	1.67%	1.66%
110% AFR	1.85%	1.84%	1.84%	1.83%
120% AFR	2.01%	2.00%	2.00%	1.99%
130% AFR	2.18%	2.17%	2.16%	2.16%
150% AFR	2.53%	2.51%	2.50%	2.50%
175% AFR	2.94%	2.92%	2.91%	2.90%
	<i>Long-term</i>			
AFR	2.61%	2.59%	2.58%	2.58%
110% AFR	2.87%	2.85%	2.84%	2.83%
120% AFR	3.13%	3.11%	3.10%	3.09%
130% AFR	3.40%	3.37%	3.36%	3.35%

REV. RUL. 2015-25 TABLE 2

Adjusted AFR for December 2015

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	.48%	.48%	.48%	.48%
Mid-term adjusted AFR	1.38%	1.38%	1.38%	1.38%
Long-term adjusted AFR	2.61%	2.59%	2.58%	2.58%

REV. RUL. 2015–25 TABLE 3
Rates Under Section 382 for December 2015

Adjusted federal long-term rate for the current month	2.61%
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.)	2.61%

REV. RUL. 2015–25 TABLE 4
Appropriate Percentages Under Section 42(b)(1) for December 2015

Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, with respect to housing credit dollar amount allocations made before January 1, 2015 shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	7.49%
Appropriate percentage for the 30% present value low-income housing credit	3.21%

REV. RUL. 2015–25 TABLE 5
Rate Under Section 7520 for December 2015

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	2.0%
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REV. RUL. 2015–25 TABLE 6
Rate Under Sections 846 and 807

Applicable rate of interest for 2016 for purposes of sections 846 and 807	1.56%
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Section 995.—Taxation of DISC Income to Shareholders

2015 Base Period T-Bill Rate. The “base period T-bill rate” for the period ending September 30, 2015, is published as required by section 995(f) of the Code.

Rev. Rul. 2015–26

Section 995(f)(1) of the Internal Revenue Code provides that a shareholder of a domestic international sales corporation (“DISC”) shall pay interest each taxable year in an amount equal to the product of the shareholder’s DISC-related deferred tax liability for the year (as defined in section 995(f)(2)) and the “base period T-bill rate.” Under section 995(f)(4), the base period T-bill rate is the annual rate of interest determined by the Secretary to be equivalent to the average of the 1-year constant maturity Treasury yields, as published by the Board of Governors of the Federal Reserve System, for the 1-year period ending on September 30 of the calendar year ending with (or the most recent

calendar year ending before) the close of the taxable year of the shareholder.

The base period T-bill rate for the period ending September 30, 2015, is 0.24 percent.

Pursuant to section 6622 of the Internal Revenue Code, interest must be compounded daily. The table below provides factors for compounding the 2015 base period T-bill rate daily for any number of days in the shareholder’s taxable year (including for a 52–53 week accounting period). To compute the amount of the interest charge for the shareholder’s taxable year, multiply the amount of the shareholder’s DISC-related deferred tax liability for that year by the base period T-bill rate factor corresponding to the number of days in the shareholder’s taxable year for which the interest charge is being computed. Generally, one would use the factor for 365 days. One would use a different factor only if the shareholder’s taxable year for which the interest charge is being determined is a short taxable year, if the shareholder uses a 52–53 week taxable year, or if the shareholder’s taxable year is a leap year.

For the base period T-bill rates for periods ending in prior years, see Rev. Rul. 2014–33, 2014–52 IRB 957; Rev. Rul. 2013–24, 2013–49 IRB 594; Rev. Rul. 2012–22, 2012–48 IRB 565; Rev. Rul. 2011–30, 2011–49 IRB 826; and Rev. Rul. 2010–28, 2010–49 IRB 804.

DRAFTING INFORMATION

The principal author of this revenue ruling is Joshua Simmons of the Office of Associate Chief Counsel (International). For further information regarding the revenue ruling, contact Anand Desai at (202) 317-6939 (not a toll-free number).

ANNUAL RATE, COM- POUNDED DAILY 0.24 PERCENT	
DAYS	FACTOR
1	.000006575
2	.000013151
3	.000019726
4	.000026302
5	.000032877