

# 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 1996. See Rev. Rul. 96-37, on this page.

## Section 103.—Interest on State and Local Bonds

If an issuer of state or local bonds has used the proceeds of those bonds to pay more than fair market value for nonpurpose investments deposited into an advance refunding escrow, what are the procedures that an issuer may follow to request a closing agreement pursuant to which the purchase of those investments alone will not be sufficient to cause §§ 103(b)(2) and 148 of the Internal Revenue Code to apply to those bonds? See Rev. Proc. 96-41, page 9.

## Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of August 1996. See Rev. Rul. 96-37, on this page.

## Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted federal long-term rate is set forth for the month of August 1996. See Rev. Rul. 96-37, on this page.

## Section 408.—Individual Retirement Accounts

*26 CFR 1.408-5: Annual reports by trustees or issuers.*

Specifications for paper substitutes for Form 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

*26 CFR 1.408-7: Reports on distributions from individual retirement plans.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

## 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 1996. See Rev. Rul. 96-37, on this page.

## 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 1996. See Rev. Rul. 96-37, on this page.

## 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 1996. See Rev. Rul. 96-37, on this page.

## 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 1996. See Rev. Rul. 96-37, on this page.

## Section 501.—Exemption From Tax on Corporations, Certain Trusts, Etc.

*26 CFR 1.501(a)-1: Exemption from taxation.*

Procedure provides that exempt organizations that hold group exemption letters should file the group exemption information required annually by Rev. Proc. 80-27, 1980-1 C.B. 677, with the Ogden Service Center, Mail Stop 6271, 1000 South 1200 West, Ogden, UT 84404-4749. Rev. Proc. 80-27 modified. See Rev. Proc. 96-40, page 8.

## 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 1996. See Rev. Rul. 96-37, on this page.

## 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 1996. See Rev. Rul. 96-37, on this page.

## 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, 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 1274, 1288, 382, and other sections of the Code, tables set forth the rates for August 1996.

## Rev. Rul. 96-37

This revenue ruling provides various prescribed rates for federal income tax purposes for August 1996 (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. 96-37 TABLE 1

Applicable Federal Rates (AFR) for August 1996

*Period for Compounding*

|                   | <i>Annual</i> | <i>Semiannual</i> | <i>Quarterly</i> | <i>Monthly</i> |
|-------------------|---------------|-------------------|------------------|----------------|
| <i>Short-Term</i> |               |                   |                  |                |
| AFR               | 6.15%         | 6.06%             | 6.01%            | 5.98%          |
| 110% AFR          | 6.78%         | 6.67%             | 6.62%            | 6.58%          |
| 120% AFR          | 7.40%         | 7.27%             | 7.21%            | 7.16%          |
| 130% AFR          | 8.04%         | 7.88%             | 7.80%            | 7.75%          |
| <i>Mid-Term</i>   |               |                   |                  |                |
| AFR               | 6.84%         | 6.73%             | 6.67%            | 6.64%          |
| 110% AFR          | 7.54%         | 7.40%             | 7.33%            | 7.29%          |
| 120% AFR          | 8.24%         | 8.08%             | 8.00%            | 7.95%          |
| 130% AFR          | 8.94%         | 8.75%             | 8.66%            | 8.59%          |
| 150% AFR          | 10.36%        | 10.10%            | 9.98%            | 9.89%          |
| 175% AFR          | 12.13%        | 11.78%            | 11.61%           | 11.50%         |
| <i>Long-Term</i>  |               |                   |                  |                |
| AFR               | 7.21%         | 7.08%             | 7.02%            | 6.98%          |
| 110% AFR          | 7.94%         | 7.79%             | 7.72%            | 7.67%          |
| 120% AFR          | 8.68%         | 8.50%             | 8.41%            | 8.35%          |
| 130% AFR          | 9.41%         | 9.20%             | 9.10%            | 9.03%          |

REV. RUL. 96-37 TABLE 2

Adjusted AFR for August 1996

*Period for Compounding*

|                         | <i>Annual</i> | <i>Semiannual</i> | <i>Quarterly</i> | <i>Monthly</i> |
|-------------------------|---------------|-------------------|------------------|----------------|
| Short-term adjusted AFR | 3.97%         | 3.93%             | 3.91%            | 3.90%          |
| Mid-term adjusted AFR   | 4.89%         | 4.83%             | 4.80%            | 4.78%          |
| Long-term adjusted AFR  | 5.80%         | 5.72%             | 5.68%            | 5.65%          |

REV. RUL. 96-37 TABLE 3

Rates Under Section 382 for August 1996

|   |       |
|---|-------|
| Adjusted federal long-term rate for the current month   | 5.80% |
| 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) | 5.80% |

REV. RUL. 96-37 TABLE 4

Appropriate Percentages Under Section 42(b)(2) for August 1996

|  |       |
|--|-------|
| Appropriate percentage for the 70% present value low-income housing credit | 8.65% |
| Appropriate percentage for the 30% present value low-income housing credit | 3.71% |

REV. RUL. 96-37 TABLE 5

Rate Under Section 7520 for August 1996

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

8.2%

**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 1996. See Rev. Rul. 96-37, page 4.

**Section 6041.—Information at Source**

*26 CFR 1.6041-1: Return of information as to payments of \$600 or more.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

*26 CFR 7.6041-1: Return of information as to payments of winnings from bingo, keno, and slot machines (Temporary).*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

**Section 6041A.—Returns Regarding Payments of Remuneration for Services and Direct Sales**

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

**Section 6042.—Returns Regarding Payments of Dividends and Corporate Earnings and Profits**

*26 CFR 1.6042-2: Returns of information as to dividends paid in calendar years after 1962.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

*26 CFR 1.6042-4: Statements to recipients of dividend payments.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

**Section 6043.—Liquidating, Etc., Transactions**

*26 CFR 1.6043-2: Return of information respecting distributions in liquidation.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

**Section 6044.—Returns Regarding Payments of Patronage Dividends**

*26 CFR 1.6044-2: Returns of information as to payments of patronage dividends with respect to patronage occurring in taxable years beginning after 1962.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

*26 CFR 1.6044-5: Statements to recipients of patronage dividends.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

**Section 6045.—Returns of Brokers**

*26 CFR 1.6045-1: Returns of information of brokers and barter exchanges.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

*26 CFR 1.6045-2: Furnishing statement required with respect to certain substitute payments.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

*26 CFR 1.6045-4: Information reporting on real estate transactions with dates of closing on or after January 1, 1991.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

**Section 6047.—Information Relating to Certain Trusts and Annuity Plans**

*26 CFR 1.6047-1: Information to be furnished with regard to employee retirement plan covering an owner-employee.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

**Section 6049.—Returns Regarding Payments of Interest**

*26 CFR 1.6049-4: Return of information as to interest paid and original issue discount includible in gross income after December 31, 1982.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

*26 CFR 1.6049-6: Statements to recipients of interest payments and holders of obligations for attributed original issue discount.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

*26 CFR 1.6049-7: Returns of information with respect to REMIC regular interests and collateralized debt obligations.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

**Section 6050A.—Reporting Requirements of Certain Fishing Boat Operators**

*26 CFR 1.6050A-1: Reporting requirements of certain fishing boat operators.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

**Section 6050B.—Returns Relating to Unemployment Compensation**

*26 CFR 1.6050B-1: Information returns by person making unemployment compensation payments.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

**Section 6050D.—Returns Relating to Energy Grants and Financing**

*26 CFR 1.6050D-1: Information returns relating to energy grants and financing.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.

**Section 6050E.—State and Local Income Tax Refunds**

*26 CFR 1.6050E-1: Reporting of state and local income tax refunds.*

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 96-42, page 14.