

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. [2016-4](#)

This revenue ruling provides various prescribed rates for federal income tax purposes for February 2016 (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, with respect to housing credit dollar amount allocations made before January 1, 2015, 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. 2016-4 TABLE 1

Applicable Federal Rates (AFR) for February 2016

	<u>Annual</u>	<u>Period for Compounding</u>		<u>Monthly</u>
		<u>Semiannual</u>	<u>Quarterly</u>	
<u>Short-term</u>				
AFR	.81%	.81%	.81%	.81%
110% AFR	.89%	.89%	.89%	.89%
120% AFR	.97%	.97%	.97%	.97%
130% AFR	1.05%	1.05%	1.05%	1.05%
<u>Mid-term</u>				
AFR	1.82%	1.81%	1.81%	1.80%
110% AFR	2.00%	1.99%	1.99%	1.98%
120% AFR	2.18%	2.17%	2.16%	2.16%
130% AFR	2.36%	2.35%	2.34%	2.34%
150% AFR	2.74%	2.72%	2.71%	2.70%
175% AFR	3.20%	3.17%	3.16%	3.15%
<u>Long-term</u>				
AFR	2.62%	2.60%	2.59%	2.59%
110% AFR	2.88%	2.86%	2.85%	2.84%
120% AFR	3.14%	3.12%	3.11%	3.10%
130% AFR	3.41%	3.38%	3.37%	3.36%

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Adjusted AFR for February 2016

	<u>Period for Compounding</u>			
	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
Short-term adjusted AFR	.61%	.61%	.61%	.61%
Mid-term adjusted AFR	1.39%	1.39%	1.39%	1.39%
Long-term adjusted AFR	2.53%	2.51%	2.50%	2.50%

REV. RUL. 2016-4 TABLE 3

Rates Under Section 382 for February 2016

Adjusted federal long-term rate for the current month	2.53%
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.)	2.65%

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Appropriate Percentages Under Section 42(b)(1) for February 2016

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	7.51%
Appropriate percentage for the 30% present value low-income housing credit	3.22%

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Rate Under Section 7520 for February 2016

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	2.2%
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