

Section [1274](#)--Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also Sections [42](#) [280G](#) [382](#) [467](#) [468](#) [482](#) [483](#) [642](#) [1288](#) [7520](#))

Rev. Rul. [2018-1](#)

This revenue ruling provides various prescribed rates for federal income tax purposes for January 2018 (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, 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 deemed rate of return for transfers made during calendar year 2018 to pooled income funds described in section [642\(c\)\(5\)](#) that have been in existence for less than 3 taxable years immediately preceding the taxable year in which the transfer was made.

REV. RUL. 2018-1 TABLE 1

Applicable Federal Rates (AFR) for January 2018

	<u>Annual</u>	<u>Period for Compounding</u>		<u>Monthly</u>
		<u>Semiannual</u>	<u>Quarterly</u>	
<u>Short-term</u>				
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%
<u>Mid-term</u>				
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%
<u>Long-term</u>				
AFR	2.59%	2.57%	2.56%	2.56%
110% AFR	2.85%	2.83%	2.82%	2.81%
120% AFR	3.10%	3.08%	3.07%	3.06%
130% AFR	3.37%	3.34%	3.33%	3.32%

REV. RUL. 2018-1 TABLE 2

Adjusted AFR for January 2018

	<u>Period for Compounding</u>			
	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
Short-term adjusted AFR	1.24%	1.24%	1.24%	1.24%
Mid-term adjusted AFR	1.62%	1.61%	1.61%	1.60%
Long-term adjusted AFR	1.92%	1.91%	1.91%	1.90%

REV. RUL. 2018-1 TABLE 3

Rates Under Section 382 for January 2018

Adjusted federal long-term rate for the current month	1.92%
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.)	1.96%

REV. RUL. 2018-1 TABLE 4

Appropriate Percentages Under Section 42(b)(1) for January 2018

Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	7.55%
Appropriate percentage for the 30% present value low-income housing credit	3.24%

REV. RUL. 2018-1 TABLE 5

Rate Under Section 7520 for January 2018

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%
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REV. RUL. 2018-1 TABLE 6

Deemed Rate for Transfers to New Pooled Income Funds During 2018

Deemed rate of return for transfers during 2018 to pooled income funds that have been in existence for less than 3 taxable years	1.4%
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