

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, 1288, 7520, 7872.)

Rev. Rul. 2018-21

This revenue ruling provides various prescribed rates for federal income tax purposes for August 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%. 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. 2018-21 TABLE 1

Applicable Federal Rates (AFR) for August 2018

	<u>Annual</u>	<u>Period for Compounding</u>		<u>Monthly</u>
		<u>Semiannual</u>	<u>Quarterly</u>	
<u>Short-term</u>				
AFR	2.42%	2.41%	2.40%	2.40%
110% AFR	2.67%	2.65%	2.64%	2.64%
120% AFR	2.91%	2.89%	2.88%	2.87%
130% AFR	3.15%	3.13%	3.12%	3.11%
<u>Mid-term</u>				
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%
150% AFR	4.21%	4.17%	4.15%	4.13%
175% AFR	4.93%	4.87%	4.84%	4.82%
<u>Long-term</u>				
AFR	2.95%	2.93%	2.92%	2.91%
110% AFR	3.25%	3.22%	3.21%	3.20%
120% AFR	3.55%	3.52%	3.50%	3.49%
130% AFR	3.85%	3.81%	3.79%	3.78%

REV. RUL. 2018-21 TABLE 2

Adjusted AFR for August 2018

	<u>Period for Compounding</u>			
	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
Short-term adjusted AFR	1.84%	1.83%	1.83%	1.82%
Mid-term adjusted AFR	2.12%	2.11%	2.10%	2.10%
Long-term adjusted AFR	2.23%	2.22%	2.21%	2.21%

REV. RUL. 2018-21 TABLE 3

Rates Under Section 382 for August 2018

Adjusted federal long-term rate for the current month	2.23%
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.)	2.32%

REV. RUL. 2018-21 TABLE 4

Appropriate Percentages Under Section 42(b)(1) for August 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	7.66%
Appropriate percentage for the 30% present value low-income housing credit	3.28%

REV. RUL. 2018-21 TABLE 5

Rate Under Section 7520 for August 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	3.4%
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