

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.)*

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 January 1998.

Rev. Rul. 98-4

This revenue ruling provides various prescribed rates for federal income tax purposes for January 1998 (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. 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 1998 to pooled income funds described in § 642(c)(5) that have been in existence for less than 3 taxable years immediately preceding the taxable year in which the transfer is made.

REV. RUL. 98-4 TABLE 1
Applicable Federal Rates (AFR) for January 1998

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-Term</i>				
AFR	5.70%	5.62%	5.58%	5.56%
110% AFR	6.28%	6.18%	6.13%	6.10%
120% AFR	6.85%	6.74%	6.68%	6.65%
130% AFR	7.44%	7.31%	7.24%	7.20%
<i>Mid-Term</i>				
AFR	5.93%	5.84%	5.80%	5.77%
110% AFR	6.52%	6.42%	6.37%	6.34%
120% AFR	7.13%	7.01%	6.95%	6.91%
130% AFR	7.73%	7.59%	7.52%	7.47%
150% AFR	8.95%	8.76%	8.67%	8.60%
175% AFR	10.48%	10.22%	10.09%	10.01%

REV. RUL. 98-4 TABLE 1 — (continued)
Applicable Federal Rates (AFR) for January 1998

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Long-Term</i>				
AFR	6.13%	6.04%	6.00%	5.97%
110% AFR	6.75%	6.64%	6.59%	6.55%
20% AFR	7.38%	7.25%	7.19%	7.14%
130% AFR	8.00%	7.85%	7.77%	7.72%

REV. RUL. 98-4 TABLE 2
Adjusted AFR for January 1998

	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i> adjusted AFR	3.86%	3.82%	3.80%	3.79%
<i>Mid-term</i> adjusted AFR	4.30%	4.25%	4.23%	4.21%
<i>Long-term</i> adjusted AFR	5.10%	5.04%	5.01%	4.99%

REV. RUL. 98-4 TABLE 3
Rates Under Section 382 for January 1998

Adjusted federal long-term rate for the current month	5.10%
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.)	5.23%

REV. RUL. 98-4 TABLE 4
Appropriate Percentages Under Section 42(b)(2) for January 1998

Appropriate percentage for the 70% present value low-income housing credit	8.41%
Appropriate percentage for the 30% present value low-income housing credit	3.61%

REV. RUL. 98-4 TABLE 5
Rate Under Section 7520 for January 1998

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	7.2%
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REV. RUL. 98-4 TABLE 6
Deemed Rate for Transfers to New Pooled Income Funds

Deemed rate of return for transfers during 1998 to pooled income funds that have been in existence for less than 3 taxable years	7.2%
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