

Section 995.—Taxation of DISC Income to Shareholders

1999 base period T-bill rate. The base period T-bill rate, under section 995 of the Code, is 4.80 percent for the period ending September 30, 1999.

Rev. Rul. 99-52

Section 995(f)(1) of the Internal Revenue Code provides that a shareholder of a DISC shall pay interest each taxable year in an amount equal to the product of the shareholder's DISC-related deferred tax liability for the year and the "base period T-bill rate." Under section 995(f)(4), the base period T-bill rate is the annual rate of interest determined by the Secretary to be equiva-

lent to the average investment yield of United States Treasury bills with maturities of 52 weeks which were auctioned during the one-year period ending on September 30 of the calendar year ending with (or of the most recent calendar year ending before) the close of the taxable year of the shareholder. The base period T-bill rate for the period ending September 30, 1999, is 4.80 percent.

Pursuant to section 6622 of the Code, interest must be compounded daily. The table below provides factors for compounding the base period T-bill rate daily for any number of days in the shareholder's taxable year (including a 52-53 week accounting period) for the 1999 base period T-bill rate. To compute the amount of the interest charge for the shareholder's taxable year, multiply the amount of the shareholder's DISC-related deferred tax liability (as defined in section 995(f)(2)) for that year by the base period T-bill rate factor corresponding to the number of days in the shareholder's taxable year for which the interest charge is being computed. Generally, one would use the factor for 365 days. One would use a different factor only if the shareholder's taxable year for which the interest charge being determined is a short taxable year, if the shareholder uses the 52-53 week taxable year, or if the shareholder's taxable year is a leap year.

For the base period T-bill rates for the periods ending in prior years, *see*: Rev. Rul. 86-132, 1986-2 C.B. 137; Rev. Rul. 87-129, 1987-2 C.B. 196; Rev. Rul. 88-94, 1988-2 C.B. 301; Rev. Rul. 89-116, 1989-2 C.B. 197; Rev. Rul. 90-96, 1990-2 C.B. 188; Rev. Rul. 91-59, 1991-2 C.B. 347; Rev. Rul. 92-98, 1992-2 C.B. 201; Rev. Rul. 93-77, 1993-2 C.B. 253; Rev. Rul. 94-68, 1994-2 C.B. 177; Rev. Rul. 95-77, 1995-2 C.B. 122; Rev. Rul. 96-55, 1996-2 C.B. 57; Rev. Rul. 97-49, 1997-2 C.B. 89; and Rev. Rul. 98-54, 1998-56 I.R.B. 5.

DRAFTING INFORMATION

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	1999 ANNUAL RATE COMPOUNDED DAILY	DAYS	4.80 PERCENT FACTOR
			45
			.005934962
			46
			.006067249
			47
			.006199554
			48
			.006331876
			49
			.006464215
			50
			.006596572
			51
			.006728947
			52
			.006861338
			53
			.006993748
			54
			.007126174
			55
			.007258618
			56
			.007391080
			57
			.007523558
			58
			.007656055
			59
			.007788568
			60
			.007921099
			61
			.008053648
			62
			.008186214
			63
			.008318797
			64
			.008451398
			65
			.008584016
			66
			.008716652
			67
			.008849305
			68
			.008981976
			69
			.009114664
			70
			.009247369
			71
			.009380092
			72
			.009512833
			73
			.009645591
			74
			.009778366
			75
			.009911159
			76
			.010043969
			77
			.010176797
			78
			.010309642
			79
			.010442504
			80
			.010575384
			81
			.010708282
			82
			.010841197
			83
			.010974130
			84
			.011107080
			85
			.011240047
			86
			.011373032
			87
			.011506035
			88
			.011639055
			89
			.011772092
			90
			.011905147
			91
			.012038220

DAYS	4.80 PERCENT		DAYS	4.80 PERCENT		DAYS	4.80 PERCENT	
	FACTOR			FACTOR			FACTOR	
92	.012171309		140	.018580253		187	.024894996	
93	.012304417					188	.025029776	
94	.012437542		141	.018714203		189	.025164575	
95	.012570684		142	.018848171		190	.025299391	
			143	.018982156				
96	.012703844		144	.019116159		191	.025434225	
97	.012837022		145	.019250180		192	.025569076	
98	.012970217					193	.025703946	
99	.013103429		146	.019384219		194	.025838833	
100	.013236659		147	.019518275		195	.025973738	
			148	.019652348				
101	.013369907		149	.019786439		196	.026108660	
102	.013503172		150	.019920548		197	.026243601	
103	.013636455					198	.026378559	
104	.013769755		151	.020054675		199	.026513534	
105	.013903072		152	.020188819		200	.026648528	
			153	.020322981				
106	.014036408		154	.020457160		201	.026783539	
107	.014169760		155	.020591357		202	.026918568	
108	.014303131					203	.027053615	
109	.014436518		156	.020725572		204	.027188680	
110	.014569924		157	.020859805		205	.027323762	
			158	.020994055				
111	.014703347		159	.021128322		206	.027458862	
112	.014836787		160	.021262608		207	.027593980	
113	.014970245					208	.027729116	
114	.015103721		161	.021396911		209	.027864269	
115	.015237214		162	.021531231		210	.027999440	
			163	.021665570				
116	.015370724		164	.021799926		211	.028134629	
117	.015504253		165	.021934299		212	.028269836	
118	.015637798					213	.028405061	
119	.015771362		166	.022068691		214	.028540303	
120	.015904943		167	.022203100		215	.028675563	
			168	.022337527				
121	.016038541		169	.022471971		216	.028810841	
122	.016172157		170	.022606433		217	.028946137	
123	.016305791					218	.029081450	
124	.016439442		171	.022740913		219	.029216781	
125	.016573111		172	.022875410		220	.029352130	
			173	.023009925				
126	.016706797		174	.023144458		221	.029487497	
127	.016840501		175	.023279009		222	.029622882	
128	.016974222					223	.029758284	
129	.017107961		176	.023413577		224	.029893705	
130	.017241718		177	.023548163		225	.030029143	
			178	.023682766				
131	.017375492		179	.023817388		226	.030164599	
132	.017509284		180	.023952027		227	.030300072	
133	.017643094					228	.030435564	
134	.017776921		181	.024086683		229	.030571073	
135	.017910765		182	.024221358		230	.030706600	
			183	.024356050				
136	.018044628		184	.024490760		231	.030842145	
137	.018178507		185	.024625487		232	.030977708	
138	.018312405					233	.031113289	
139	.018446320		186	.024760233				

4.80 PERCENT		4.80 PERCENT		4.80 PERCENT	
DAYS	FACTOR	DAYS	FACTOR	DAYS	FACTOR
234	.031248887	281	.037642170	329	.044212391
235	.031384503	282	.037778627	330	.044349712
		283	.037915102		
236	.031520138	284	.038051595	331	.044487052
237	.031655790	285	.038188106	332	.044624409
238	.031791459			333	.044761784
239	.031927147	286	.038324635	334	.044899177
240	.032062852	287	.038461182	335	.045036589
		288	.038597746		
241	.032198576	289	.038734329		
242	.032334317	290	.038870930	336	.045174018
243	.032470076			337	.045311466
244	.032605853	291	.039007548	338	.045448931
245	.032741648	292	.039144185	339	.045586415
		293	.039280840	340	.045723917
246	.032877460	294	.039417512		
247	.033013291	295	.039554203	341	.045861437
248	.033149139			342	.045998975
249	.033285005	296	.039690911	343	.046136531
250	.033420889	297	.039827638	344	.046274105
		298	.039964382	345	.046411697
251	.033556791	299	.040101144		
252	.033692711	300	.040237925	346	.046549307
253	.033828649			347	.046686936
254	.033964604	301	.040374723	348	.046824582
255	.034100578	302	.040511540	349	.046962247
		303	.040648374	350	.047099930
256	.034236569	304	.040785226		
257	.034372578	305	.040922097	351	.047237630
258	.034508605			352	.047375349
259	.034644650	306	.041058985	353	.047513086
260	.034780713	307	.041195892	354	.047650841
		308	.041332816	355	.047788615
261	.034916794	309	.041469758		
262	.035052892	310	.041606719	356	.047926406
263	.035189009			357	.048064216
264	.035325143	311	.041743697	358	.048202043
265	.035461296	312	.041880694	359	.048339889
		313	.042017708	360	.048477753
266	.035597466	314	.042154741		
267	.035733654	315	.042291791	361	.048615635
268	.035869860			362	.048753535
269	.036006084	316	.042428860	363	.048891453
270	.036142326	317	.042565946	364	.049029390
		318	.042703051	365	.049167344
271	.036278586	319	.042840173		
272	.036414864	320	.042977314	366	.049305317
273	.036551159			367	.049443308
274	.036687473	321	.043114473	368	.049581317
275	.036823804	322	.043251649	369	.049719344
		323	.043388844	370	.049857389
276	.036960154	324	.043526057		
277	.037096521	325	.043663288	371	.049995453
278	.037232906				
279	.037369310	326	.043800536		
280	.037505731	327	.043937803		
		328	.044075088		