

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of January 2002. See Rev. Rul. 2002–2, on this page.

Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2002. See Rev. Rul. 2002–2, on this page.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of January 2002. See Rev. Rul. 2002–2, on this page.

Section 1032.—Exchange of Stock for Property

26 CFR 1.1032–3: Disposition of stock or stock options in certain transactions not qualifying under any other nonrecognition provision.

Options and Spin-off: Income tax treatment of options and restricted stock in spin-offs, under the facts presented. See Rev. Rul. 2002–1, page 268.

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 382, 1274, 1288, and other sections of the Code, tables set forth the rates for January 2002.

Rev. Rul. 2002–2

This revenue ruling provides various prescribed rates for federal income tax purposes for January 2002 (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 2002 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. 2002–2 TABLE 1

Applicable Federal Rates (AFR) for January 2002

Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-Term</i>				
AFR	2.73%	2.71%	2.70%	2.69%
110% AFR	3.00%	2.98%	2.97%	2.96%
120% AFR	3.28%	3.25%	3.24%	3.23%
130% AFR	3.55%	3.52%	3.50%	3.49%

REV. RUL. 2002-2 TABLE 1—CONTINUED

Applicable Federal Rates (AFR) for January 2002

Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Mid-Term</i>				
AFR	4.49%	4.44%	4.42%	4.40%
110% AFR	4.94%	4.88%	4.85%	4.83%
120% AFR	5.40%	5.33%	5.29%	5.27%
130% AFR	5.85%	5.77%	5.73%	5.70%
150% AFR	6.77%	6.66%	6.61%	6.57%
175% AFR	7.92%	7.77%	7.70%	7.65%
<i>Long-Term</i>				
AFR	5.46%	5.39%	5.35%	5.33%
110% AFR	6.02%	5.93%	5.89%	5.86%
120% AFR	6.57%	6.47%	6.42%	6.38%
130% AFR	7.13%	7.01%	6.95%	6.91%

REV. RUL. 2002-2 TABLE 2

Adjusted AFR for January 2002

Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	2.47%	2.45%	2.44%	2.44%
Mid-term adjusted AFR	3.57%	3.54%	3.52%	3.51%
Long-term adjusted AFR	4.82%	4.76%	4.73%	4.71%

REV. RUL. 2002-2 TABLE 3

Rates Under Section 382 for January 2002

Adjusted federal long-term rate for the current month	4.82%
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.)	4.82%

REV. RUL. 2002-2 TABLE 4

Appropriate Percentages Under Section 42(b)(2) for January 2002

Appropriate percentage for the 70% present value low-income housing credit	8.16%
Appropriate percentage for the 30% present value low-income housing credit	3.50%

REV. RUL. 2002-2 TABLE 5

Rate Under Section 7520 for January 2002

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	5.4%
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REV. RUL. 2002-2 TABLE 6

Rate Under Section 7520 for January 2002

Deemed rate of return for transfers during 2002 to pooled income funds that have been in existence for less than 3 taxable years	6.6%
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