

## Rev. Rul. 2003-111

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 equivalent to the average of the 1-year constant maturity Treasury yields, as published by the Board of Governors of the Federal Reserve System, for the 1-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, 2003, is 1.30 percent.

Pursuant to section 6222 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 2003 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. 2002-68, 2002-2 C.B. 808, Rev. Rul. 2001-56, 2001-2 C.B. 500, and Rev. Rul. 2000-52, 2000-2 C.B. 516.

DRAFTING INFORMATION

The principal author of this revenue ruling is David Bergkuist of the Office of the Associate Chief Counsel (International). For further information about this revenue ruling, contact Mr. Bergkuist at (202) 622-3850 (not a toll-free call).

2003 ANNUAL RATE,  
COMPOUNDED DAILY

2003 ANNUAL RATE,  
COMPOUNDED DAILY

2003 ANNUAL RATE, COMPOUNDED DAILY		2003 ANNUAL RATE, COMPOUNDED DAILY	
DAYS	1.30 PERCENT FACTOR	DAYS	1.30 PERCENT FACTOR
1	.000035616	41	.001461315
2	.000071234	42	.001496983
3	.000106853	43	.001532653
4	.000142473	44	.001568324
5	.000178095	45	.001603996
6	.000213718	46	.001639670
7	.000249342	47	.001675345
8	.000284967	48	.001711021
9	.000320594	49	.001746698
10	.000356221	50	.001782377
11	.000391851	51	.001818057
12	.000427481	52	.001853738
13	.000463113	53	.001889420
14	.000498746	54	.001925104
15	.000534380	55	.001960789
16	.000570015	56	.001996475
17	.000605652	57	.002032163
18	.000641290	58	.002067852
19	.000676929	59	.002103542
20	.000712570	60	.002139233
21	.000748212	61	.002174926
22	.000783855	62	.002210620
23	.000819499	63	.002246315
24	.000855145	64	.002282011
25	.000890792	65	.002317709
26	.000926440	66	.002353408
27	.000962089	67	.002389108
28	.000997740	68	.002424810
29	.001033392	69	.002460513
30	.001069045	70	.002496217
31	.001104700	71	.002531922
32	.001140355	72	.002567629
33	.001176012	73	.002603337
34	.001211671	74	.002639046
35	.001247330	75	.002674756
36	.001282991	76	.002710468
37	.001318653	77	.002746181
38	.001354317	78	.002781895
39	.001389981	79	.002817611
40	.001425647	80	.002853327
		81	.002889045
		82	.002924765
		83	.002960485
		84	.002996207
		85	.003031930
		86	.003067655
		87	.003103381
		88	.003139107
		89	.003174836
		90	.003210565
		91	.003246296
		92	.003282028
		93	.003317761
		94	.003353496
		95	.003389232
		96	.003424969
		97	.003460707
		98	.003496447
		99	.003532188
		100	.003567930
		101	.003603674
		102	.003639419
		103	.003675165
		104	.003710912
		105	.003746661
		106	.003782411
		107	.003818162
		108	.003853914
		109	.003889668
		110	.003925423
		111	.003961179
		112	.003996937
		113	.004032695
		114	.004068455
		115	.004104217
		116	.004139979
		117	.004175743
		118	.004211508
		119	.004247275
		120	.004283043
		121	.004318812
		122	.004354582
		123	.004390353
		124	.004426126
		125	.004461900
		126	.004497676
		127	.004533452
		128	.004569230
		129	.004605009
		130	.004640790

2003 ANNUAL RATE,  
COMPOUNDED DAILY

2003 ANNUAL RATE,  
COMPOUNDED DAILY

2003 ANNUAL RATE,  
COMPOUNDED DAILY

DAYS	1.30 PERCENT FACTOR	DAYS	1.30 PERCENT FACTOR	DAYS	1.30 PERCENT FACTOR
131	.004676572	176	.006288069	221	.007902151
132	.004712355	177	.006323909	222	.007938049
133	.004748139	178	.006359751	223	.007973948
134	.004783924	179	.006395594	224	.008009849
135	.004819711	180	.006431438	225	.008045750
136	.004855499	181	.006467284	226	.008081653
137	.004891289	182	.006503130	227	.008117558
138	.004927079	183	.006538979	228	.008153463
139	.004962871	184	.006574828	229	.008189370
140	.004998664	185	.006610678	230	.008225278
141	.005034459	186	.006646530	231	.008261188
142	.005070255	187	.006682384	232	.008297098
143	.005106052	188	.006718238	233	.008333010
144	.005141850	189	.006754094	234	.008368923
145	.005177650	190	.006789951	235	.008404838
146	.005213450	191	.006825809	236	.008440754
147	.005249253	192	.006861668	237	.008476671
148	.005285056	193	.006897529	238	.008512589
149	.005320861	194	.006933391	239	.008548509
150	.005356667	195	.006969255	240	.008584430
151	.005392474	196	.007005119	241	.008620352
152	.005428282	197	.007040985	242	.008656275
153	.005464092	198	.007076853	243	.008692200
154	.005499903	199	.007112721	244	.008728126
155	.005535715	200	.007148591	245	.008764053
156	.005571529	201	.007184462	246	.008799982
157	.005607344	202	.007220334	247	.008835912
158	.005643160	203	.007256208	248	.008871843
159	.005678977	204	.007292083	249	.008907775
160	.005714796	205	.007327959	250	.008943709
161	.005750616	206	.007363836	251	.008979644
162	.005786437	207	.007399715	252	.009015580
163	.005822260	208	.007435595	253	.009051518
164	.005858084	209	.007471476	254	.009087457
165	.005893909	210	.007507359	255	.009123397
166	.005929735	211	.007543243	256	.009159338
167	.005965563	212	.007579128	257	.009195281
168	.006001392	213	.007615014	258	.009231225
169	.006037222	214	.007650902	259	.009267170
170	.006073053	215	.007686791	260	.009303117
171	.006108886	216	.007722681	261	.009339064
172	.006144720	217	.007758572	262	.009375013
173	.006180555	218	.007794465	263	.009410964
174	.006216392	219	.007830359	264	.009446915
175	.006252230	220	.007866255	265	.009482868

2003 ANNUAL RATE,  
COMPOUNDED DAILY

2003 ANNUAL RATE,  
COMPOUNDED DAILY

2003 ANNUAL RATE,  
COMPOUNDED DAILY

1.30 PERCENT		1.30 PERCENT		1.30 PERCENT	
DAYS	FACTOR	DAYS	FACTOR	DAYS	FACTOR
266	.009518822	311	.011138087	356	.012759948
267	.009554778	312	.011174100	357	.012796019
268	.009590735	313	.011210114	358	.012832092
269	.009626693	314	.011246130	359	.012868165
270	.009662652	315	.011282147	360	.012904240
271	.009698613	316	.011318165	361	.012940316
272	.009734574	317	.011354185	362	.012976393
273	.009770538	318	.011390206	363	.013012472
274	.009806502	319	.011426228	364	.013048552
275	.009842468	320	.011462251	365	.013084633
276	.009878435	321	.011498276	366	.013120715
277	.009914403	322	.011534302	367	.013156799
278	.009950373	323	.011570329	368	.013192884
279	.009986343	324	.011606358	369	.013228970
280	.010022315	325	.011642387	370	.013265058
281	.010058289	326	.011678419	371	.013301147
282	.010094264	327	.011714451		
283	.010130240	328	.011750485		
284	.010166217	329	.011786520		
285	.010202195	330	.011822556		
286	.010238175	331	.011858593		
287	.010274156	332	.011894632		
288	.010310139	333	.011930672		
289	.010346122	334	.011966714		
290	.010382107	335	.012002756		
291	.010418093	336	.012038800		
292	.010454081	337	.012074845		
293	.010490070	338	.012110892		
294	.010526060	339	.012146940		
295	.010562051	340	.012182989		
296	.010598044	341	.012219039		
297	.010634038	342	.012255091		
298	.010670033	343	.012291144		
299	.010706029	344	.012327198		
300	.010742027	345	.012363253		
301	.010778026	346	.012399310		
302	.010814026	347	.012435368		
303	.010850028	348	.012471427		
304	.010886031	349	.012507488		
305	.010922035	350	.012543550		
306	.010958040	351	.012579613		
307	.010994047	352	.012615678		
308	.011030055	353	.012651743		
309	.011066064	354	.012687811		
310	.011102075	355	.012723879		