

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. 2020-3

This revenue ruling provides various prescribed rates for federal income tax purposes for February 2020 (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.

Applicable Federal Rates (AFR) for February 2020

	<u>Annual</u>	<u>Period for Compounding</u>		<u>Monthly</u>
		<u>Semiannual</u>	<u>Quarterly</u>	
<u>Short-term</u>				
AFR	1.59%	1.58%	1.58%	1.57%
110% AFR	1.75%	1.74%	1.74%	1.73%
120% AFR	1.91%	1.90%	1.90%	1.89%
130% AFR	2.06%	2.05%	2.04%	2.04%
<u>Mid-term</u>				
AFR	1.75%	1.74%	1.74%	1.73%
110% AFR	1.92%	1.91%	1.91%	1.90%
120% AFR	2.10%	2.09%	2.08%	2.08%
130% AFR	2.27%	2.26%	2.25%	2.25%
150% AFR	2.63%	2.61%	2.60%	2.60%
175% AFR	3.07%	3.05%	3.04%	3.03%
<u>Long-term</u>				
AFR	2.15%	2.14%	2.13%	2.13%
110% AFR	2.36%	2.35%	2.34%	2.34%
120% AFR	2.59%	2.57%	2.56%	2.56%
130% AFR	2.80%	2.78%	2.77%	2.76%

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Adjusted AFR for February 2020

	<u>Period for Compounding</u>			
	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
Short-term adjusted AFR	1.20%	1.20%	1.20%	1.20%
Mid-term adjusted AFR	1.32%	1.32%	1.32%	1.32%
Long-term adjusted AFR	1.63%	1.62%	1.62%	1.61%

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Rates Under Section 382 for February 2020

Adjusted federal long-term rate for the current month	1.63%
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.)	1.63%

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Appropriate Percentages Under Section 42(b)(1) for February 2020

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	7.45%
Appropriate percentage for the 30% present value low-income housing credit	3.19%

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Rate Under Section 7520 for February 2020

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

2.2%