

# **TIMEVALUE SOFTWARE**

## **APPLICABLE FEDERAL RATES**

### AFR SUBSCRIPTION SERVICE

#### **AFR RATES FOR FEBRUARY 2020**

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.

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## REV. RUL. 2020-3 TABLE 1

### 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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## REV. RUL. 2020-3 TABLE 2

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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## REV. RUL. 2020-3 TABLE 3

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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## REV. RUL. 2020-3 TABLE 4

### 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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## REV. RUL. 2020-3 TABLE 5

### 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% |
|---|------|