

## Part I

### 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.)

#### Rev. Rul. 2005-77

This revenue ruling provides various prescribed rates for federal income tax purposes for December 2005 (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 2006 interest rate for sections 846 and 807.

## REV. RUL. 2005-77 TABLE 1

## Applicable Federal Rates (AFR) for December 2005

	<u>Annual</u>	<u>Period for Compounding</u>		<u>Monthly</u>
		<u>Semiannual</u>	<u>Quarterly</u>	
<u>Short-term</u>				
AFR	4.34%	4.29%	4.27%	4.25%
110% AFR	4.78%	4.72%	4.69%	4.67%
120% AFR	5.22%	5.15%	5.12%	5.10%
130% AFR	5.66%	5.58%	5.54%	5.52%
<u>Mid-term</u>				
AFR	4.52%	4.47%	4.45%	4.43%
110% AFR	4.98%	4.92%	4.89%	4.87%
120% AFR	5.43%	5.36%	5.32%	5.30%
130% AFR	5.89%	5.81%	5.77%	5.74%
150% AFR	6.82%	6.71%	6.65%	6.62%
175% AFR	7.97%	7.82%	7.75%	7.70%
<u>Long-term</u>				
AFR	4.79%	4.73%	4.70%	4.68%
110% AFR	5.27%	5.20%	5.17%	5.14%
120% AFR	5.76%	5.68%	5.64%	5.61%
130% AFR	6.24%	6.15%	6.10%	6.07%

## REV. RUL. 2005-77 TABLE 2

## Adjusted AFR for December 2005

	<u>Period for Compounding</u>			
	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
Short-term adjusted AFR	2.98%	2.96%	2.95%	2.94%
Mid-term adjusted AFR	3.51%	3.48%	3.46%	3.46%
Long-term adjusted AFR	4.40%	4.35%	4.33%	4.31%

## REV. RUL. 2005-77 TABLE 3

## Rates Under Section 382 for December 2005

Adjusted federal long-term rate for the current month	4.40%
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.)	4.40%

## REV. RUL. 2005-77 TABLE 4

## Appropriate Percentages Under Section 42(b)(2) for December 2005

Appropriate percentage for the 70% present value low-income housing credit	8.08%
Appropriate percentage for the 30% present value low-income housing credit	3.46%

REV. RUL. 2005-77 TABLE 5

Rate Under Section 7520 for December 2005

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. 2005-77 TABLE 6

Applicable rate of interest for 2006 for purposes of section 846 and 807	3.98%
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