

## 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 1274, 1288, 382, and other sections of the Code, tables set forth the rates for June 1998.

### Rev. Rul. 98-28

This revenue ruling provides various prescribed rates for federal income tax purposes for June 1998 (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. 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.

REV. RUL. 98-28 TABLE 1

Applicable Federal Rates (AFR) for June 1998

*Period for Compounding*

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-Term</i>				
AFR	5.58%	5.50%	5.46%	5.44%
110% AFR	6.14%	6.05%	6.00%	5.98%
120% AFR	6.71%	6.60%	6.55%	6.51%
130% AFR	7.28%	7.15%	7.09%	7.05%
<i>Mid-Term</i>				
AFR	5.77%	5.69%	5.65%	5.62%
110% AFR	6.36%	6.26%	6.21%	6.18%
120% AFR	6.95%	6.83%	6.77%	6.73%
130% AFR	7.54%	7.40%	7.33%	7.29%
150% AFR	8.72%	8.54%	8.45%	8.39%
175% AFR	10.21%	9.96%	9.84%	9.76%
<i>Long-Term</i>				
AFR	6.02%	5.93%	5.89%	5.86%
110% AFR	6.63%	6.52%	6.47%	6.43%
120% AFR	7.25%	7.12%	7.06%	7.02%
130% AFR	7.86%	7.71%	7.64%	7.59%

REV. RUL. 98-28 TABLE 2

Adjusted AFR for June 1998

*Period for Compounding*

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
<i>Short-term</i>				
adjusted AFR	3.86%	3.82%	3.80%	3.79%
<i>Mid-term</i>				
adjusted AFR	4.43%	4.38%	4.36%	4.34%
<i>Long-term</i>				
adjusted AFR	5.15%	5.09%	5.06%	5.04%

REV. RUL. 98-28 TABLE 3

Rates Under Section 382 for June 1998

Adjusted federal long-term rate for the current month	5.15%
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)	5.15%

REV. RUL. 98-28 TABLE 4

Appropriate Percentages Under Section 42(b)(2) for June 1998

Appropriate percentage for the 70% present value low-income housing credit	8.38%
Appropriate percentage for the 30% present value low-income housing credit	3.59%

REV. RUL. 98-28 TABLE 5

Rate Under Section 7520 for June 1998

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

7.0%

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Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of June 1998. See Rev. Rul. 98-28, page 5.

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Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of June 1998. See Rev. Rul. 98-28, page 5.

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Section 7805.—Rules and Regulations

*26 CFR 301.7805-1: Promulgation of regulations.*

The revenue ruling provides that, based on the enactment of § 1012 of the Taxpayer Relief Act of 1997, the Service will not apply Court Holding (or any formulation of the step transaction doctrine) to determine whether the distributed corporation was a controlled corporation immediately before the distribution under § 355(a) solely because of any postdistribution acquisition or restructuring of the distributed corporation, whether prearranged or not. Rev. Ruls. 96-30, 1996-1 C.B. 36, and 75-406, 1975-2 C.B. 125, obsoleted. Rev. Rul. 70-225, 1970-1 C.B. 80, modified. See Rev. Rul. 98-28, page 5.

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Section 7872.—Treatment of Loans with Below-Market Interest Rates

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of June 1998. See Rev. Rul. 98-28, page 5.