

## **Section 995.—Taxation of DISC Income to Shareholders**

**2004 base period T-bill rate.** The “base period T-bill rate” for the period ending September 30, 2004, is published as required by section 995(f) of the Code.

### **Rev. Rul. 2004-99**

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, 2004 is 1.60 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 2004 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. 2003-111, 2003-45 I.R.B. 1009, 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).

#### 2004 ANNUAL RATE, COMPOUNDED DAILY

DAYS	1.60 PERCENT FACTOR
1	.000043716
2	.000087434
3	.000131153
4	.000174875
5	.000218598
6	.000262324
7	.000306051
8	.000349780
9	.000393511
10	.000437244

#### 2004 ANNUAL RATE, COMPOUNDED DAILY

DAYS	1.60 PERCENT FACTOR
11	.000480979
12	.000524716
13	.000568455
14	.000612196
15	.000655938
16	.000699683
17	.000743429
18	.000787178
19	.000830928
20	.000874680
21	.000918434
22	.000962190
23	.001005948
24	.001049708
25	.001093470
26	.001137233
27	.001180999
28	.001224766
29	.001268536
30	.001312307
31	.001356080
32	.001399855
33	.001443632
34	.001487411
35	.001531192
36	.001574975
37	.001618760
38	.001662546
39	.001706335
40	.001750125
41	.001793918
42	.001837712
43	.001881508
44	.001925306
45	.001969106
46	.002012908
47	.002056712
48	.002100518
49	.002144325
50	.002188135
51	.002231947
52	.002275760
53	.002319575
54	.002363393
55	.002407212
56	.002451033
57	.002494856
58	.002538681
59	.002582508
60	.002626336

#### 2004 ANNUAL RATE, COMPOUNDED DAILY

DAYS	1.60 PERCENT FACTOR
61	.002670167
62	.002714000
63	.002757834
64	.002801670
65	.002845509
66	.002889349
67	.002933191
68	.002977035
69	.003020881
70	.003064729
71	.003108579
72	.003152431
73	.003196284
74	.003240140
75	.003283997
76	.003327857
77	.003371718
78	.003415581
79	.003459447
80	.003503314
81	.003547183
82	.003591054
83	.003634926
84	.003678801
85	.003722678
86	.003766556
87	.003810437
88	.003854319
89	.003898204
90	.003942090
91	.003985978
92	.004029868
93	.004073760
94	.004117654
95	.004161550
96	.004205448
97	.004249347
98	.004293249
99	.004337153
100	.004381058
101	.004424965
102	.004468875
103	.004512786
104	.004556699
105	.004600614
106	.004644531
107	.004688450
108	.004732371
109	.004776293
110	.004820218

2004 ANNUAL RATE,  
COMPOUNDED DAILY2004 ANNUAL RATE,  
COMPOUNDED DAILY2004 ANNUAL RATE,  
COMPOUNDED DAILY

DAYS	1.60 PERCENT FACTOR	DAYS	1.60 PERCENT FACTOR	DAYS	1.60 PERCENT FACTOR
111	.004864145	161	.007062923	211	.009266513
112	.004908073	162	.007106948	212	.009310634
113	.004952004	163	.007150974	213	.009354757
114	.004995936	164	.007195003	214	.009398881
115	.005039870	165	.007239033	215	.009443008
116	.005083806	166	.007283065	216	.009487137
117	.005127744	167	.007327100	217	.009531267
118	.005171684	168	.007371136	218	.009575400
119	.005215626	169	.007415174	219	.009619534
120	.005259570	170	.007459214	220	.009663671
121	.005303516	171	.007503256	221	.009707809
122	.005347464	172	.007547300	222	.009751949
123	.005391413	173	.007591345	223	.009796091
124	.005435365	174	.007635393	224	.009840236
125	.005479318	175	.007679443	225	.009884382
126	.005523274	176	.007723494	226	.009928529
127	.005567231	177	.007767548	227	.009972679
128	.005611190	178	.007811603	228	.010016831
129	.005655151	179	.007855661	229	.010060985
130	.005699114	180	.007899720	230	.010105141
131	.005743079	181	.007943781	231	.010149298
132	.005787046	182	.007987844	232	.010193458
133	.005831015	183	.008031909	233	.010237619
134	.005874986	184	.008075976	234	.010281783
135	.005918959	185	.008120045	235	.010325948
136	.005962933	186	.008164116	236	.010370115
137	.006006910	187	.008208189	237	.010414284
138	.006050888	188	.008252263	238	.010458455
139	.006094869	189	.008296340	239	.010502629
140	.006138851	190	.008340418	240	.010546803
141	.006182835	191	.008384499	241	.010590980
142	.006226821	192	.008428581	242	.010635159
143	.006270809	193	.008472666	243	.010679340
144	.006314799	194	.008516752	244	.010723523
145	.006358791	195	.008560840	245	.010767707
146	.006402785	196	.008604930	246	.010811894
147	.006446781	197	.008649022	247	.010856082
148	.006490778	198	.008693116	248	.010900273
149	.006534778	199	.008737212	249	.010944465
150	.006578779	200	.008781310	250	.010988660
151	.006622783	201	.008825409	251	.011032856
152	.006666788	202	.008869511	252	.011077054
153	.006710796	203	.008913615	253	.011121254
154	.006754805	204	.008957720	254	.011165456
155	.006798816	205	.009001828	255	.011209660
156	.006842829	206	.009045937	256	.011253866
157	.006886844	207	.009090048	257	.011298074
158	.006930861	208	.009134162	258	.011342283
159	.006974880	209	.009178277	259	.011386495
160	.007018900	210	.009222394	260	.011430709

2004 ANNUAL RATE,  
COMPOUNDED DAILY

2004 ANNUAL RATE,  
COMPOUNDED DAILY

2004 ANNUAL RATE,  
COMPOUNDED DAILY

DAYS	1.60 PERCENT FACTOR	DAYS	1.60 PERCENT FACTOR	DAYS	1.60 PERCENT FACTOR
261	.011474924	301	.013245132	341	.015018438
262	.011519142	302	.013289427	342	.015062811
263	.011563361	303	.013333724	343	.015107185
264	.011607583	304	.013378023	344	.015151561
265	.011651806	305	.013422323	345	.015195939
266	.011696031	306	.013466626	346	.015240320
267	.011740258	307	.013510930	347	.015284702
268	.011784487	308	.013555237	348	.015329086
269	.011828718	309	.013599545	349	.015373472
270	.011872951	310	.013643856	350	.015417860
271	.011917186	311	.013688168	351	.015462249
272	.011961423	312	.013732482	352	.015506641
273	.012005662	313	.013776798	353	.015551035
274	.012049902	314	.013821117	354	.015595431
275	.012094145	315	.013865437	355	.015639828
276	.012138390	316	.013909759	356	.015684228
277	.012182636	317	.013954082	357	.015728629
278	.012226884	318	.013998408	358	.015773033
279	.012271135	319	.014042736	359	.015817438
280	.012315387	320	.014087066	360	.015861845
281	.012359641	321	.014131398	361	.015906255
282	.012403897	322	.014175731	362	.015950666
283	.012448156	323	.014220067	363	.015995079
284	.012492416	324	.014264404	364	.016039494
285	.012536678	325	.014308744	365	.016083911
286	.012580941	326	.014353085	366	.016128330
287	.012625207	327	.014397428	367	.016172751
288	.012669475	328	.014441774	368	.016217174
289	.012713745	329	.014486121	369	.016261599
290	.012758016	330	.014530470	370	.016306025
291	.012802290	331	.014574821	371	.016350454
292	.012846565	332	.014619174		
293	.012890843	333	.014663529		
294	.012935122	334	.014707886		
295	.012979404	335	.014752245		
296	.013023687	336	.014796605		
297	.013067972	337	.014840968		
298	.013112259	338	.014885333		
299	.013156548	339	.014929699		
300	.013200839	340	.014974068		