

Section 832.—Insurance Company Taxable Income

26 CFR 1.832-4: Gross income.

The salvage discount factors are set forth for 2004. These factors must be used to compute discounted estimated salvage recoverable for purposes of section 832 of the Code. See Rev. Proc. 2004-70, page 918.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of December 2004. See Rev. Rul. 2004-106, page 893.

26 CFR 1.846-1: Application of discount factors.

The loss payment patterns and discount factors are set forth for the 2004 accident year. These factors will be used for computing discounted unpaid losses under section 846 of the Code. See Rev. Proc. 2004-69, page 906.

26 CFR 1.846-1: Application of discount factors.

The salvage discount factors are set forth for the 2004 accident year. These factors will be used for computing estimated salvage recoverable for pur-

poses of section 832 of the Code. See Rev. Proc. 2004-70, page 918.

Section 1016.—Adjustments to Basis

26 CFR 1.1016-3: Exhaustion, wear and tear, obsolescence, amortization, and depletion for periods since February 28, 1913.

Rules are provided for reduction of basis for business use of an automobile under either the optional standard mileage rate method or a mileage allowance under a reimbursement or other expense allowance arrangement. See Rev. Proc. 2004-64, page 898.

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 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for December 2004.

Rev. Rul. 2004-106

This revenue ruling provides various prescribed rates for federal income tax purposes for December 2004 (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 2005 interest rate for sections 846 and 807.

REV. RUL. 2004-106 TABLE 1

Applicable Federal Rates (AFR) for December 2004

	Period for Compounding			
	Annual	Semiannual	Quarterly	Monthly
<i>Short-term</i>				
AFR	2.48%	2.46%	2.45%	2.45%
110% AFR	2.73%	2.71%	2.70%	2.69%
120% AFR	2.97%	2.95%	2.94%	2.93%
130% AFR	3.23%	3.20%	3.19%	3.18%
<i>Mid-term</i>				
AFR	3.56%	3.53%	3.51%	3.50%
110% AFR	3.92%	3.88%	3.86%	3.85%
120% AFR	4.28%	4.24%	4.22%	4.20%
130% AFR	4.64%	4.59%	4.56%	4.55%
150% AFR	5.37%	5.30%	5.27%	5.24%
175% AFR	6.28%	6.18%	6.13%	6.10%
<i>Long-term</i>				
AFR	4.68%	4.63%	4.60%	4.59%
110% AFR	5.15%	5.09%	5.06%	5.04%
120% AFR	5.64%	5.56%	5.52%	5.50%
130% AFR	6.11%	6.02%	5.98%	5.95%

REV. RUL. 2004-106 TABLE 2				
Adjusted AFR for December 2004				
	<i>Period for Compounding</i>			
	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	1.88%	1.87%	1.87%	1.86%
Mid-term adjusted AFR	2.84%	2.82%	2.81%	2.80%
Long-term adjusted AFR	4.19%	4.15%	4.13%	4.11%

REV. RUL. 2004-106 TABLE 3	
Rates Under Section 382 for December 2004	
Adjusted federal long-term rate for the current month	4.19%
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.)	4.27%

REV. RUL. 2004-106 TABLE 4	
Appropriate Percentages Under Section 42(b)(2) for December 2004	
Appropriate percentage for the 70% present value low-income housing credit	7.96%
Appropriate percentage for the 30% present value low-income housing credit	3.41%

REV. RUL. 2004-106 TABLE 5	
Rate Under Section 7520 for December 2004	
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	4.20%

REV. RUL. 2004-106 TABLE 6	
Applicable rate of interest for 2005 for purposes of sections 846 and 807	4.44%

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 December 2004. See Rev. Rul. 2004-106, page 893.
