

## 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. 2005-38

This revenue ruling provides various prescribed rates for federal income tax purposes for July 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 blended annual rate for 2005 for purposes of section 7872.

## REV. RUL. 2005-38 TABLE 1

## Applicable Federal Rates (AFR) for July 2005

	<u>Annual</u>	<u>Period for Compounding</u>		<u>Monthly</u>
		<u>Semiannual</u>	<u>Quarterly</u>	
<u>Short-term</u>				
AFR	3.45%	3.42%	3.41%	3.40%
110% AFR	3.80%	3.76%	3.74%	3.73%
120% AFR	4.14%	4.10%	4.08%	4.07%
130% AFR	4.50%	4.45%	4.43%	4.41%
<u>Mid-term</u>				
AFR	3.86%	3.82%	3.80%	3.79%
110% AFR	4.24%	4.20%	4.18%	4.16%
<b>120% AFR</b>	<b>4.63%</b>	<b>4.58%</b>	<b>4.55%</b>	<b>4.54%</b>
130% AFR	5.03%	4.97%	4.94%	4.92%
150% AFR	5.81%	5.73%	5.69%	5.66%
175% AFR	6.80%	6.69%	6.63%	6.60%
<u>Long-term</u>				
AFR	4.35%	4.30%	4.28%	4.26%
110% AFR	4.79%	4.73%	4.70%	4.68%
120% AFR	5.23%	5.16%	5.13%	5.11%
130% AFR	5.67%	5.59%	5.55%	5.53%

## REV. RUL. 2005-38 TABLE 2

## Adjusted AFR for July 2005

	<u>Period for Compounding</u>			
	<u>Annual</u>	<u>Semiannual</u>	<u>Quarterly</u>	<u>Monthly</u>
Short-term adjusted AFR	2.82%	2.80%	2.79%	2.78%
Mid-term adjusted AFR	3.06%	3.04%	3.03%	3.02%
Long-term adjusted AFR	4.09%	4.05%	4.03%	4.02%

## REV. RUL. 2005-38 TABLE 3

## Rates Under Section 382 for July 2005

Adjusted federal long-term rate for the current month	4.09%
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.)	4.37%

## REV. RUL. 2005-38 TABLE 4

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

Appropriate percentage for the 70% present value low-income housing credit	7.95%
Appropriate percentage for the 30% present value low-income housing credit	3.41%

## REV. RUL. 2005-38 TABLE 5

## Rate Under Section 7520 for July 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	4.6%
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## REV. RUL. 2005-38 TABLE 6

## Rate Under Section 7520 for 2005

## Blended Annual Rate for 2005

Section 7872(e)(2) blended annual rate for 2005	3.11%
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