# TIMEVALUE SOFTWARE
# APPLICABLE FEDERAL RATES
## AFR SUBSCRIPTION SERVICE

### AFR RATES FOR JANUARY 2026

Section 1274.--Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also Sections 42, 280G, 382, 467, 468, 482, 483, 1288, 7520, 7872.)

Rev. Rul. 2026-2

This revenue ruling provides various prescribed rates for federal income tax purposes for January 2026 (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)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%. 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. Table 6 contains the deemed rate of return for transfers made during calendar year 2026 to pooled income funds described in section 642(c)(5) that have been in existence for less than 3 taxable years immediately preceding the taxable year in which the transfer was made. Finally, Table 7 contains the average of the applicable federal mid-term rates (based on annual compounding) for the 60-month period ending December 31, 2025, for purposes of section 7702(f)(11).



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# REV. RUL. 2026-2 TABLE 1

Applicable Federal Rates (AFR) for January 2026

Period for Compounding

| | Annual | Semiannual | Quarterly | Monthly |
|---|---|---|---|---|
| **Short-term** | | | | |
| AFR | 3.63% | 3.60% | 3.58% | 3.57% |
| 110% AFR | 4.00% | 3.96% | 3.94% | 3.93% |
| 120% AFR | 4.37% | 4.32% | 4.30% | 4.28% |
| 130% AFR | 4.73% | 4.68% | 4.65% | 4.64% |
| **Mid-term** | | | | |
| AFR | 3.81% | 3.77% | 3.75% | 3.74% |
| 110% AFR | 4.19% | 4.15% | 4.13% | 4.11% |
| 120% AFR | 4.57% | 4.52% | 4.49% | 4.48% |
| 130% AFR | 4.96% | 4.90% | 4.87% | 4.85% |
| 150% AFR | 5.74% | 5.66% | 5.62% | 5.59% |
| 175% AFR | 6.71% | 6.60% | 6.55% | 6.51% |
| **Long-term** | | | | |
| AFR | 4.63% | 4.58% | 4.55% | 4.54% |
| 110% AFR | 5.10% | 5.04% | 5.01% | 4.99% |
| 120% AFR | 5.58% | 5.50% | 5.46% | 5.44% |
| 130% AFR | 6.04% | 5.95% | 5.91% | 5.88% |



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## REV. RUL. 2026-2 TABLE 2

Adjusted AFR for January 2026

Period for Compounding

| | Annual | Semiannual | Quarterly | Monthly |
|---|---|---|---|---|
| Short-term adjusted AFR | 2.75% | 2.73% | 2.72% | 2.71% |
| Mid-term adjusted AFR | 2.88% | 2.86% | 2.85% | 2.84% |
| Long-term adjusted AFR | 3.51% | 3.48% | 3.46% | 3.46% |

## REV. RUL. 2026-2 TABLE 3

Rates Under Section 382 for January 2026

| | |
|---|---|
| Adjusted federal long-term rate for the current month | 3.51% |
| 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.) | 3.51% |

## REV. RUL. 2026-2 TABLE 4

Appropriate Percentages Under Section 42(b)(1) for January 2026

Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%.

| | |
|---|---|
| Appropriate percentage for the 70% present value low-income housing credit | 7.98% |
| Appropriate percentage for the 30% present value low-income housing credit | 3.42% |

## REV. RUL. 2026-2 TABLE 5

Rate Under Section 7520 for January 2026

| | |
|---|---|
| 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 | 4.60% |

## REV. RUL. 2026-2 TABLE 6

Deemed Rate for Transfers to New Pooled Income Funds During 2026

| | |
|---|---|
| Deemed rate of return for transfers during 2026 to pooled income funds that have been in existence for less than 3 taxable years | 4.00% |

## REV. RUL. 2026-2 TABLE 7

Average of the Applicable Federal Mid-Term Rates for 2025

For purposes of section 7702(f)(11), the average of the applicable federal mid-term rates (based on annual compounding) for the 60-month period ending December 31, 2025, is 3.19% rounded to 3%.



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