

Section 995.—Taxation of DISC Income to Shareholders

1996 base period T-bill rate. The “base period T-bill rate” for the period ending September 30, 1996, is published, as required by section 995(f)(4) of the Code.

Rev. Rul. 96-55

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 investment yield of United States Treasury bills with maturities of 52 weeks which were auctioned during the one-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, 1996, is 5.51 percent.

Pursuant to section 6622 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 1996 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. 86-132, 1986-2 C.B. 137; Rev. Rul. 87-129, 1987-2 C.B. 196; Rev. Rul. 88-94, 1988-2 C.B. 301; Rev. Rul. 89-116, 1989-2 C.B. 197; Rev. Rul.

90-96, 1990-2 C.B. 188; Rev. Rul. 91-59, 1991-2 C.B. 347; Rev. Rul. 92-98, 1992-2 C.B. 201; Rev. Rul. 93-77, 1993-2 C.B. 253; Rev. Rul. 94-68, 1994-2 C.B. 177; and Rev. Rul. 95-77, 1995-2 C.B. 122.

DRAFTING INFORMATION

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1996 ANNUAL RATE, COMPOUNDED DAILY	
DAYS	5.51 PERCENT FACTOR
1	.000150546
2	.000301116
3	.000451707
4	.000602322
5	.000752959
6	.000903619
7	.001054301
8	.001205006
9	.001355734
10	.001506485
11	.001657258
12	.001808054
13	.001958873
14	.002109714
15	.002260578
16	.002411465
17	.002562374
18	.002713306
19	.002864261
20	.003015239
21	.003166239
22	.003317263
23	.003468308
24	.003619377
25	.003770468
26	.003921582
27	.004072719
28	.004223879
29	.004375061
30	.004526266
31	.004677494
32	.004828745
33	.004980018
34	.005131314
35	.005282633
36	.005433975
37	.005585340

DAYS	5.51 PERCENT FACTOR
38	.005736727
39	.005888137
40	.006039570
41	.006191025
42	.006342504
43	.006494005
44	.006645529
45	.006797076
46	.006948646
47	.007100239
48	.007251854
49	.007403492
50	.007555153
51	.007706837
52	.007858544
53	.008010273
54	.008162026
55	.008313801
56	.008465599
57	.008617420
58	.008769263
59	.008921130
60	.009073020
61	.009224932
62	.009376867
63	.009528825
64	.009680806
65	.009832810
66	.009984837
67	.010136886
68	.010288959
69	.010441054
70	.010593173
71	.010745314
72	.010897478
73	.011049665
74	.011201875
75	.011354108
76	.011506364
77	.011658642
78	.011810944
79	.011963268
80	.012115616
81	.012267986
82	.012420380
83	.012572796
84	.012725235
85	.012877697
86	.013030183
87	.013182691
88	.013335222
89	.013487776
90	.013640353

DAYS	5.51 PERCENT FACTOR	DAYS	5.51 PERCENT FACTOR	DAYS	5.51 PERCENT FACTOR
91	.013792953	146	.022221425	201	.030719970
92	.013945576	147	.022375317	202	.030875142
93	.014098222	148	.022529232	203	.031030336
94	.014250890	149	.022683170	204	.031185554
95	.014403582	150	.022837132	205	.031340796
96	.014556297	151	.022991116	206	.031496060
97	.014709035	152	.023145124	207	.031651348
98	.014861796	153	.023299155	208	.031806660
99	.015014580	154	.023453209	209	.031961995
100	.015167387	155	.023607286	210	.032117353
101	.015320216	156	.023761386	211	.032272734
102	.015473069	157	.023915510	212	.032428139
103	.015625945	158	.024069657	213	.032583568
104	.015778844	159	.024223827	214	.032739020
105	.015931766	160	.024378020	215	.032894495
106	.016084711	161	.024532237	216	.033049993
107	.016237679	162	.024686476	217	.033205515
108	.016390670	163	.024840739	218	.033361061
109	.016543684	164	.024995025	219	.033516630
110	.016696721	165	.025149335	220	.033672222
111	.016849781	166	.025303667	221	.033827838
112	.017002864	167	.025458023	222	.033983477
113	.017155970	168	.025612402	223	.034139139
114	.017309099	169	.025766804	224	.034294825
115	.017462252	170	.025921230	225	.034450535
116	.017615427	171	.026075679	226	.034606268
117	.017768625	172	.026230151	227	.034762024
118	.017921847	173	.026384646	228	.034917804
119	.018075091	174	.026539165	229	.035073607
120	.018228359	175	.026693707	230	.035229433
121	.018381650	176	.026848272	231	.035385284
122	.018534963	177	.027002860	232	.035541157
123	.018688300	178	.027157472	233	.035697054
124	.018841660	179	.027312107	234	.035852975
125	.018995043	180	.027466765	235	.036008919
126	.019148449	181	.027621446	236	.036164886
127	.019301878	182	.027776151	237	.036320877
128	.019455331	183	.027930879	238	.036476891
129	.019608806	184	.028085630	239	.036632929
130	.019762304	185	.028240405	240	.036788991
131	.019915826	186	.028395203	241	.036945076
132	.020069371	187	.028550024	242	.037101184
133	.020222939	188	.028704869	243	.037257316
134	.020376529	189	.028859737	244	.037413471
135	.020530144	190	.029014628	245	.037569650
136	.020683781	191	.029169542	246	.037725853
137	.020837441	192	.029324480	247	.037882079
138	.020991124	193	.029479441	248	.038038328
139	.021144831	194	.029634426	249	.038194601
140	.021298561	195	.029789433	250	.038350898
141	.021452314	196	.029944465	251	.038507218
142	.021606090	197	.030099519	252	.038663561
143	.021759889	198	.030254597	253	.038819928
144	.021913711	199	.030409698	254	.038976319
145	.022067557	200	.030564823	255	.039132733

DAYS	5.51 PERCENT FACTOR	DAYS	5.51 PERCENT FACTOR	DAYS	5.51 PERCENT FACTOR
256	.039289171	304	.046825944	351	.054258658
257	.039445632	305	.046983540	352	.054417373
258	.039602117			353	.054576112
259	.039758625	306	.047141160	354	.054734874
260	.039915157	307	.047298803	355	.054893661
		308	.047456470		
261	.040071713	309	.047614161	356	.055052471
262	.040228292	310	.047771876	357	.055211306
263	.040384895			358	.055370164
264	.040541521	311	.047929614	359	.055529046
265	.040698171	312	.048087376	360	.055687953
		313	.048245162		
266	.040854844	314	.048402971	361	.055846883
267	.041011541	315	.048560805	362	.056005837
268	.041168262			363	.056164815
269	.041325006	316	.048718662	364	.056323816
270	.041481774	317	.048876543	365	.056482842
		318	.049034447		
271	.041638565	319	.049192376	366	.056641892
272	.041795380	320	.049350328	367	.056800966
273	.041952219			368	.056960063
274	.042109081	321	.049508304	369	.057119185
275	.042265967	322	.049666304	370	.057278330
		323	.049824327		
276	.042422876	324	.049982375	371	.057437500
277	.042579809	325	.050140446		
278	.042736766				
279	.042893746	326	.050298541		
280	.043050750	327	.050456659		
		328	.050614802		
281	.043207778	329	.050772968		
282	.043364829	330	.050931158		
283	.043521904				
284	.043679002	331	.051089372		
285	.043836125	332	.051247610		
		333	.051405872		
286	.043993270	334	.051564157		
287	.044150440	335	.051722466		
288	.044307633				
289	.044464850	336	.051880799		
290	.044622090	337	.052039156		
		338	.052197537		
291	.044779354	339	.052355942		
292	.044936642	340	.052514370		
293	.045093954				
294	.045251289	341	.052672822		
295	.045408648	342	.052831299		
		343	.052989799		
296	.045566030	344	.053148322		
297	.045723437	345	.053306870		
298	.045880867				
299	.046038320	346	.053465442		
300	.046195798	347	.053624037		
		348	.053782657		
301	.046353299	349	.053941300		
302	.046510823	350	.054099967		
303	.046668372				