

Section 995.— Taxation of DISC
Income to Shareholders

1997 base period T-bill rate. The “base period T-bill rate” for the period ending September 30, 1997, is published, as required by section 995(f)(4) of the Code.

Rev. Rul. 97-49

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, 1997, is 5.68 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 1997 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 tax-

able 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; Rev. Rul. 95-77, 1995-2 C.B. 122; and Rev. Rul. 96-55, 1996-2 C.B. 57.

DRAFTING INFORMATION

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1997 ANNUAL RATE,
COMPOUNDED DAILY

DAYS	5.68 PERCENT FACTOR
1	.000155616
2	.000311257
3	.000466922
4	.000622611
5	.000778324
6	.000934062
7	.001089824
8	.001245610
9	.001401420
10	.001557255
11	.001713113
12	.001868996
13	.002024904
14	.002180835
15	.002336791
16	.002492771
17	.002648775
18	.002804804

1997 ANNUAL RATE,
COMPOUNDED DAILY

1997 ANNUAL RATE,
COMPOUNDED DAILY

1997 ANNUAL RATE,
COMPOUNDED DAILY

5.68 PERCENT		5.68 PERCENT		5.68 PERCENT	
DAYS	FACTOR	DAYS	FACTOR	DAYS	FACTOR
19	.002960857	64	.010008430	109	.017105524
20	.003116934	65	.010165604	110	.017263803
21	.003273036	66	.010322802	111	.017422106
22	.003429161	67	.010480025	112	.017580433
23	.003585312	68	.010637272	113	.017738786
24	.003741486	69	.010794544	114	.017897162
25	.003897685	70	.010951840	115	.018055564
26	.004053908	71	.011109161	116	.018213990
27	.004210155	72	.011266506	117	.018372441
28	.004366426	73	.011423876	118	.018530916
29	.004522722	74	.011581270	119	.018689417
30	.004679043	75	.011738689	120	.018847941
31	.004835387	76	.011896132	121	.019006491
32	.004991756	77	.012053600	122	.019165065
33	.005148149	78	.012211092	123	.019323664
34	.005304567	79	.012368608	124	.019482287
35	.005461009	80	.012526150	125	.019640936
36	.005617475	81	.012683715	126	.019799609
37	.005773966	82	.012841306	127	.019958306
38	.005930481	83	.012998920	128	.020117028
39	.006087020	84	.013156560	129	.020275775
40	.006243584	85	.013314223	130	.020434547
41	.006400172	86	.013471912	131	.020593343
42	.006556784	87	.013629625	132	.020752165
43	.006713421	88	.013787362	133	.020911010
44	.006870082	89	.013945124	134	.021069881
45	.007026768	90	.014102911	135	.021228776
46	.007183478	91	.014260722	136	.021387696
47	.007340212	92	.014418557	137	.021546641
48	.007496971	93	.014576418	138	.021705610
49	.007653754	94	.014734302	139	.021864604
50	.007810561	95	.014892212	140	.022023623
51	.007967393	96	.015050146	141	.022182667
52	.008124249	97	.015208104	142	.022341736
53	.008281130	98	.015366087	143	.022500829
54	.008438035	99	.015524095	144	.022659947
55	.008594965	100	.015682127	145	.022819089
56	.008751919	101	.015840184	146	.022978257
57	.008908897	102	.015998265	147	.023137449
58	.009065900	103	.016156371	148	.023296666
59	.009222927	104	.016314502	149	.023455908
60	.009379979	105	.016472657	150	.023615174
61	.009537055	106	.016630837	151	.023774466
62	.009694155	107	.016789042	152	.023933782
63	.009851280	108	.016947271	153	.024093123

1997 ANNUAL RATE, COMPOUNDED DAILY		1997 ANNUAL RATE, COMPOUNDED DAILY		1997 ANNUAL RATE, COMPOUNDED DAILY	
DAYS	5.68 PERCENT FACTOR	DAYS	5.68 PERCENT FACTOR	DAYS	5.68 PERCENT FACTOR
154	.024252489	199	.031449673	244	.038697430
155	.024411879	200	.031610183	245	.038859068
156	.024571294	201	.031770719	246	.039020732
157	.024730734	202	.031931279	247	.039182420
158	.024890199	203	.032091865	248	.039344134
159	.025049689	204	.032252475	249	.039505873
160	.025209204	205	.032413111	250	.039667638
161	.025368743	206	.032573771	251	.039829427
162	.025528307	207	.032734457	252	.039991242
163	.025687896	208	.032895167	253	.040153081
164	.025847510	209	.033055902	254	.040314946
165	.026007149	210	.033216663	255	.040476836
166	.026166813	211	.033377448	256	.040638752
167	.026326501	212	.033538259	257	.040800692
168	.026486214	213	.033699094	258	.040962658
169	.026645953	214	.033859955	259	.041124649
170	.026805716	215	.034020841	260	.041286665
171	.026965503	216	.034181751	261	.041448706
172	.027125316	217	.034342687	262	.041610773
173	.027285154	218	.034503648	263	.041772864
174	.027445016	219	.034664633	264	.041934981
175	.027604903	220	.034825644	265	.042097124
176	.027764816	221	.034986680	266	.042259291
177	.027924753	222	.035147741	267	.042421484
178	.028084715	223	.035308827	268	.042583702
179	.028244702	224	.035469938	269	.042745945
180	.028404713	225	.035631074	270	.042908213
181	.028564750	226	.035792236	271	.043070507
182	.028724812	227	.035953422	272	.043232826
183	.028884898	228	.036114633	273	.043395170
184	.029045010	229	.036275870	274	.043557539
185	.029205146	230	.036437131	275	.043719934
186	.029365307	231	.036598418	276	.043882354
187	.029525493	232	.036759730	277	.044044799
188	.029685704	233	.036921067	278	.044207270
189	.029845940	234	.037082428	279	.044369766
190	.030006201	235	.037243816	280	.044532287
191	.030166487	236	.037405228	281	.044694833
192	.030326798	237	.037566665	282	.044857405
193	.030487134	238	.037728127	283	.045020002
194	.030647495	239	.037889615	284	.045182624
195	.030807880	240	.038051128	285	.045345272
196	.030968291	241	.038212666	286	.045507945
197	.031128727	242	.038374229	287	.045670643
198	.031289187	243	.038535817	288	.045833366

1997 ANNUAL RATE,
COMPOUNDED DAILY

1997 ANNUAL RATE,
COMPOUNDED DAILY

1997 ANNUAL RATE,
COMPOUNDED DAILY

5.68 PERCENT		5.68 PERCENT		5.68 PERCENT	
DAYS	FACTOR	DAYS	FACTOR	DAYS	FACTOR
289	.045996115	317	.050563380		
290	.046158889	318	.050726865	346	.055314787
		319	.050890376	347	.055479011
291	.046321689	320	.051053912	348	.055643261
292	.046484514			349	.055807537
293	.046647364	321	.051217473	350	.055971838
294	.046810240	322	.051381060		
295	.046973140	323	.051544672	351	.056136164
		324	.051708309	352	.056300516
296	.047136067	325	.051871972	353	.056464894
297	.047299018			354	.056629297
298	.047461995	326	.052035661	355	.056793726
299	.047624998	327	.052199375		
300	.047788025	328	.052363115	356	.056958181
		329	.052526880	357	.057122661
301	.047951078	330	.052690670	358	.057287166
302	.048114157			359	.057451698
303	.048277260	331	.052854486	360	.057616255
304	.048440390	332	.053018327		
305	.048603544	333	.053182194	361	.057780837
		334	.053346087	362	.057945445
306	.048766724	335	.053510005	363	.058110079
307	.048929929			364	.058274738
308	.049093160	336	.053673948	365	.058439423
309	.049256416	337	.053837917		
310	.049419698	338	.054001912	366	.058604134
		339	.054165932	367	.058768870
311	.049583005	340	.054329977	368	.058933632
312	.049746337			369	.059098419
313	.049909695	341	.054494048	370	.059263232
314	.050073078	342	.054658145		
315	.050236487	343	.054822267	371	.059428071
		344	.054986415		
316	.050399921	345	.055150588		