



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, 1998, is 5.34 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 1998 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; Rev. Rul. 95-77, 1995-2 C.B. 122; Rev. Rul. 96-55, 1996-2 C.B. 57; and Rev. Rul. 97-49, 1997-48 I.R.B. 4.

DRAFTING INFORMATION

The principal author of this revenue ruling is David Bergquist of the Office of the Associate Chief Counsel (International). For further information about this revenue ruling, contact Mr. Bergquist on (202) 622-3850 (not a toll-free call).

1998 ANNUAL RATE, COMPOUNDED DAILY	
DAYS	5.34 PERCENT FACTOR
1	.000146301
2	.000292624
3	.000438968
4	.000585334
5	.000731721
6	.000878129
7	.001024559
8	.001171010
9	.001317483
10	.001463977
11	.001610493
12	.001757030
13	.001903588
14	.002050168
15	.002196769
16	.002343392
17	.002490036
18	.002636702
19	.002783389
20	.002930098
21	.003076828
22	.003223579
23	.003370352
24	.003517147
25	.003663963
26	.003810800
27	.003957659
28	.004104539
29	.004251441
30	.004398365
31	.004545309
32	.004692276
33	.004839264
34	.004986273
35	.005133304
36	.005280356
37	.005427430
38	.005574526
39	.005721643
40	.005868781
41	.006015941
42	.006163122
43	.006310325
44	.006457550
45	.006604796

Section 995.—Taxation of DISC Income to Shareholders

1998 base period T-bill rate. The “base period T-bill rate” for the period ending September 30, 1998, is published, as required by section 995(f) of the Code.

Rev. Rul. 98-55

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

46	.006752064	97	.014291354	148	.021887103
47	.006899353	98	.014439746	149	.022036607
48	.007046664	99	.014588160	150	.022186132
49	.007193996	100	.014736595		
50	.007341350			151	.022335679
		101	.014885053	152	.022485248
51	.007488725	102	.015033532	153	.022634839
52	.007636122	103	.015182033	154	.022784452
53	.007783541	104	.015330555	155	.022934087
54	.007930981	105	.015479099		
55	.008078443			156	.023083744
		106	.015627665	157	.023233422
56	.008225926	107	.015776253	158	.023383123
57	.008373431	108	.015924863	159	.023532845
58	.008520957	109	.016073494	160	.023682589
59	.008668505	110	.016222147		
60	.008816075			161	.023832355
		111	.016370821	162	.023982143
61	.008963666	112	.016519518	163	.024131953
62	.009111279	113	.016668236	164	.024281785
63	.009258913	114	.016816976	165	.024431639
64	.009406569	115	.016965738		
65	.009554247			166	.024581515
		116	.017114521	167	.024731413
66	.009701946	117	.017263326	168	.024881332
67	.009849667	118	.017412153	169	.025031274
68	.009997409	119	.017561002	170	.025181237
69	.010145173	120	.017709873		
70	.010292959			171	.025331223
		121	.017858765	172	.025481230
71	.010440766	122	.018007679	173	.025631259
72	.010588595	123	.018156615	174	.025781311
73	.010736445	124	.018305573	175	.025931384
74	.010884317	125	.018454552		
75	.011032211			176	.026081479
		126	.018603554	177	.026231596
76	.011180126	127	.018752577	178	.026381735
77	.011328064	128	.018901622	179	.026531896
78	.011476022	129	.019050688	180	.026682079
79	.011624003	130	.019199777		
80	.011772005			181	.026832284
		131	.019348887	182	.026982511
81	.011920028	132	.019498019	183	.027132760
82	.012068073	133	.019647173	184	.027283031
83	.012216140	134	.019796349	185	.027433324
84	.012364229	135	.019945547		
85	.012512339			186	.027583639
		136	.020094766	187	.027733976
86	.012660471	137	.020244007	188	.027884335
87	.012808625	138	.020393271	189	.028034716
88	.012956800	139	.020542555	190	.028185118
89	.013104997	140	.020691862		
90	.013253216			191	.028335543
		141	.020841191	192	.028485990
91	.013401456	142	.020990541	193	.028636459
92	.013549718	143	.021139914	194	.028786950
93	.013698002	144	.021289308	195	.028937463
94	.013846307	145	.021438724		
95	.013994634			196	.029087998
		146	.021588162	197	.029238555
96	.014142983	147	.021737621	198	.029389134

199	.029539735	251	.037401426	302	.045170241
200	.029690358	252	.037553200	303	.045323151
		253	.037704995	304	.045476083
201	.029841003	254	.037856813	305	.045629037
202	.029991670	255	.038008653		
203	.030142359			306	.045782014
204	.030293071	256	.038160515	307	.045935014
205	.030443804	257	.038312399	308	.046088035
		258	.038464306	309	.046241080
206	.030594559	259	.038616234	310	.046394146
207	.030745337	260	.038768185		
208	.030896136			311	.046547235
209	.031046958	261	.038920158	312	.046700346
210	.031197801	262	.039072154	313	.046853480
		263	.039224172	314	.047006636
211	.031348667	264	.039376212	315	.047159815
212	.031499555	265	.039528274		
213	.031650464			316	.047313015
214	.031801396	266	.039680358	317	.047466239
215	.031952350	267	.039832465	318	.047619485
		268	.039984594	319	.047772753
216	.032103326	269	.040136745	320	.047926043
217	.032254324	270	.040288918		
218	.032405345			321	.048079356
219	.032556387	271	.040441114	322	.048232692
220	.032707451	272	.040593332	323	.048386050
		273	.040745572	324	.048539430
221	.032858538	274	.040897835	325	.048692833
222	.033009647	275	.041050119		
223	.033160777			326	.048846258
224	.033311930	276	.041202426	327	.048999706
225	.033463105	277	.041354756	328	.049153176
		278	.041507107	329	.049306668
226	.033614302	279	.041659481	330	.049460183
227	.033765521	280	.041811878		
228	.033916763			331	.049613721
229	.034068026	281	.041964296	332	.049767281
230	.034219312	282	.042116737	333	.049920863
		283	.042269200	334	.050074468
231	.034370619	284	.042421685	335	.050228095
232	.034521949	285	.042574193		
233	.034673301			336	.050381745
234	.034824675	286	.042726723	337	.050535417
235	.034976072	287	.042879276	338	.050689112
		288	.043031850	339	.050842829
236	.035127490	289	.043184447	340	.050996569
237	.035278931	290	.043337066		
238	.035430393			341	.051150331
239	.035581878	291	.043489708	342	.051304116
240	.035733385	292	.043642372	343	.051457923
		293	.043795058	344	.051611753
241	.035884914	294	.043947767	345	.051765605
242	.036036466	295	.044100498		
243	.036188039			346	.051919480
244	.036339635	296	.044253251	347	.052073377
245	.036491253	297	.044406027	348	.052227297
		298	.044558825	349	.052381239
246	.036642893	299	.044711645	350	.052535204
247	.036794555	300	.044864488		
248	.036946240			351	.052689191
249	.037097946	301	.045017353	352	.052843201
250	.037249675				

353	.052997234	363	.054538798
354	.053151289	364	.054693078
355	.053305366	365	.054847381
356	.053459466	366	.055001707
357	.053613589	367	.055156055
358	.053767734	368	.055310426
359	.053921901	369	.055464819
360	.054076092	370	.055619235
361	.054230304	371	.055773674
362	.054384540		

Section 1231.—Property Used in a Trade or Business and Involuntary Conversions

26 CFR 1.1231-1: Gains and losses from the sale or exchange of certain property used in the trade or business.

Is gain that is treated as long-term capital gain under § 1231(a)(1) of the Code disqualified income for purposes of the earned income credit. See Rev. Rul. 98-56, page 5.