

## Section 995.—Taxation of DISC Income to Shareholders

**2002 base period T-bill rate.** The “base period T-bill rate” for the period ending September 30, 2002, is published, as required by section 995(f) of the Code.

### Rev. Rul. 2002-68

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 of the 1-year constant maturity Treasury yields, as published by the Board of Governors of the Federal Reserve System, for the 1-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, 2002 is 2.18 percent.

Pursuant to section 6222 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 pe-

riod) for the 2002 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. 2001–56, 2001–2 C.B. 500, and Rev. Rul. 2000–52, 2000–2 C.B. 516.

#### DRAFTING INFORMATION

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

#### ANNUAL RATE, COMPOUNDED DAILY

DAYS	2.180 PERCENT FACTOR
1	.000059726
2	.000119456
3	.000179189
4	.000238926
5	.000298666
6	.000358410
7	.000418157
8	.000477908
9	.000537663
10	.000597421
11	.000657183
12	.000716948
13	.000776717
14	.000836489
15	.000896265

DAYS	2.180 PERCENT FACTOR
16	.000956045
17	.001015828
18	.001075614
19	.001135405
20	.001195199
21	.001254996
22	.001314797
23	.001374602
24	.001434410
25	.001494221
26	.001554037
27	.001613855
28	.001673678
29	.001733504
30	.001793333
31	.001853167
32	.001913003
33	.001972844
34	.002032687
35	.002092535
36	.002152386
37	.002212240
38	.002272099
39	.002331960
40	.002391826
41	.002451694
42	.002511567
43	.002571443
44	.002631323
45	.002691206
46	.002751093
47	.002810983
48	.002870877
49	.002930774
50	.002990675
51	.003050580
52	.003110488
53	.003170400
54	.003230315
55	.003290234

ANNUAL RATE,  
COMPOUNDED DAILY—CONTINUED

DAYS	2.180 PERCENT FACTOR	DAYS	2.180 PERCENT FACTOR	DAYS	2.180 PERCENT FACTOR
56	.003350157	96	.005749996	136	.008155574
57	.003410083	97	.005810065	137	.008215787
58	.003470013	98	.005870138	138	.008276004
59	.003529946	99	.005930215	139	.008336224
60	.003589883	100	.005990295	140	.008396448
61	.003649823	101	.006050379	141	.008456676
62	.003709767	102	.006110466	142	.008516907
63	.003769715	103	.006170557	143	.008577142
64	.003829666	104	.006230652	144	.008637380
65	.003889621	105	.006290750	145	.008697622
66	.003949579	106	.006350852	146	.008757867
67	.004009541	107	.006410957	147	.008818116
68	.004069507	108	.006471066	148	.008878369
69	.004129476	109	.006531178	149	.008938625
70	.004189448	110	.006591294	150	.008998885
71	.004249425	111	.006651414	151	.009059149
72	.004309404	112	.006711537	152	.009119416
73	.004369388	113	.006771664	153	.009179687
74	.004429375	114	.006831795	154	.009239961
75	.004489365	115	.006891929	155	.009300239
76	.004549360	116	.006952066	156	.009360520
77	.004609357	117	.007012208	157	.009420805
78	.004669359	118	.007072353	158	.009481094
79	.004729364	119	.007132501	159	.009541386
80	.004789372	120	.007192653	160	.009601682
81	.004849384	121	.007252809	161	.009661982
82	.004909400	122	.007312968	162	.009722285
83	.004969419	123	.007373131	163	.009782592
84	.005029442	124	.007433297	164	.009842902
85	.005089468	125	.007493467	165	.009903216
86	.005149498	126	.007553641	166	.009963533
87	.005209532	127	.007613818	167	.010023854
88	.005269569	128	.007673999	168	.010084179
89	.005329610	129	.007734183	169	.010144507
90	.005389654	130	.007794371	170	.010204839
91	.005449702	131	.007854562	171	.010265175
92	.005509754	132	.007914758	172	.010325514
93	.005569809	133	.007974956	173	.010385857
94	.005629867	134	.008035159	174	.010446203
95	.005689930	135	.008095365	175	.010506553

ANNUAL RATE,  
COMPOUNDED DAILY—CONTINUED

DAYS	2.180 PERCENT FACTOR	DAYS	2.180 PERCENT FACTOR	DAYS	2.180 PERCENT FACTOR
176	.010566906	216	.012984006	256	.015406887
177	.010627264	217	.013044508	257	.015467534
178	.010687624	218	.013105013	258	.015528183
179	.010747989	219	.013165522	259	.015588837
180	.010808357	220	.013226034	260	.015649494
181	.010868728	221	.013286550	261	.015710155
182	.010929103	222	.013347070	262	.015770819
183	.010989482	223	.013407593	263	.015831487
184	.011049865	224	.013468120	264	.015892159
185	.011110251	225	.013528650	265	.015952834
186	.011170640	226	.013589184	266	.016013513
187	.011231033	227	.013649722	267	.016074195
188	.011291430	228	.013710263	268	.016134881
189	.011351831	229	.013770808	269	.016195571
190	.011412235	230	.013831356	270	.016256264
191	.011472642	231	.013891908	271	.016316961
192	.011533054	232	.013952464	272	.016377662
193	.011593468	233	.014013024	273	.016438366
194	.011653887	234	.014073587	274	.016499074
195	.011714309	235	.014134153	275	.016559785
196	.011774735	236	.014194723	276	.016620500
197	.011835164	237	.014255297	277	.016681219
198	.011895597	238	.014315875	278	.016741941
199	.011956033	239	.014376456	279	.016802667
200	.012016473	240	.014437040	280	.016863397
201	.012076917	241	.014497629	281	.016924130
202	.012137364	242	.014558221	282	.016984867
203	.012197815	243	.014618816	283	.017045607
204	.012258270	244	.014679415	284	.017106351
205	.012318728	245	.014740018	285	.017167099
206	.012379190	246	.014800624	286	.017227850
207	.012439655	247	.014861234	287	.017288605
208	.012500124	248	.014921848	288	.017349364
209	.012560597	249	.014982465	289	.017410126
210	.012621073	250	.015043086	290	.017470892
211	.012681553	251	.015103711	291	.017531662
212	.012742036	252	.015164339	292	.017592435
213	.012802523	253	.015224970	293	.017653212
214	.012863014	254	.015285606	294	.017713992
215	.012923508	255	.015346245	295	.017774776

ANNUAL RATE,  
COMPOUNDED DAILY—CONTINUED

DAYS	2.180 PERCENT FACTOR	DAYS	2.180 PERCENT FACTOR	DAYS	2.180 PERCENT FACTOR
296	.017835564	321	.019356435	346	.020879579
297	.017896355	322	.019417317	347	.020940552
298	.017957150	323	.019478203	348	.021001529
299	.018017948	324	.019539092	349	.021062510
300	.018078750	325	.019599985	350	.021123494
301	.018139556	326	.019660882	351	.021184481
302	.018200366	327	.019721782	352	.021245472
303	.018261179	328	.019782686	353	.021306467
304	.018321995	329	.019843594	354	.021367466
305	.018382816	330	.019904505	355	.021428468
306	.018443640	331	.019965420	356	.021489474
307	.018504467	332	.020026338	357	.021550484
308	.018565299	333	.020087261	358	.021611497
309	.018626133	334	.020148186	359	.021672514
310	.018686972	335	.020209116	360	.021733534
311	.018747814	336	.020270049	361	.021794558
312	.018808660	337	.020330985	362	.021855586
313	.018869509	338	.020391926	363	.021916617
314	.018930362	339	.020452870	364	.021977652
315	.018991219	340	.020513817	365	.022038691
316	.019052079	341	.020574769	366	.022099733
317	.019112943	342	.020635723	367	.022160779
318	.019173811	343	.020696682	368	.022221829
319	.019234682	344	.020757644	369	.022282882
320	.019295557	345	.020818610	370	.022343939
				371	.022404999