GUTTER CHAVES JOSEPHER RUBIN FORMAN FLEISHER MILLER P.A.

TAX, BUSINESS, & ESTATE AND TRUST LITIGATION UPDATE

July 3, 2016
An Electronic Newsletter of Gutter Chaves Josepher Rubin Forman Fleisher Miller P.A.

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ABOUT OUR FIRM

We are a boutique law firm that seeks to protect and enhance the individual, family and business wealth of our clients in the following principal practice areas: Planning to Minimize Taxes (U.S. & International) - Probate & Trust Litigation - Estate Planning, Charitable, Marital & Succession Planning - Business Structuring & Transactions - Trusts & Estates Administration - Tax Controversies - Creditor Protection.

15. AFR Rates - July 2016

1. Anatomy of a Busted Tax Rescue

By Charles (Chuck) Rubin

For many years, there were companies out there that marketed a service to tax professionals to help their corporate clients with large tax liabilities. I remember receiving solicitations to think of them if I came across companies that could benefit from their services. The bare bones of a typical transaction involved a C corporation that had sold assets for a gain or otherwise incurred a large amount of income (or expected this to happen in the near future). The rescue company would purchase the sale of the stock of the company, either with rescue company funds, funds from a lender, or possibly from the target company itself.

Stockholders would do this because they were promised more in funds than if the corporation paid the tax liability and liquidated. How? The rescue company asserted that it had companies available with large tax losses, or had other arrangements that could generate a tax loss, that the target company could use. Thus, the large tax bill to the IRS of the C corporation would never have to be paid, and the rescue company and the shareholders of the target company would split that tax savings between them.

These were the facts before the Tax Court in a recent case. The facts are pretty lengthy, but in essence the target company had a large tax liability to the IRS due to a litigation award. The rescue company arranged for the purchase of the shareholders' stock via a loan from a third party lender, which loan was secured by and was to be repaid from the cash of the rescue company. After the acquisition, Treasury bills of low value were contributed to the target company, and the target company asserted a carryover basis in those bills of over $50M. The target company claimed a loss on the Treasury bills which eliminated the corporate income tax on the litigation award.

The IRS disallowed the loss, and turned its eye on the shareholders as transferees of corporate funds to pay the taxes.

Ultimately, the IRS won on its transferee liability claim. It did this first by finding that the transaction was a fraudulent conveyance under state law - here, Oregon. Recasting the transaction as a corporate redemption of the shareholders, the shareholders were found to be liable for the unpaid taxes of the target corporation under Oregon law.

The court then applied Section 6901 to find federal transferee liability for the shareholders, since the transaction had no practical effects other than the creation of tax losses.

An important fact was that the shareholders had been warned that the contemplated transaction could be a "listed transaction" and that there could be transferee liability for the shareholders - indeed, PriceWaterhouse Coopers refused to become involved with the transaction due to these issues. So the shareholders were forewarned there were problems with the transaction, and that assisted the court in making the appropriate findings for transferee liability under state and federal law.

I'm not sure if any of these rescue companies are still out there. If approached, taxpayers and their advisors should use extreme caution in entering into these rescue transactions.

Estate of Richard L. Marshall v. Comm., TC Memo 2016-119

2. Withholding Agents–Obligation to Withhold On Payments to Foreign Persons When Source of Payment Uncertain

By Charles (Chuck) Rubin

In recent guidance to auditors, the IRS discusses what happens when a payor withholding agent pays items to a foreign payee when the withholding agent is uncertain whether the payment is U.S. source.

By way of background, Code Sections 1441 and 1442 impose a 30% withholding obligation (less under treaties) on payors of U.S. source fixed or determinable annual or periodical income (FDAPI). In most cases, the payor will know if the source is U.S. source. The guidance notes these common rules:

- Interest income is generally sourced to the residence of the payor;
- Dividend income is generally sourced to the place of incorporation of the payor/issuer;
- Substitute dividends or substitute interest, as paid in securities lending or sale-repurchase transactions, are generally sourced the same as the interest or dividend paid on the transferred securities;
- Rental income is generally sourced to the location of the property;
- Royalty income arising from natural resources are generally sourced to the location of the property;
- Royalty income arising from patents, copyrights, secret processes and formulas, goodwill, trademarks, trade brands, franchises, and "other like property" are generally sourced to where the property is used; and
- Compensation for personal services is generally sourced to where the services are performed.

If the withholding agent cannot determine the source of the payment, it must assume it is U.S. source and withhold (although there is a procedure of escrowing it up to a year to provide time to determine the source). Withholding agents that should have withheld but didn't may be subject to penalties and responsibility for the tax.

The guidance outlines one fact pattern that can be a trap for the unwary. It describes a payment to a foreign attorney for services. Since the attorney is foreign and situated abroad, the withholding agent may assume that the payment is for services rendered abroad and thus is foreign source compensation and not subject to withholding. The guidance warns that the withholding agent must first determine where the attorney actually performed the services, to see if any were performed in the U.S. – absent such a determination, the withholding agent falls into the "cannot determine source" rule above and needs to withhold on 100% of the payment.

Thus, in any situation where compensation is being paid for services rendered, the withholding agent should conduct due diligence to determine where in fact those services were performed, to avoid risk of penalty and liability for tax.

International Practice Service Concept Unit RPW/CU/P_08.1_04 (2016)

3. Whose Fraud Extends the Statute of Limitations on Assessment?

By Charles (Chuck) Rubin

The IRS generally has 3 years to assess additional tax after a return is filed. Code Section 6501(a).However, an important exception is Code Section 6501(c)(1). Under that provision, if there is fraud in regard to the preparation of a return, there is no statute of limitations for assessment of tax relating to that return.

Clearly, if the taxpayer commits the fraud, the extended statute of limitations provision applies.

A recent case reminds us that if it is the return preparer, and not the taxpayer, that commits the fraud in regard to a return, the extended statute still applies. Seems a little unfair, but c'est la vie.

Finnegan v. Commissioner, T.C. Memo. 2016-118 (June 16, 2016)

4. What Happens to Jointly Owned Property When One of the Owners Owes the IRS

By Charles (Chuck) Rubin

Leonard and Joyce owned 50% of a commercial property. Their son, Derek, owned the other 50%. The IRS liened the property due to amounts owed by Leonard and Joyce to the IRS for unpaid taxes. The IRS sought to foreclose its tax liens and force a sale of the property. 50% of the proceeds would go to the IRS, and 50% would go to Derek.

The taxpayers argued that the district court should not order the sale.

Code Section 7403 provides authority to the government to file suit to enforce its lien and force a sale of the liened property. There is no exception in Section 7403 that prevents its operation even though there are “innocent third-party” interest holders in the subject property that do not owe taxes to the IRS. The U.S. Supreme Court, in US v. Rodgers, 461 US 677 (1983), confirmed that the Code Section authorizes the sale of the whole property in these circumstances, and that the Supremacy Clause of the U.S. Constitution overrides any state law to the contrary that seeks to protect innocent third-party interest holders.

However, Code Section 7403 says the district court “may” order a forced sale, not “shall.” The Supreme Court in Rodgers acknowledged the district court has discretion to not order a sale, but that discretion is not unbridled and should be exercised only sparingly. It provided four factors for consideration in making this determination: (1) the prejudice to the government's interest as the result of a partial, rather than a total, sale, (2) whether the third party with a non-liable separate interest in the property would, in the normal course of events ... have a legally recognized expectation that that separate property would not be subject to forced sale by the delinquent taxpayer or his or her creditors, (3) the prejudice to the third party as the result of a total sale, and (4) the relative character and value of the non-liable and liable interests held in the property.

The district court considered the four Rodgers factors, and determined to allow the sale to proceed. In so ruling, the court noted:

a. the government would be unduly prejudiced without a forced sale, since a partial sale is not viable;

b. the prejudice to Derek is minimal since he does not live on the premises and will receive 50% of the sale proceeds - further Derek could bid on the sale to either buy the full property himself or attempt to bid up the ultimate purchase price; and

c. as a 50/50 ownership split, the relative ownership considerations weighed in favor of neither party.

U.S. v. Adent, 117 AFTR 2d 2016-1505 (CA7 5/10/16)

5. IRS Tax Liens and Discretionary Trust Interests - Part 2

By Charles (Chuck) Rubin

In the preceding article we wrote how a U.S. District Court held that a beneficiary’s discretionary interest could be liened by the IRS for tax liabilities of the beneficiary. The interest was “halfway” between a purely discretionary interest and a mandatory HEMS ascertainable standard interest (health, education, maintenance, support) clause - it provided for HEMS-like distributions, but only in the "sole discretion" of the trustee.

The District Court has now issued an order relating to enforcement of the lien. The IRS sought an order forcing a distribution to pay the beneficiary's liabilities. The District Court denied the IRS' request.

The IRS' rights under its lien only extend as far as the beneficiary's right to trust funds. Here, that right "has no permanently fixed dollar value" and "is variable according to [his] needs." The amount of the beneficiary's interest is equal to "payments the withholding of which would constitute an abuse of discretion in applying an ascertainable standard." This could vary from $0 to some other dollar amount.

The Court noted that the beneficiary's right can be "assigned a reasonably accurate dollar value by assessing [his] current needs and living demands." The problem was that the IRS provided no evidence of the beneficiary's needs or demands and therefore there is no reason to think the lien extends to all the trust funds.

Is this last part true - can a dollar value be assigned? If the clause was a mandatory HEMS clause, the answer should be yes (albeit difficult to calculate) because of the judicial and IRS fiction that HEMS standards are capable of being calculated and enforced. But here, the trustee had "sole discretion" to determine the distribution within the authorized standard for distribution. Typically, a trustee with sole discretion still has a duty to operate with good faith. Per the reference above to abuse of discretion, the court appears to be saying that there is some number that can be calculated - it is not the amount that a mandatory distribution under the standard would require but that minimum amount the trustee would need to distribute without being deemed to violate his or her discretion. If that is what the court is saying, then I would agree with the analysis. But heaven knows how a trial court in a tax case will determine that!

The government also argued that it should be able to force a distribution since at the death of the beneficiary the remaining trust assets would pass to the beneficiary's estate. An interesting argument, but one which the court did not entertain since it was raised too late in the procedural process.

Duckett v. Enomoto, Et Al., 117 AFTR 2d 2016-XXXX, (DC AZ), 06/06/2016

6. FEDERAL TAX OVERPAYMENT & UNDERPAYMENT INTEREST RATES–3RD QUARTER 2016

FEDERAL TAX OVERPAYMENT & UNDERPAYMENT INTEREST RATES	
3rd Quarter 2016	
Noncorporate Taxpayers	
Overpayment (received on refund)	4%
Underpayment (charged on tax due)	4%
Corporations	
Overpayment first $10,000)	3%
Overpayment (above $10,000)	1.50%
Underpayment	4%
Underpayment (large)	6%

7. Taxpayer Required to Pay Tax Twice on the Same Income - Tax Court Unsympathetic

By Charles (Chuck) Rubin

A taxpayer in the medical supply business received payments from Cigna before 2005. He reported those items in income and paid federal income tax on them.

A dispute later arose and the taxpayer returned payments to Cigna. He did not deduct the repayments in the year of repayment, even though Code Section 1341 might have allowed it.

In 2010, Cigna paid the funds back to the taxpayer in resolution of the dispute. The taxpayer did NOT report those payments, reasoning that he had already paid income tax on them the first time he received them.

The IRS disagreed, and the Tax Court concurred - the taxpayer was required to include the 2010 payments in income. Maybe this is the correct technical result, but there is no doubt here that the taxpayer did pay tax twice on the same income. Sometimes that expression "the law is an _ss" is absolutely true.

Perhaps the tax year(s) for the refunding he made had not expired, and he was able to file a refund claim and gain some type of tax benefit to offset the double tax - since the opinion is silent in that regard, I am guessing the taxpayer did not.

Worse yet, the taxpayer got hit with a substantial underpayment of tax penalty. That penalty does not apply if the taxpayer acted with reasonable cause. I would think that a lay taxpayer could easily believe that the income taxed before 2005 was the same income that he received in 2010 and that he need not pay tax on it again, and thus such a belief would be reasonable. The Tax Court did not, perhaps on facts not disclosed in the opinion, and it upheld the penalty.

Ita A. Udeobong v. Commissioner, TC Memo 2016-109

8. Make Sure the Corporation is in Good Standing Before Filing a Tax Court Petition

By Charles (Chuck) Rubin

Many states will involuntarily or administratively dissolve a corporation for not paying or filing annual reports, fees, or tax returns. The ability of a dissolved corporation to engage in activities after dissolution depends on applicable state law, and typically there are procedures for reinstating such a dissolved corporation.

So what happens if such a dissolved corporation receives a notice of deficiency and petitions the Tax Court for review? Under applicable state law, there may be specific guidance on whether a dissolved corporation can prosecute or defend a lawsuit. Also, some states allow for a dissolved corporation to conduct winding up activities after the dissolution. Such state law provisions have at times allowed authority for a dissolved corporation to file a valid Tax Court petition.

A recent case indicates there are limits, however. In the case, a corporation had been dissolved for over 10 years before receiving a notice of deficiency and filing of a Tax Court petition. The government was able to strike the Tax Court petition as unauthorized under law due to the dissolved status, and thus the taxpayer corporation lost its ability to contest the deficiency in Tax Court. While noting that a dissolved corporation could undertake winding up activities under state law, since the deficiency came after the dissolution, and the dissolution had occurred more than 10 years prior, the Tax Court determined there was no state law authority for the dissolved corporation to file its petition.

The simple solution to avoid such a problem is to reinstate a dissolved corporation before filing the Tax Court petition. This may involve state penalties, and additional expenses relating to curing the deficiency that led to the dissolution. As a practical matter, however, the officers of the corporation may be oblivious to the fact that the corporation has been involuntarily dissolved (and I speak from experience on that), so if they don't know, they are not going to take timely corrective action to reinstate the corporation.

The real lesson here is that the attorney or representative of the taxpayer should always check on the good standing of a corporate taxpayer that is filing a Tax Court petition to avoid these problems.

Allied Transportation, Inc., TC Memo 2016-102

9. 2014 Statistics of Income

By Charles (Chuck) Rubin

The IRS regularly releases information garnered from tax filings. For those with an interest in this sort of information, based on individual income tax returns for 2014:

- Taxpayers filed 148.7 million U.S. individual income tax returns, an increase of 0.6% from 2013;
- There were significant increases in adjusted gross income (AGI), which rose to $9.7 trillion (an increase of 6.1% compared to 2013);
- Taxable income increased to $6.9 trillion (an increase of 8% compared to 2013); and
- Total income tax rose to $1.4 trillion (an increase of 10% compared to 2013).

10. Florida Sales Taxes on Internet Sales Outside of Florida [Florida]

By Charles (Chuck) Rubin

Question: A Florida corporation, with a physical location and principal address in Florida, sells flowers, gift baskets, and other items of tangible personal property over the Internet. The company does not maintain any inventory and instead uses the inventory of florists in the delivery location to deliver purchased products. Are deliveries outside of Florida subject to Florida sales tax?

Answer: Reversing the lower appeals court, the Florida Supreme Court says yes.

The florist mounted two challenges. First was a Due Process argument. The Due Process Clause requires some type of physical presence within the taxing State. Quill Corp. v. North Dakota, 504 U.S. 298 (1992). That presence existed here.

The second challenge was a dormant Commerce Clause claim. Such claims are based on State activity that impairs interstate commerce. To survive a dormant Commerce Clause claim, a tax must meet the four requirements of Complete Auto Transit, Inc. v. Brady, 430 U.S. 274, 279 (1977). These four requirements are that the tax is applied to an [1] activity with a substantial nexus with the taxing State, [2] is fairly apportioned, [3] does not discriminate against interstate commerce, and [4] is fairly related to the services provided by the State.

The Court reviewed all four requirements and found them to be met, in large part due to the physical presence and formation in Florida. While not directly relevant, the Court also noted that Florida would not tax an out-of-state Florida that delivers through a Florida florist.

In regard to being "fairly apportioned," an internal consistency test applies the legal fiction of all States having the same law as Florida and asks if more than one state could then impose tax. In this case, there would be no such double tax. This test has always been bothersome to me since it doesn't ask whether the same transaction is actually being taxed in two jurisdictions due to the taxing regime in the other jurisdiction.

Implications: Sellers situated in Florida conducting Internet sales will not be able to raise constitutional objections to Florida sales taxes on sales out-of-state, even if the goods come from non-Florida sources or suppliers.

Florida Department of Revenue v. American Business USA Corp., 41 Fla.L.Weekly S237a (Florida Supreme Court, May 26, 2016)

11. Tax Treaty Savings Clause Question

By Charles (Chuck) Rubin

Facts: A U.S. citizen and permanent resident of Israel incurs capital gains from the sale of stock of a U.S. corporation.

U.S. - Israel Income Tax Treaty Provisions:

Article 15, Paragraph 1: "[a] resident of one of the Contracting States shall be exempt from tax by the other Contracting State on gains from the sale, exchange, or other disposition of capital assets."

Article 6, Paragraph 3: ""[n]otwithstanding any provisions of this Convention except paragraph (4), a Contracting State may tax its residents and its citizens as if this Convention had not come into effect."

Question: Can the U.S. subject the taxpayer's gain to U.S. income tax?

Answer: Yes. The Article 6 savings clause overrides the exclusion from tax in Article 15.

One has to wonder why the taxpayer took this all the way to the Tax Court. Nonetheless, the case is illustrative of a basic principle for U.S. citizens and residents - treaty provisions will often provide benefits for them vis-a-vis the taxes of the OTHER country, but not as to their U.S. taxes. Still, each treaty and fact pattern must be looked at, since sometimes the applicable savings clause that allows the U.S. to tax its citizens and residents without regard to the treaty will not always apply to all provisions of the treaty.

Cole, TC Summary Opinion 2016-22

12. Florida Case Law Update - Trust, Estate & Guardianship Litigation

By Jenna Rubin, unless otherwise noted

The following is a comprehensive summary of recent Florida cases and other developments in this area.

Anderson v. McDonough, 189 So3d 266 (Fla. 2d DCA 2016)

In this appeal, the appellant appealed a final order requiring him to pay fees and costs to his mother's estate following an unsuccessful will contest. The fee award was granted pursuant to F.S. 733.106 (which provides that the court can direct from what part of an estate fees are to be paid) even though the appellant did not receive anything from the estate. The Court held that this statute does not authorize the imposition of a fee award beyond what may be paid from a person's share of the estate, and does not create personal liability for attorney's fees.

The estate attempted to argue that the fee award was a sanction for bad faith litigation. The Court disagreed, finding that neither F.S. 57.105 nor the inequitable conduct doctrine applied here, where the estate failed to properly invoke the procedures of F.S. 57.105, and where even though the appellant lost his will contest, the case was not so clear cut so to render his litigation a matter of bad faith. As a result, the Court reversed the fee award in its entirety.

The Northern Trust Co. v. Shaw, --- So.3d --- (Fla. 2d DCA 2016)

This decision deals with an interpretation of a surviving spouse's rights under a prenuptial agreement. While the spouse argued that she was entitled to both $500,000 under the agreement and other assets left to her by the decedent, the personal representative felt that she was only entitled to the $500,000, and the other assets left to her by the decedent should be taken into account in satisfying that amount. The Court, relying on North Carolina contract law, ultimately felt that the personal representative's interpretation was correct.

The prenuptial agreement at issue stated that the wife would receive from the husband the sum of $500,000 from his estate. It defined "estate" as his probate estate, any living trust created by him, as well as life insurance, individual retirement accounts, qualified and nonqualified deferred compensation plans and other assets that may pass by beneficiary designation outside of the will or trust documents. When the decedent died, the wife received a $480,000 IRA distribution as well as tangible personal property valued at $103,996.

The wife felt that because the agreement also stated that the decedent had a continuing opportunity to make testamentary gifts and IRA distributions to the wife as he desired, the agreement should be interpreted to allow her to receive both the $500,000 distribution and these other gifts from the decedent. The Court disagreed, and held that the agreement does not provide her with an additional $500,000 payment when she has already received at least $500,000 in assets from the estate.

Howard v. Howard, --- So.3d --- (Fla. 4th DCA 2016)

While most practitioners are familiar with the rules and procedures surrounding the guardianship process, many are less familiar with the procedural requirements for the appointment of a guardian advocate on behalf of someone with a developmental disability. This decision deals with two such procedural requirements: (1) what constitutes a finding of "good cause" to proceed with the guardianship proceeding without the potential ward present and (2) the requirements for a written order appointing guardian advocates.

Good Cause to Proceed Without Potential Ward:

Here, the potential ward did not attend the hearing on her family's petition for the appointment of guardian advocates. The ward's attorney did not waive his client's presence, but did state on the record that he had communicated with her and she did not want to attend. The ward's father testified about the ward's physical and mental limitations, and the court also received doctors' reports regarding her condition. Based on the facts presented at the hearing, the trial court entered an order appointing the ward's family as her guardian advocates.

The ward argued that the court failed to make a finding of good cause when it proceeded with the hearing without her being present, as required by F.S. 393.12(6)(c). The Court held that F.S. 393.12 required the court to make a finding that the ward's waiver of her right to appear was made knowingly and voluntarily. This can be done by examining the ward on the record or by examining third parties who know the ward. Here, since the trial court had heard from the ward's attorney who stated that the ward did not want to attend, the Court held that the trial court had implicitly considered the ward's decision not to appear as good cause to hold the hearing in her absence.

Requirements for an Order Appointing Guardian Advocate:

The Court also considered whether the trial court's order appointing the ward's family as her guardian advocates satisfied the requirements of F.S. 393.12(8). The Court found that because the trial court failed to make findings as to the nature and scope of the ward's lack of decision-making ability, and failed to make a finding as to the specific legal disabilities to which the ward was subject, the order did not comply with F.S. 393.12.

13. Did You Know?

Did you know that there are coffee flavored PEZ?

14. Firm Announcements

Sean M. Lebowitz was installed as President of the South Palm Beach County Bar Association Young Lawyers Section. He was previously serving as Vice President.

The following attorneys in the following areas of practice were recognized as "Super Lawyers" in the 2016 edition of Florida Super Lawyers magazine:

> Estate & Trust Litigation: Peter J. Forman & Larry M. Miller
> Estate & Trust Litigation (Rising Stars): Sean M. Leibowitz and Jenna G. Rubin
> Estate Planning & Probate: Charles (Chuck) Rubin
>
> For an online copy of this year's magazine, visit here.

Charles (Chuck) Rubin was included as a ranked legal advisor in the first edition of Chambers High Net Worth Guide. This new Guide is described by Chambers as follows:

> Chambers and Partners has dedicated the last 25 years to researching and ranking the world's best lawyers. We produce expert guides for the USA, UK, Europe, Latin America, Asia-Pacific, Canada and Global market and are now launching the Chambers High Net Worth guide – our first publication specifically aimed at the international private wealth market. Chambers' global reputation provides unique access to this notably difficult to reach audience. The guide will be used by family offices and professional advisers to wealthy individuals, providing objective guidance on an international scale, making Chambers High Net Worth a key reference point for such a mobile market.

Sean Lebowitz was appointed as Vice Chairman of the Florida Probate Rules Committee.

Charles (Chuck) Rubin, Richard Josepher, and Robert Chaves were recognized in the 2016 edition of *Chambers USA* in the area of tax law. Chambers USA is a leading research guide that ranks lawyers and law firms.

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Most of the postings in this newsletter are first published on the Internet during the preceding month. If you use Twitter, you can be notified of postings as they occur by following #RubinOnTax. If you use Flipboard, search for the magazine "Rubin on Tax (and More)."

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Feel free to forward this newsletter on to anyone who you think may be interested.

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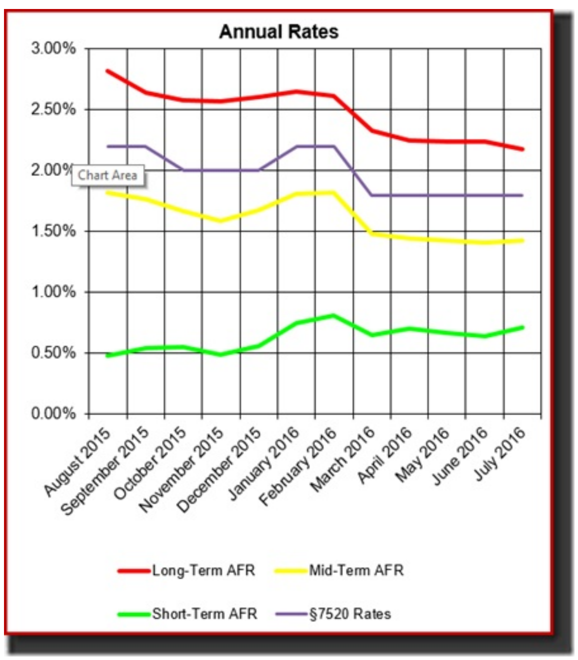
15. AFR RATES - JULY 2016

APPLICABLE FEDERAL RATES

Short-Term AFR	Annual	Semi annual	Quarterly	Monthly	Long-Term AFR	Annual	Semi annual	Quarterly	Monthly
August 2015	0.48%	0.48%	0.48%	0.48%	August 2015	2.82%	2.80%	2.79%	2.78%
September 2015	0.54%	0.54%	0.54%	0.54%	September 2015	2.64%	2.62%	2.61%	2.61%
October 2015	0.55%	0.55%	0.55%	0.55%	October 2015	2.58%	2.56%	2.55%	2.55%
November 2015	0.49%	0.49%	0.49%	0.49%	November 2015	2.57%	2.55%	2.54%	2.54%
December 2015	0.56%	0.56%	0.56%	0.56%	December 2015	2.61%	2.59%	2.58%	2.58%
January 2016	0.75%	0.75%	0.75%	0.75%	January 2016	2.65%	2.63%	2.62%	2.62%
February 2016	0.81%	0.81%	0.81%	0.81%	February 2016	2.62%	2.60%	2.59%	2.59%
March 2016	0.65%	0.65%	0.65%	0.65%	March 2016	2.33%	2.32%	2.31%	2.31%
April 2016	0.70%	0.70%	0.70%	0.70%	April 2016	2.25%	2.24%	2.23%	2.23%
May 2016	0.67%	0.67%	0.67%	0.67%	May 2016	2.24%	2.23%	2.22%	2.22%
June 2016	0.64%	0.64%	0.64%	0.64%	June 2016	2.24%	2.23%	2.22%	2.22%
July 2016	0.71%	0.71%	0.71%	0.71%	July 2016	2.18%	2.17%	2.16%	2.16%

Mid-Term AFR	Annual	Semi annual	Quarterly	Monthly	Section 7520 Rates	
August 2015	1.82%	1.81%	1.81%	1.80%	August 2015	2.20%
September 2015	1.77%	1.76%	1.76%	1.75%	September 2015	2.20%
October 2015	1.67%	1.66%	1.66%	1.65%	October 2015	2.00%
November 2015	1.59%	1.58%	1.58%	1.57%	November 2015	2.00%
December 2015	1.68%	1.67%	1.67%	1.66%	December 2015	2.00%
January 2016	1.81%	1.80%	1.80%	1.79%	January 2016	2.20%
February 2016	1.82%	1.81%	1.81%	1.80%	February 2016	2.20%
March 2016	1.48%	1.47%	1.47%	1.47%	March 2016	1.80%
April 2016	1.45%	1.44%	1.44%	1.44%	April 2016	1.80%
May 2016	1.43%	1.42%	1.42%	1.42%	May 2016	1.80%
June 2016	1.41%	1.41%	1.41%	1.41%	June 2016	1.80%
July 2016	1.43%	1.42%	1.42%	1.42%	July 2016	1.80%



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