

Section 42.—Low-Income Housing Credit

26 CFR 1.42–16: Eligible basis reduced by federal grants.

Rev. Rul. 2002–65

Pursuant to § 1.42–16(b)(3) of the Income Tax Regulations, the Internal Revenue Service has determined that rental assistance payments made to a building owner on behalf or in respect of a tenant under the *Rent Supplement Payment* program (12 U.S.C. § 1701s) or the *Rental Assistance Payments* program (12 U.S.C. § 1715z–1(f)(2)) are not grants made with respect to a building or its operation under § 42(d)(5) of the Internal Revenue Code.

Interest reduction payments made under mortgage insurance programs (for example, section 236 of the National Housing Act (12 U.S.C. § 1715z–1)) which the payments under the Rent Supplement Payment program and Rental Assistance Payments program are intended to augment are not included within the scope of this revenue ruling. The Treasury Department and the Internal Revenue Service are studying the proper treatment of these payments under § 42.

DRAFTING INFORMATION

The principal author of this revenue ruling is Christopher J. Wilson of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling, contact Susan Reaman at (202) 622–3040, or Mr. Wilson at (808) 539–2874 (not toll-free calls).