

Bond Case Briefs

Municipal Finance Law Since 1971

IRS Releases Report on Avoiding Troubled Tax-Advantaged Bonds.

The Internal Revenue Service office of Tax Exempt Bonds (TEB) released the report, *Avoiding Troubled Tax-Advantaged Bonds*. This report produced by the TEB Compliance Practice Research Team seeks to provide aid to issuers of tax-advantaged bonds municipal bonds. It identifies some considerations for issuers of such bonds and is TEB's initial step toward producing public resource products that assist issuers in avoiding troubled transactions. For more than a decade, TEB observed some of the worst problems in the municipal industry and then witnessed the efforts taken (by leaders in state and local government, the professional communities that support them, and various regulatory bodies) to address them. Many of these complex compliance issues facing issuers of tax-advantaged municipal debt still exist.

Publishing *Avoiding Troubled Tax-Advantaged Bonds* is a part of TEB's continuing effort to provide practical steps and products that may be helpful to issuers of tax-advantaged municipal bonds. As such, we welcome comments and feedback from the tax-advantaged municipal bond community that provide further tools and clarification for issuers. Please submit your comments and feedback to TaxExemptBondQuestions@irs.gov inserting "Avoiding Troubled Tax-Advantaged Bonds Question" on the Subject: line.

The report covers three phases of the life cycle of bonds, each with various considerations, of which an issuer should be aware. These three identified phases are: 1) the transaction development phase; 2) the transaction execution phase; and 3) the post-issuance phase.

Watch for the TEB presentation of phase one "Transaction Development," in an upcoming Webinar scheduled for this fall.

TEB hopes that the tax-exempt bond community will use this information to create related products beneficial to their members. These products will provide additional tools that facilitate issuer adoption of practices and procedures that avoid abusive or questionable transactions.

The full report is available at:

<http://www.irs.gov/pub/irs-tege/Avoiding%20Troubled%20Tax%20Advantaged%20Bonds.pdf>