

Bond Case Briefs

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IRS Revising Guidelines for Exempt Bond Exams.

The IRS is revising its guidelines on conducting examinations regarding the post-issuance compliance of tax-exempt bonds, officials in the agency's Tax-Exempt Bonds Office (TEB) said August 27.

During a teleconference on monitoring post-issuance compliance, Alma Dripps, a TEB senior tax law specialist, said the IRS is revising the guidelines found in Internal Revenue Manual section 4.82, though she did not say what the revisions will be. The revised guidelines will be released later this year, she said.

During the course of an examination, Dripps explained, examiners may review any records needed to determine tax compliance of the bonds. Evaluation of internal controls, including post-issuance compliance procedures, is critical in determining the reliability of books and records, she said.

"This type of evaluation aids in determining the appropriate audit techniques to be used during the examination," Dripps said.

Lance Fullmer, also a senior tax law specialist in TEB, noted that in June the IRS released Publication 5091, Voluntary Compliance for Tax-Exempt & Tax Credit Bonds. Part I discusses tax-advantaged bond compliance and Part II covers TEB's voluntary closing agreement program, he said.

Earlier this year, TEB released a report, "Avoiding Troubled Tax-Advantaged Bonds," which seeks to help issuers of tax-advantaged bonds by offering items to consider that might help ensure compliance, Fullmer said. He said three IRS compliance guides covering exempt bonds for charities (Publication 4077), private activity bonds (Publication 4078), and governmental bonds (Publication 4079) are being updated and will be released later this year.

TEB Senior Tax Law Specialist Marie Sullivan said the IRS will continue its outreach to the exempt financing community. In September there will be a telephone forum on voluntary compliance, she said.

by Fred Stokeld