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IRS Rules Student Loan Bonds still Tax-Exempt in PLR.

A private letter ruling from the Internal Revenue Service ruled that actions taken by an issuer of student loan bonds which would cause that issuer to cease being a qualified scholarship funding corporation would not cause the interest on the bonds to fail to be excludable from gross income under § 103.

The PLR states that “[b]ecause Issuer represents it was a corporation described under § 150(d)(2) at the time the Bonds were issued, it was a corporation described under § 150(d)(2) for the entire time the Bonds were outstanding, and it remained the obligor on the Bonds the entire time they were outstanding, Issuer’s proposed actions will not cause interest on the Bonds to fail to be excludable from gross income under § 103.”

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