

Bond Case Briefs

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New Voluntary Closing Agreement Program Request Form.

The Internal Revenue Service released the new Form 14429, Tax Exempt Bonds Voluntary Closing Agreement Program Request. Completion, in full, of the new form is a requirement before the submission to the Tax Exempt Bonds Voluntary Closing Agreement Program (TEB VCAP) is accepted. The purpose of the new form is to assist issuers in organizing TEB VCAP submission requests and to ensure that their submissions are complete, in accordance with the requirements under Notice 2008-31, 2008-11 I.R.B. 592 and IRM 7.2.3. Use of the new form should avoid delays in processing a request because of missing information as well as facilitating the process for accepting and assigning requests.

The Tax Exempt Bonds (TEB) function, within the Tax Exempt & Government Entities Division, administers TEB VCAP. Generally, TEB VCAP provides remedies for issuers of tax-advantaged bonds (tax-exempt bonds, tax credit bonds, and direct pay bonds) who voluntarily come forward to resolve a violation of the federal tax requirements applicable to a bond issue that the issuer cannot self-correct under programs described in the Income Tax Regulations (Regulations) or other published guidance. An issuer will generally receive a more favorable treatment in resolving its tax violation under TEB VCAP than it would for the same tax violation discovered during an IRS examination of their bonds. As such, TEB VCAP encourages issuers, and other parties involved in tax-advantaged bond transactions, to exercise due diligence in complying with the applicable federal tax laws. TEB VCAP also provides a vehicle to correct violations as expeditiously as possible before discovery of the violations during an IRS examination.

The improvement of the TEB VCAP program, through procedural enhancements, is a TEB commitment. The new Form 14429 is an example of the latest effort by TEB to improve the administration of the TEB VCAP program and further this commitment. Last year, TEB provided web content to provide more information about the TEB VCAP program as well as descriptions (provided in IRM 7.2.3.4) of the resolution standards for identified violations both for tax-exempt and certain direct pay bonds. TEB believes that these resolution standards encourage due diligence by providing certainty, to issuers and other parties, in understanding the methodologies available to resolve eligible violations.

The new Form 14429 is available at:

<http://www.irs.gov/pub/irs-pdf/f14429.pdf>