

Bond Case Briefs

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NABL: Delay in Direct Pay Bond Payments

NABL members are receiving inquiries from their clients regarding delays in timely payment of refundable tax credit payments for direct pay bonds, including build America bonds.

As we understand it based on the information posted on the Internal Revenue Service (IRS) website, direct pay subsidy payments are delayed because the forms on which they are processed (i.e., the 8038-CP) are paper returns with no electronic alternative and the IRS is currently unable to process individual paper tax returns. As a result, requests from issuers with direct payments will be delayed until processing centers are able to reopen and in some cases direct payments may not be received until after the corresponding interest payment date.

You can find updated information on the IRS website at the following location: [IRS Operations During COVID-19: Mission-critical functions continue](#), under Paper Tax Returns.