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## flash International Executive Alert

A Publication for Global Mobility and Tax Professionals by KPMG's International Executive Services Practice

### United States – IRS Guidance on Sec. 911 for Four Countries

by KPMG LLP's Washington  
National Tax practice,  
Washington, D.C. (KPMG LLP  
in the United States is a KPMG  
International member firm)

For coverage of last year's  
Rev. Proc. covering countries  
for 2012, see [Flash  
International Executive Alert  
2013-060](#), April 10, 2013

On March 24, 2014, the U.S. Internal Revenue Service (IRS) released an advance copy of Rev. Proc. 2014-25<sup>1</sup>, which concerns individuals who failed to meet the eligibility requirements of either the bona fide residence test or the physical presence test under U.S. Internal Revenue Code (I.R.C.) section 911(d)(1) – and thus may not exclude foreign earned income and housing cost amounts from gross income – because war, civil unrest, or similar adverse conditions in a foreign country precluded the individuals from satisfying these requirements for the 2013 tax year.

### Why This Matters

Individuals who would otherwise qualify for the foreign earned income and foreign housing cost exclusions, may lose the benefit of those exclusions if they are forced to leave a country due to war or civil unrest, which could affect the amount of tax they owe.

A special exception to the time requirements to qualify for those exclusions is allowed for persons in such a situation, who left countries designated by the IRS. The list is updated annually.

### Revenue Procedure 2014-25: Egypt, Lebanon, Pakistan, Yemen

Rev. Proc. 2014-25 provides that for tax year 2013, the Treasury Department in consultation with the Department of State has determined that war, civil unrest, or similar adverse conditions precluded the normal conduct of business in Egypt, Lebanon, Pakistan, and Yemen. An individual who left one of those countries on or after a designated date will be treated as a “qualified individual” for purposes of section 911 with respect to the period during which that person was present in, or was a bona fide resident of, the respective country if the individual establishes a reasonable expectation of meeting the requirements of section 911(d) but for the adverse conditions.

<u>Country</u>	<u>Date</u>
Egypt	July 3, 2013
Lebanon	September 5, 2013
Pakistan	August 9, 2013
Yemen	August 6, 2013

An individual who was first present, or established residency, in one of the foregoing countries after the designated date is not eligible to qualify for the exception.

Revenue Procedure 2014-25 will be published in *Internal Revenue Bulletin* 2014-15 dated April 7, 2014.

*Footnote:*

1 See: <http://www.irs.gov/pub/irs-drop/rp-14-25.pdf> .

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### **New Videos from Your KPMG IES Practice!**

We would like to share with you two recently-filmed IES videos:

- [U.S. Tax Filing Season Is Underway: Highlights for Globally-Mobile Individuals](#) – (app. 7 minutes)

This video concerns several 2013 personal tax developments that relate to international assignments and which international assignment program managers should be aware of as we proceed through the 2013 tax season. In this video we cover such things as income tax rates and thresholds, the main health-care reform taxes (additional 0.9% Medicare tax and the 3.8% Net Investment Income Tax), IRS Form 8938 (*Statement of Specified Foreign Financial Assets*), FinCen Form 114 (*Report of Foreign Bank and Financial Accounts* or the "FBAR"), and reporting of investments in passive foreign investment companies (PFICs), etc.

- [Same-Sex Marriage and State Tax Filing for 2013](#) – (app. 5 minutes, 30 seconds)

This video deals with some recent developments at the state level relating to tax return filing matters for same-sex married couples and what could be coming up for same-sex couples in those states that currently do not recognize same-sex marriage.

If you have any questions or concerns regarding matters raised in these videos, please feel free to reach out to your regular IES or People Services contact.

For other videos from KPMG's IES Practice see [www.kpmginstitutes.com](http://www.kpmginstitutes.com) . Click [here](#) (see the "Video" tab, then scroll for the videos).

The information contained in this newsletter was submitted by KPMG LLP's Washington National Tax practice. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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