

July 31, 2014
2014-077

**United States – IRS
Updates Guidance on Sec.
911 to Include South
Sudan**

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

For prior coverage of Revenue
Procedure 2014-25, see [Flash
International Executive Alert
2014-033](#), March 25, 2014.

flash International Executive Alert

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

The U.S. Internal Revenue Service (IRS) has added South Sudan to the list of foreign countries for which a waiver is in effect for purposes of claiming the Internal Revenue Code section 911 exclusions for the 2013 tax year.¹

In March 2014, the IRS had released Rev. Proc. 2014-25,² which provides a current list of foreign countries and the departure dates for those countries for which the eligibility requirements of section 911(d)(1) are waived. Egypt, Lebanon, Pakistan, and Yemen were the countries originally listed. The IRS has now updated the list to include South Sudan.

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 for those exclusions is allowed for persons in such a situation, who left countries designated by the IRS.

Background

Rev. Proc. 2014-25 provides guidance to individuals who fail to meet the eligibility requirements of either the bona fide residence test or the physical presence test under section 911(d)(1) because war, civil unrest, or similar adverse conditions in a foreign country precluded the individuals from satisfying these requirements for the 2013 tax year. Rev. Proc. 2014-25 provides a current list of foreign countries and the departure dates for those countries for which the eligibility requirements of section 911(d)(1) are waived.

Announcement 2014-28: South Sudan Added to Foreign Country List

Announcement 2014-28 has the effect of amending Rev. Proc. 2014-25 so as to add South Sudan to the list of foreign countries for which a waiver is in effect for purposes of claiming the section 911 exclusions for the 2013 tax year.

Thus, an individual who left South Sudan on or after December 17, 2013, will be treated as a "qualified individual" for purposes of section 911 if he or she can establish a reasonable expectation of meeting the requirements of section 911(d) but for the adverse conditions in that country. An individual who was first present, or established residency, in South Sudan after December 17, 2013, is not eligible to qualify for the waiver.

Announcement 2014-28 will be published in *Internal Revenue Bulletin* 2014-34 dated August 18, 2014.

Footnotes:

- 1 See Announcement 2014-28 at: <http://www.irs.gov/pub/irs-drop/a-14-28.pdf> .
- 2 2014-15 I.R.B. 927.

* * * *

Available for Viewing: IES Video on Data Analytics and Global Mobility!

(1) Data analytics, or data mining, is an area of growing interest in the world of human resources (HR). More and more organizations want to learn how to unlock the potential of the information they already have and what resources, tools, and skills they need to obtain valuable data and statistics that, with the assistance of suitable technology and the help of people experienced in this area, can be effectively “mined.”

Please see: [Data Analytics and Global Mobility: Using Global Mobility Information to Make Better Decisions](#) (app. 7 minutes)

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.

Flash International Executive Alert is an IES publication of KPMG LLP's Washington National Tax practice. To view this publication or recent prior issues online, please click [here](#). To learn more about our IES practice, please visit us on the Internet: click [here](#) or go to <http://www.kpmg.com> .

ANY TAX ADVICE IN THIS COMMUNICATION IS NOT INTENDED OR WRITTEN BY KPMG TO BE USED, AND CANNOT BE USED, BY A CLIENT OR ANY OTHER PERSON OR ENTITY FOR THE PURPOSE OF (i) AVOIDING PENALTIES THAT MAY BE IMPOSED ON ANY TAXPAYER OR (ii) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY MATTERS ADDRESSED HEREIN.