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flash Alert

A Publication for Global Mobility and Tax Professionals by KPMG's Global Mobility 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
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For coverage of last year's
Rev. Proc. and Announcement
covering countries for 2013,
see [Flash International
Executive Alert 2014-033](#),
March 24, 2014 and [Flash
International Executive Alert
2014-077](#), July 31, 2014.

On March 24, 2015, the U.S. Internal Revenue Service (IRS) released an advance copy of Rev. Proc. 2015-25¹, 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 2014 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 2015-25: Libya, Yemen

Rev. Proc. 2015-25 provides that for tax year 2014, 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 Libya 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.

Country Date

Libya July 26, 2014

Yemen September 24, 2014

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 2015-25 will be published in *Internal Revenue Bulletin* 2015-14 dated April 6, 2015.

Footnote:

- 1 See: <http://www.irs.gov/pub/irs-drop/rp-15-25.pdf>.

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The following information is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230 as the content of this document is issued for general informational purposes only.

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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