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flash Alert

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United States – IRS Guidance on Section 911 for Burundi

by KPMG LLP's Washington
National Tax practice,
Washington, D.C. (KPMG LLP
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The U.S. Internal Revenue Service (IRS) released an advanced copy of Rev. Proc. 2016-21 on March 17, 2016. This Revenue Procedure concerns individuals who failed to meet the eligibility requirements of either the bona fide residence test or the physical presence test under Internal Revenue Code (I.R.C.) 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 2015 tax year.¹

Why This Matters

Individuals who would otherwise qualify for the foreign earned income and foreign housing cost exclusions may lose the benefit of those exclusion if they are forced to leave a country due to war or civil unrest, impacting the overall amount of tax they may owe for the 2015 tax year.

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

Revenue Procedure 2016-21: Burundi

Rev. Proc. 2016-21 provides that for tax year 2015, 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 Burundi. An individual who left Burundi on or after the 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 Burundi 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 of Departure on or After</u>
Burundi	May 14, 2015

An individual who was first present, or established residency, in Burundi after May 14, 2015, is not eligible to qualify for the exception.

Footnote:

¹ See Rev. Proc. 2016-21 at <https://www.irs.gov/pub/irs-drop/rp-16-21.pdf>. Rev. Proc. 2016-21 will be published in *Internal Revenue Bulletin* 2016-14 dated April 4, 2016.

The above 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.

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