



# GMS Flash Alert

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## United States – IRS Guidance on Sec. 911 for South Sudan

On March 13, 2017, the U.S. Internal Revenue Service (IRS) released an advance copy of Rev. Proc. 2017-26, 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 2016 tax year.<sup>1</sup>

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### 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 leave a country prior to fulfilling the time requirements, 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 who are forced to leave a country – e.g., South Sudan – designated by the IRS due to war or civil unrest.

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### Revenue Procedure 2017-26: South Sudan

Rev. Proc. 2017-26 provides that for tax year 2016, 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 South Sudan. An individual who left South Sudan on or after July 10, 2016, will be treated as a “qualified individual” for purposes of section 911 with respect to the period during which he or she was present in, or was a bona fide resident of, South Sudan if the individual establishes a reasonable expectation of meeting the requirements of section 911(d) but for the adverse conditions.

An individual who was first present, or established residency, in South Sudan after July 10, 2016, is not eligible to qualify for the exception.

Revenue Procedure 2017-26 will be published in *Internal Revenue Bulletin* 2017-13 dated March 27, 2017.

## FOOTNOTE:

1 See the advanced copy of [Rev. Proc. 2017-26](#).

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**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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