

Client Alert

February 2, 2009

IRS Initiates Compliance Check on Governmental Bond Financings**Areas of Interest****Government Relations****United States**

On January 26, 2009, the US Internal Revenue Service (IRS) Tax Exempt Bond Office (TEB) sent questionnaires to 200 governmental issuers that issued tax-exempt bonds in calendar year 2005 asking for detailed information about their compliance and record-retention procedures and practices. Governmental issuers who receive such a questionnaire will have 90 days to respond to the questionnaire, but TEB may grant 30 additional days to respond in individual cases based on the facts and circumstances.

According to the IRS's related press release, this governmental bond financings project is designed to measure several aspects of the post-issuance compliance knowledge and practices of governmental issuers of tax-exempt bonds. The questionnaire covers:

- Record retention requirements;
- Qualified use of bond-financed property requirements;
- Arbitrage yield restriction and rebate requirements;
- Debt management policies and procedures; and
- Awareness of voluntary compliance and educational resources.

For copies of the questionnaire and cover letter sent by the IRS or if you have questions regarding the questionnaire, please contact the authors of this alert: John Janicik at jjanicik@mayerbrown.com, David Narefsky at dnarefsky@mayerbrown.com, Joanna Horsnail at jhorsnail@mayerbrown.com, or Lorraine Tyson at ltyson@mayerbrown.com.

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