

TAX-EXEMPT BOND ALERT

The Internal Revenue Service recently announced the next step they are taking in their aggressive tax-exempt bond compliance initiative. The IRS plans to send out between 200 and 500 "Compliance Surveys" to state and local governmental bond issuers later this summer. Many of the questions will be very similar to those asked on the questionnaires sent out last summer to charitable organizations. However, this survey is expected to be more in depth.

The director of the IRS' tax-exempt bond office, Clifford Gannett, also stated recently that the IRS is considering taking enforcement action against the charities that did not respond to the survey sent out last summer. Gannett mentioned that his office has begun sending out correspondence tied to arbitrage rebate compliance.

We can help our clients make sure they are in compliance with the applicable rules and regulations related to tax-exempt bonds. We provide various services related to tax-exempt bonds, including arbitrage rebate calculation, yield restriction calculation, and tax exempt bond consulting. For more information, contact Michael Rauchwarg, CPA at 828.236.5770, Amy Bibby, CPA, at 828.236.5797 or Christina Sanders, CPA at 828.236.5817.

To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code.