



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D C. 20224

Date: April 21, 2026

Control Number: TE/GE-04-0426-0003
Expiration Date: 04-21-2028
Affected IRM: 4.70.12.3.6.5;
4.70.12.3.6.6

MEMORANDUM FOR EXEMPT ORGANIZATIONS AND GOVERNMENT ENTITIES – TAX
EXEMPT BOND EMPLOYEES

FROM: Edward T. Killen /s/ *Edward T. Killen*
Commissioner, Tax Exempt Government Entities

SUBJECT: Interim Guidance on Certain Related Return Pickups

This memorandum issues guidance on supplementary procedures for planning the examinations of the Tax-Exempt Bonds (TEB) program until IRM 4.70.12 is published. Please ensure that this information is distributed to all affected employees within your organization.

Purpose: This guidance provides procedures for bond examinations that either 1) refund prior bonds, or 2) were refunded by subsequent bonds.

Background/Source(s) of Authority: During the planning phase of an examination the examiner should complete a pre-contact analysis of the assigned return pursuant to IRM 4.70.12.3. The pre-contact analysis includes a review of prior and subsequent years of the assigned primary return, as detailed in IRM 4.70.12.3.6.6, for proper filing and to evaluate examination potential.

Issuers of tax-exempt bonds frequently issue refunding bonds to take advantage of changes in interest rates or for other reasons related to debt management.

Procedural Changes:
IRM 4.70.12.3.6.5, TEB Specific Filing Checks:

This guidance uses ellipses (...) where appropriate to indicate existing guidance is not affected.

(3) Analyze the following information, if applicable, during your pre-contact analysis:

- ...
- The Official Statement or other Offering Document. If there is a CUSIP (Committee on Uniform Securities Identification Procedures) number for the bonds, the Official Statement should be available on Electronic Municipal Market Access (EMMA). **See IRM 4.70.12.3.6.6.1, TEB - Related Returns - Refunded Bonds and/or Refunding Bonds.**
- ...

New: IRM 4.70.12.3.6.6.1, TEB - Related Returns – Refunded Bonds and/or Refunding Bonds

The following steps supplement the IRM procedures to be used by TEB examiners during the pre-contact analysis.

Determine the Status of Bonds to be Examined:

- 1) As part of the pre-contact analysis for a bond issue under examination, analyze the information available on EMMA, including material event notices, redemptions, and other relevant information, for an indication that the bonds were redeemed, defeased, or refunded.
- 2) If the bonds were fully redeemed and not refunded by a subsequent bond issue, consult with your group manager to determine how to proceed with the examination. If the bonds were defeased and have not yet been redeemed, continue with the examination.
- 3) If the bonds were refunded by one or more subsequent bond issues, typically referred to as refunding bonds, research the refunding bonds using EMMA and other available resources to identify the refunding bonds (see Researching Related Bonds, below). Follow the procedures above to determine if any of the refunding bonds are still outstanding. If the refunding bonds are outstanding, consult with your group manager to consider opening an examination on the refunding bonds.
- 4) If no refunding bonds remain outstanding, absent extraordinary circumstances, with the group manager's concurrence, the refunding bonds will not be examined.

Expanding the Examination to include Refunded Bonds:

- 1) If the bonds refunded other debt obligations, typically referred to as refunded bonds, the pre-contact analysis should determine whether the qualification of the bonds may be impacted by the qualification of the refunded bonds.
- 2) If the qualification of the bonds may be impacted by the refunded bonds' qualification, consult with your group manager to consider opening an examination on the refunded bonds.

Researching Related Bonds (Refunded Bonds and/or Refunding Bonds):

- 1) If the bonds are refunded prior debt obligations, use the return section on Description of Refunded Bonds to determine the issue date(s) of the refunded bonds.
- 2) If the bonds were refunded by one or more refunding bonds, use the information available on EMMA and other available sources to identify the refunding bonds.
- 3) In EMMA, obtain the related bonds' Official Statement, if available, to research the related bonds. If possible, determine the following information on the related bonds during your pre-contact analysis.
 - Issue name(s) and amounts of the related bonds
 - Any multipurpose issues being refunded
 - Any partial refunding of prior bonds
 - Whether the related bonds also refunded other debt obligations.

- 4) Obtain and analyze IDRS BMFOLI for the issuer. This may assist you in determining the plan number for the related bonds when requesting related bond information returns.
- 5) If you are unable to find information on the related bonds during the pre-contact analysis, the following information on the related bonds may be requested on the examined bond's Information Document Request #1:
 - Issue names and CUSIP numbers for the related bonds
 - Notices of redemption

CAUTION: Do not request additional information on the related bonds, including the bond transcript, unless the related bonds are under examination and you have group manager's approval.

Effect on Other Documents: This guidance will be incorporated into IRM 4.70.12, TE/GE Examinations, Planning the Examinations by April 21, 2028.

Effective Date: April 21, 2026.

Contact: Direct any questions regarding this memorandum to Mildred L. Jordan, Management and Program Analyst, GE at (689) 285-6178.

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