PURPOSE

This notice requests comments for developing record retention standards, including recordkeeping limitation programs, for tax-exempt bond issues. In particular, the Service is seeking comments on managing any burdens potentially associated with the record retention requirements that apply to issuers and other parties to tax-exempt bond transactions in order to substantiate compliance with section 103 of the Internal Revenue Code and related provisions.

BACKGROUND

In general, under section 103(a), gross income does not include interest on any State or local bond if certain requirements are met. Various provisions of the Code and the Income Tax Regulations, including, but not limited to, sections 103, 141-150, and 6001, impose record retention requirements on issuers and other parties to tax-exempt bond transactions in order to substantiate compliance with section 103 and related provisions.

The Service has received inquiries regarding the scope and nature of records
that issuers and other parties to tax-exempt bond transactions must retain. In addition, the Service has received requests for guidance addressing State and local governmental recordkeeping requirements in the tax-exempt bond context. For example, industry representatives have recommended that the Service issue guidance that would permit a combination of assumptions, certifications, and summaries of original documents to ease the compliance burden.

REQUEST FOR COMMENTS

The Service requests comments for developing record retention standards, including recordkeeping limitation programs, for tax-exempt bond issues. Comments are invited regarding all aspects of compliance with recordkeeping requirements for tax-exempt bond transactions, including whether different programs may be appropriate for specific types of bond records or specific classes of tax-exempt bond issues. Interested persons should send comments to CC:PA:LPD:PR (Notice 2006-63), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, D.C. 20044. Alternatively, comments may be hand delivered between the hours of 8:00 a.m. and 4:00 p.m. Monday to Friday to CC:PA:LPD:PR (Notice 2006-63), Courier’s Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, D.C.

Comments may also be transmitted electronically via the following e-mail address: Notice.Comments@irsounsel.treas.gov. Please include “Notice 2006-63” in the subject line of any electronic communications. Written comments should be received by October 16, 2006. All comments will be available for public inspection and copying.

DRAFTING INFORMATION

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