

## Part III

### Administrative, Procedural, and Miscellaneous

26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability.

(Also: Part I, §§911; 1.911-1.)

Rev. Proc. 2017-26

#### SECTION 1. PURPOSE

.01 This revenue procedure provides information to any individual who failed to meet the eligibility requirements of section 911(d)(1) of the Internal Revenue Code because adverse conditions in a foreign country precluded the individual from meeting those requirements for taxable year 2016.

.02 This revenue procedure lists the countries for which the eligibility requirements of section 911(d)(1) are waived for taxable year 2016.

#### SECTION 2. BACKGROUND

.01 Sections 911(a) and (c)(4) of the Code allow a "qualified individual," as defined in section 911(d), to exempt from taxation the individual's foreign earned income

and the housing cost amount.

.02 Section 911(d)(1) of the Code defines the term “qualified individual” as an individual whose tax home is in a foreign country and who is (A) a citizen of the United States and establishes to the satisfaction of the Secretary of the Treasury that the individual has been a *bona fide* resident of a foreign country or countries for an uninterrupted period that includes an entire taxable year, or (B) a citizen or resident of the United States who, during any period of 12 consecutive months, is present in a foreign country or countries during at least 330 full days.

.03 Section 911(d)(4) of the Code provides an exception to the eligibility requirements of section 911(d)(1). An individual will be treated as a qualified individual with respect to a period in which the individual was a *bona fide* resident of, or was present in, a foreign country if the individual left the country during a period for which the Secretary of the Treasury, after consultation with the Secretary of State, determines that individuals were required to leave because of war, civil unrest, or similar adverse conditions that precluded the normal conduct of business. An individual must establish that but for those conditions the individual could reasonably have been expected to meet the eligibility requirements.

### SECTION 3. APPLICATION

.01 For 2016, the Secretary of the Treasury, in consultation with the Secretary of State, has determined that war, civil unrest, or similar adverse conditions precluded the normal conduct of business in the following country beginning on the specified date:

*Country*

*Date of Departure On or After*

South Sudan

July 10, 2016

Accordingly, for purposes of section 911 of the Code, an individual who left South Sudan on or after July 10, 2016, will be treated as a qualified individual with respect to the period during which that individual 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 those conditions.

.02 To qualify for relief under section 911(d)(4) of the Code, an individual must have established residency, or have been physically present, in the foreign country on or before the date that the Secretary of the Treasury determines that individuals were required to leave the foreign country. Accordingly, individuals who were first physically present or established residency in South Sudan after July 10, 2016, are not eligible to qualify for the exception provided in section 911(d)(4) of the Code for taxable year 2016.

#### SECTION 4. INQUIRIES

A taxpayer who needs assistance on how to claim this exclusion, or on how to file an amended return, should contact a local IRS Office or consult the section under the heading **How to Get Tax Help** at <https://www.irs.gov/Individuals/International-Taxpayers/U.S.-Citizens-and-Resident-Aliens-Abroad>.

#### SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is Kate Y. Hwa of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure contact Kate Y. Hwa on (202) 317-6934 (not a toll free call).