

Instructions for Form 8038-G

(December 1986)

Information Return for Tax-Exempt Governmental Bond Issues ► Under Section 149(e)

A separate Form 8038-G must be filed for each issue.

(Note: Use Form 8038-GC if issue price is under \$100,000.)

(Section references are to the Internal Revenue Code unless otherwise noted.)

General Instructions

Changes You Should Note

All issuers of tax-exempt bonds must report certain information about bonds issued by them during each preceding calendar quarter. Issuers should use Form 8038-G if the issue price is \$100,000 or more. If the issue price is under \$100,000, issuers should use **Form 8038-GC**, Consolidated Information Return for Small Tax-Exempt Governmental Bond Issues. For private activity bonds, issuers should use **Form 8038**, Information Return for Tax-Exempt Private Activity Bond Issues, to comply with this requirement.

Paperwork Reduction Act Notice

The Paperwork Reduction Act of 1980 says we must tell you why we are collecting this information, how we will use it, and whether you have to give it to us. We ask for the information to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws. You are required to give us this information.

Purpose of Form

Form 8038-G is to be used by issuers of tax-exempt governmental bonds to provide IRS with the information required by section 149(e) and to monitor the requirements of sections 141 through 150.

Who Must File

A Form 8038-G must be filed for each issue of tax-exempt governmental bonds issued after December 31, 1986, if the issue price (line 18, column (c)) of the issue is \$100,000 or more. Form 8038-GC is filed annually to report all issues of governmental bonds whose issue prices are less than \$100,000.

Definitions

- A **tax-exempt bond** is an obligation issued as part of an issue the interest on which is exempt from tax under the Internal Revenue Code.
- A **tax-exempt governmental bond** is a tax-exempt bond that is not a private activity bond.
- A **private activity bond** is generally a bond issued as part of an issue of which: (1) more than 10% of the proceeds are to be used for any private business use; and (2) more than 10% of the payment of the principal or interest is either secured by an

interest in property to be used for a private business use (or payments in respect of such property), or is to be derived from payments in respect of property (or borrowed money) used for a private business use. A bond will also be considered a private activity bond if the amount of the proceeds to be used to make or finance loans (other than loans described in section 141(c)(2)) to certain persons exceeds the lesser of 5% of the proceeds, or \$5,000,000. These bonds should be reported on Form 8038.

Note: Bonds described in section 1312(c)(2) of the Tax Reform Act of 1986 to which the transitional rules in section 1312 or 1313 apply are not private activity bonds for purposes of information reporting. They should be reported on Form 8038-G or Form 8038-GC.

When To File

File Form 8038-G on or before the 15th day of the second calendar month after the close of the calendar quarter in which the issue is issued. Form 8038-G must be completed based on the facts as of the issue date.

Where To File

File Form 8038-G with the Internal Revenue Service Center, Philadelphia, PA 19255.

Specific Instructions

Part I.—Reporting Authority

Amended Return.—If you are filing an amended Form 8038-G, check the amended return box and complete Part I and only those parts of Form 8038-G you are amending by entering the correct information. Use the same report number (line 4) as was used for the original report. Do not amend the estimated amounts previously reported once the actual amounts are determined.

Line 1.—The issuer's name is the name of the entity issuing the bonds, not the name of the entity receiving the benefit of the financing.

Line 2—Issuer's employer identification number (EIN).—If the issuer does not have an employer identification number, enter "none" and attach a completed **Form SS-4**, Application for Employer Identification Number, to Form 8038-G. If, however, the issuer has previously applied for such a number, attach a statement giving the date of the application and the office where it was submitted.

Line 4—Report number.—Number reports consecutively based on the filing

date (not the date of issue). For example, if the issuer previously filed two Forms 8038-G in the 1987 calendar year, the "report number" for the third Form 8038-G would be "G1987-3." If an issuer (e.g., a state) issues bonds through many departments or agencies, the issuer may assign a letter of the alphabet to each department or agency and each may separately number its reports by indicating both the report number and letter (e.g., 5-C, 2-D).

Line 6—Date of issue.—Enter the date of issue. This is generally the date on which the issuer physically exchanges the first bonds that are part of the issue for the underwriter's (or other purchaser's) funds.

Part II.—Type of Issue

Identify the type of bonds issued by checking the appropriate box(es) and enter the corresponding issue price. The issue price does not include interest from the dated date to the date of issue (if payable at regular intervals of one year or less).

Line 16.—Check this line only if lines 9-15 do not apply and enter a description of the issue in the space provided.

Part III.—Description of Bonds

Line 17.—For those bonds issued as part of the issue with the latest maturity date, enter the maturity date, the interest rate (if the interest rate is a variable rate, enter "VR"), the issue price, and the stated redemption price at maturity. If the bonds are reoffered to the public, the issue price should be determined based on the reasonably expected reoffering price. The issue price does not include interest from the dated date to the date of issue (if payable at regular intervals of one year or less). The stated redemption price at maturity is the amount payable (without regard to optional redemptions) at maturity (excluding interest payable at regular intervals of 1 year or less).

Line 18—Columns (c), (d), and (e).—Enter the issue price, stated redemption price at maturity, and weighted average maturity in years (e.g., 8.7 years). The stated redemption price at maturity of the entire issue is the sum of the stated redemption prices at maturity of each bond issued as part of the issue. The weighted average maturity is the sum of the products of the issue price of each maturity and the number of years to maturity (determined separately for each maturity and by taking into account mandatory redemptions), divided by the issue price of the entire issue (from line 18, column (c)).

Line 18—Columns (f) and (g).—Enter the yield only if the yield has been computed. Yield means the yield on the issue for purposes of section 148. If the issue is a variable rate issue, enter “VR” as the yield of the issue. In addition, enter the net interest cost (NIC) in column (g). The NIC for an issue may be determined by dividing the total interest payments for the issue (reduced by any premium or accrued interest and increased by any discount) by the product of the issue price from line 18, column (c) and the weighted average maturity from line 18, column (e). If it is a variable rate issue, enter “VR” as the NIC of the issue.

Part IV.—Uses of Original Proceeds of Issue

Line 19—Proceeds used for accrued interest.—Enter the amount of original proceeds that will be used to pay interest from the dated date of the bonds to the date of issue.

Line 20—Proceeds used for bond issuance costs.—Enter the amount of the original proceeds that will be used to pay bond issuance costs. Include any underwriters' discount (i.e., the difference between the issue price and the net amount received by the issuer).

Line 21—Proceeds used for credit enhancement.—Enter the amount of the original proceeds that will be used to pay fees for credit enhancement that are taken into account in determining the yield on the issue for purposes of section 148 (e.g., bond insurance premiums and certain fees for letters of credit).

Line 22—Proceeds allocated to reasonably required reserve or replacement fund.—Enter the amount of the original proceeds that will be allocated to such a fund.

Line 23—Proceeds used to refund prior issues.—Enter the amount of the original proceeds that will be used to pay principal, interest, or call premium on any other issue of bonds.

Line 24—Nonrefunding proceeds of issue.—Enter here the amount received by the issuer net of any issuance costs and credit enhancement fees, and net of proceeds allocated to a reasonably required reserve or replacement fund and proceeds used for refunding prior issues (including advance refunding). (Subtract lines 20, 21, 22, and 23 from line 18, column (c).)

Part V.—Description of Refunded Bonds

Complete this part only if the bonds are to be used to refund a prior issue of tax-exempt bonds.

Line 25.—Enter the remaining weighted average maturity of the bonds being refunded. Determine the remaining weighted average maturity without regard to the refunding. The weighted average maturity is determined in the same manner as on line 18.

Line 26.—Enter the last date on which any of the bonds being refunded will be called.

Line 27.—Enter the date of issue of the bonds being refunded. If more than a single issue of bonds will be refunded, enter the date of issue of each of the issues.

Part VI.—Miscellaneous

Line 28.—Enter the amount (if any) of the issuer's state volume cap allocated to the issue under section 141(b)(5).

Line 29a.—Check this box if you will not have to rebate arbitrage profits to the United States because the small governmental unit exception to the rebate requirement applies. See section 148(f)(4)(C).

Line 29b.—Check this box if you expect that the 6-month temporary investment exception to the arbitrage rebate requirement will apply. See section 148(f)(4)(B).

Line 29c.—Check this box if you expect to earn and rebate arbitrage profits to the United States pursuant to section 148(f).

Line 30.—If any portion of the issue will qualify for the small issuer exception to section 265 contained in section 265(b)(3)(B)(ii), enter the amount of the bonds that will qualify for the exception.

Line 31a.—Check this box if the proceeds of the issue are to be used to make loans to other governmental units and the interest on those loans will be tax exempt.

Line 31b.—If the issue is a loan made from the proceeds of another tax-exempt bond, enter the name of the issuer and the date of issue of those bonds.

Signature

Form 8038-G must be signed by an authorized representative of the issuer.