



# TaxNewsFlash

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## Final regulations: Tax-exempt bonds, clarifying definition of “investment-type property”

The U.S. Treasury Department and IRS today released for publication in the Federal Register final regulations (T.D. 9854) concerning the arbitrage investment restrictions under section 148 that apply with regard to tax-exempt bonds and other tax-advantaged bonds issued by state and local governments.

In June 2018, regulations were proposed in an effort to clarify existing regulations regarding the definition of “investment-type property” covered by arbitrage restrictions. The proposed regulations expressly provided an exception for investments in capital projects that are used in furtherance of the public purposes of the bonds. The regulations, therefore, concerned state and local governmental issuers of these bonds and potential investors in capital projects financed with these bonds. Read [TaxNewsFlash](#)

The [final regulations](#) [PDF 225 KB] released today adopt the June 2018 proposed regulations “without substantive change.”

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