



TaxNewsFlash

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Rev. Proc. 2021-21: List of countries eligible for section 911(d)(1) waiver for 2020

Rev. Proc. 2021-21 (which appears in the Internal Revenue Bulletin 2021-17 for Monday, April 26, 2021) provides a waiver for the time requirements under Code section 911 for individuals electing to exclude their foreign earned income and who must leave a foreign country because of war, civil unrest or similar adverse conditions in that country.

Rev. Proc. 2021-21—appearing in [IRB 2021-17](#) [PDF 739 KB]—lists the following “waiver country” for tax year 2020 for which the minimum time requirements are waived:

- Iraq, for departures on or after March 25, 2020

Rev. Proc. 2021-21 also reflects that the U.S. Treasury Secretary (in consultation with the Secretary of State) previously determined that the global health emergency caused by the coronavirus (COVID-19) pandemic is “an adverse condition” that precludes the normal conduct of business and thus provided relief under section 911(d)(1) with the issuance of Rev. Proc. 2020-27. Read [TaxNewsFlash](#)

Background

The IRS traditionally has issued revenue procedures as guidance for individuals who failed to meet the eligibility requirements of either the bona fide residence test or the physical presence test under section 911(d)(1)—and thus may not exclude foreign earned income and housing cost amounts from gross income—because war, civil unrest or similar adverse conditions in a foreign country have precluded the individuals from satisfying these requirements for the tax year.

These revenue procedures (generally they have been issued annually) list the countries for which the time requirements are waived in the prior year. If a taxpayer leaves a listed country on or after the provided date, he or she will be considered to have met the time requirements of the bona fide residence test or the physical present test, meaning that his or her early departure will not prevent him or her from claiming the benefit of the “foreign earned income exclusion.”

Rev. Proc. 2021-21 states that previously issued revenue procedures (including Rev. Proc. 2020-14) under section 911(d)(4) remain in full force and effect. However, Rev. Proc. 2020-14 and Rev. Proc. 2020-27 are supplemented. Read [TaxNewsFlash](#)

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