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## Effect of Sequestration on State & Local Government Filers of Form 8038-CP (fiscal year 2019)

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According to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, refund payments issued to, and refund offset transactions for certain state and local government filers claiming refundable credits under Internal Revenue Code section 6431, which applies to certain qualified bonds, are subject to sequestration.

This means that refund payments and refund offset transactions processed on or after Oct. 1, 2018, and on or before Sept. 30, 2019, will be reduced by the 6.2 percent sequestration submitted (fiscal year 2019 rate), no matter when the IRS receives the Form 8038-CP. IRS will apply the sequestration reduction rate unless and until a law is enacted that cancels or otherwise affects the sequester, causing the rate to change.

These reductions apply to Build America Bonds, Qualified School Construction Bonds, Qualified Zone Academy Bonds, New Clean Renewable Energy Bonds, and Qualified Energy Conservation Bonds for which the issuer elected to receive a direct credit subsidy under section 6431. Issuers should use Form 8038-CP Instructions to complete the form. IRS will notify affected issuers, in writing, that a portion of their requested payment was sequestered. Issuers should use this correspondence to identify the portion(s) of amounts requested that were sequestered.

Call IRS Customer Account Services at 1-877-829-5500 if you have questions about the status of refunds, including any sequester reduction, claimed on Form 8038-CP.

### Yearly Sequestration Rate Reduction

Fiscal Year (Oct 1 thru Sept 30)	Sequestration Rate Reduction
2019	6.2%
2018	6.6%
2017	6.9%
2016	6.8%
2015	7.3%
2014	7.2%
2013	8.7%