



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

SMALL BUSINESS / SELF-EMPLOYED DIVISION

July 12, 2011

Control No.: SBSE-05-0711-022

Expires: July 12, 2012

Impacted: IRM 5.1.19

MEMORANDUM FOR DIRECTORS, COLLECTION AREA OFFICES
DIRECTOR, CAMPUS COMPLIANCE SERVICES

FROM: Scott D. Reisher /s/ **Scott D. Reisher**
Director, Collection Policy

SUBJECT: Suspension of the Collection Statute Expiration Date (CSED)
for Foreign Partnerships

This memorandum provides interim guidance concerning Internal Revenue Code (IRC) 6503(c) and its application to partnerships with addresses outside the United States.

Under IRC 6503(c), the running of the period of limitations on collection set forth in IRC 6502 is suspended for the period during which a taxpayer is outside the United States for a continuous period of at least six months. Under IRC 7701(a) (1) and (a) (14), the term "taxpayer" includes a partnership.

If there is no other evidence that a taxpayer was in the United States for a continuous period of at least six months, the use of a foreign address by the taxpayer for that time may be sufficient to establish that the taxpayer was outside of the United States for such time. Therefore, if a partnership has a foreign address, the CSED may be suspended for balance due accounts on said partnership until the partnership should "return" to the United States.

Refer to IRM 5.1.19.3.7.2 paragraph (1) for the reasons to recalculate the CSED to the extent such reasons may be applicable to partnerships, and to paragraph (2) for how to confirm that a taxpayer has been outside of the United States when unable to communicate with the taxpayer or Power of Attorney. A foreign business directory may

be useful to confirm that it is doing business outside of the United States, if one is available.

A determination that a partnership is outside the United States, has remained in or has "returned " to the United States will be more difficult than when doing so for individuals. Therefore, when you are planning to recalculate a partnership's CSED under IRC 6503(c), consult with Counsel first to get advice that you have sufficient evidence to justify the determination.

This only applies to assessments made against the partnership entity.

If a partnership has an address outside the United States but one or more of the partners are in the United States, the CSED for the taxes assessed against the partnership is still suspended under IRC 6503(c). If the partners owe individual taxes and they live in the United States, their individual taxes are not suspended under IRS 6503(c). Only the partnership outside the United States has the CSED suspension under IRC 6503(c).

This information will be updated to IRM 5.1.19 no more than one year from the date of this Interim Guidance memorandum.

If you have any questions concerning these procedures please contact me, or a member of your staff may contact David Killough, Policy Analyst.

cc: irs.gov