



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.29.5

AUGUST 15, 2019

EFFECTIVE DATE

(08-15-2019)

PURPOSE

- (1) This transmits a revision for IRM 4.29, Pass-Through Control System (PCS), Section 5, PCS TEFRA/ILSC Notices and Cover Letters

MATERIAL CHANGES

- (1) Change to Title. Changed title from Partnership Control System (PCS) to Pass-Through Control System (PCS). PCS is used to manage S-corporations as well as partnerships. Pass-through control is more reflective of the systems function.
- (2) IRM 4.29.5.1 - Program Scope and Objectives. Added acronyms to the first use of commonly used terms. Added paragraph (8) for contact information and removed the contact information from IRM 4.29.5.1.1 paragraph (2).
- (3) IRM 4.29.5.1.1. - Background. Remove paragraph (2) and moved the contact information to IRM 4.29.5.1 paragraph (8).
- (4) Editorial changes made throughout. Updated terminology used, and removed italics from titles. Changed Campus TEFRA Function (CTF) to Campus Pass-through Function (CPF). Spelled out first use of acronyms. Updated name changes to applicable forms and letters.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 4.29.5, dated 11/27/2017. Changes to this IRM will also affect the Pass-Through Entity IRM 4.31 Sections 1 through 8. That IRM is currently being rewritten and will include the changes contained in this IRM.

AUDIENCE

Field and campus personnel working TEFRA and ILSC pass-through entities and/or their investors.

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Small Business/Self-Employed (SB/SE) Division

4.29.5

PCS TEFRA/ILSC Notices and Cover Letters

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4.29.5.1
(08-15-2019)
Program Scope and Objectives

- (1) This Internal Revenue Manual (IRM) section provides an explanation of the different notices available through the Partnership Control System database.
- (2) **Purpose:** This IRM is to describe the Pass-Through Control System (PCS) generated notices and settlement letters.
- (3) **Audience:** Field Examination Revenue Agents (RAs) and campus RAs, Tax Compliance Offers (TCOs), Tax Examiners (TEs) and Clerks working pass-through entities and/or their investors linked on the PCS.
- (4) **Policy Owner:** Director, Small Business/Self-Employed (SB/SE), Headquarters, Examination - Field and Campus Policy (SE:S:E:HQ:EFCP)
- (5) **Program Owner:** Program Manager, Campus Examination and Field Support (SE:S:E:HQ:FCP:CEFS)
- (6) **Primary Stakeholders:** SB/SE, Large Business and Industry (LB&I), and Appeals
- (7) **Program Goals:** PCS is a database used to create an electronic linkage between pass-through entities and their underlying partners. Linking in some instances is mandatory. Linkage allows for the proper control of statutes and ensures all relevant partners are processed.
- (8) **Contact Information:** To recommend changes or make any other suggestions related to this IRM section, see IRM 1.11.6.6, Providing Feedback About an IRM Section - Outside of Clearance.

4.29.5.1.1
(08-15-2019)
Background

- (1) PCS was created to monitor and control pass-through entity investors. Pass-through entities can have many partners and many levels of tiering. Tiering occurs when an investor in a pass-through entity is also a pass-through entity. This complexity can make it difficult to keep track of statutes and monitor all the investors.

4.29.5.1.2
(11-27-2017)
Authority

- (1) PCS control is a policy that was established in response to the partnership provisions of the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982. It has been expanded to cover other pass-through entities that fall outside of TEFRA.

4.29.5.1.3
(11-27-2017)
Responsibilities or Roles and Responsibilities

- (1) The Director, SB/SE, Headquarters, Examination Field and Campus Policy (SE:S:E:HQ:EFCP) is responsible for:
 - a. Coordinating and implementing PCS enhancements;
 - b. Coordinating resolutions for PCS systemic problems; and
 - c. Updating this Handbook.
- (2) The SB/SE Program Manager, Examination Field and Campus Policy, Campus Exam & Field Support (SE:S:E:HQ:EFCP:CEFS) is responsible for:
 - a. Ensuring that PCS procedural changes and computer program changes are implemented and coordinated with area office and campus examination personnel; and
 - b. Monitoring and evaluating area office and campus examination PCS quality control procedures.

- (3) Field Territory Managers, Field Area Directors, Director over LB&I Ogden and Director, Examination - Brookhaven, are responsible for ensuring that:
 - a. An accurate database is established by designating PCS responsibilities and activities; and
 - b. A PCS quality control system is implemented. This includes timely action on PCS record establishments, PCS reports, and AIMS TC424 Reject Registers. It also includes timely processing of TEFRA notices and Appeals settlement letters (campus only).
- (4) Area office Examination Managers and campus Field Support Operations managers are responsible for:
 - a. Maintaining an updated copy of IRM 4.29, Pass-Through Control System (PCS) Handbook, in their respective functions;
 - b. Ensuring the training of technical and clerical employees in PCS procedures; and
 - c. Establishing PCS records and acting on PCS reports in a timely manner to assure an accurate PCS database.
- (5) The campus PCS Coordinator works with:
 - The other PCS coordinator(s)
 - Technical Services TEFRA Coordinators
 - Their local employees
 - Other campus functional areas to ensure timely processing of PCS related activities
- (6) The campus PCS Coordinator is charged with:
 - Identifying and resolving technical problems
 - Identifying and coordinating the resolution of PCS systemic problems
- (7) Following are specific campus PCS Coordinator responsibilities:
 - a. Coordinate PCS operations among areas, Campus Pass-through Functions (CPFs), and other campus functions;
 - b. Ensure timely processing and distribution of PCS output;
 - c. Ensure that all requests for establishment and linkage on PCS are reviewed for accuracy, completeness, and timeliness;
 - d. Maintain accuracy of the PCS database by ensuring that action and error reports are worked in required time frames;
 - e. Resolve AIMS problems;
 - f. Assist in the training of examination personnel in PCS procedures and the system;
 - g. Establish and update CPF and Appeals parameter files;
 - h. Review completed Form 8346, PCS Notice Parameters, prepared by the CPF;
 - i. Create, load, print, proofread, and edit parameter file data using Form 8346, PCS Notice Parameters;
 - j. Coordinate with Computer Systems Analyst (CSA) whenever a change is made to parameters;
 - k. Review and input all campus Command Code (CC) Mass Change (MSCHG) and linkage deletion (TSDEL) requests;
 - l. Coordinate requests for PCS IVLs with campus computer services and the requesting function.

4.29.5.1.4
(11-27-2017)
**Program Management
and Review**

- (1) **Program Reports:** PCS generates a variety of reports used to monitor the inventory and related statutes. These reports are explained in detail in IRM 4.29.4, PCS Reports.
- (2) **Program Effectiveness:** PCS is used to help identify the effectiveness of the CPF program. PCS shows the number of partners linked within a partnership structure. Failing to link partner returns timely can result in barred statutes or the need to follow burdensome procedures such as manual assessments or untimely notice procedures.

4.29.5.1.5
(11-27-2017)
Program Controls

- (1) PCS is a Integrated Data Retrieval System (IDRS) based system. Access to command codes are restricted based upon need. For example, generally only the PCS Coordinator is allowed to delete records from the system.

4.29.5.1.6
(11-27-2017)
**Terms/Definitions/
Acronyms**

- (1) There are several terms unique to PCS. Examples of these words:

Defined Terms

Word	Definition
Key Case	A linked pass-through entity that is being examined. This entity is where any pass-through adjustments will originate.
Linkage	The electronic relationship between a pass-through entity and its investor.
One-Year Date	This is a statute date applicable only to TEFRA partnerships. Adjustments to the partner returns must be made within one year of a final partnership determination that finalizes the key case adjustments.
Record	Information stored on the PCS database for a key case or an investor.
Tier	A pass-through entity that is a partner of a pass-through entity. An S-corporation would be a tier partner of a partnership.

- (2) See IRM Exhibit 4.29.1-1 for a list of acronyms.

4.29.5.1.7
(11-27-2017)
Related Resources

- (1) The following Internal Revenue Manual cross references may be helpful to PCS coordinators:
 - a. Terminal Operator Instructions: IRM 2.2 Sections 1–10
 - b. Processing: IRM 3.30.123, Processing Timeliness Cycles, Criteria and Critical Dates Handbook
 - c. Handling of Output: IRM 3.13.62, Media Transport and Control Handbook
 - d. Management of Interrelated and Related Cases: IRM 4.31, Pass-Through Entity Handbook
 - e. AIMS: AIMS/Processing Handbook, IRM 4.4

4.29.5.2
(09-02-2008)
TEFRA Notices

- (1) PCS generates all TEFRA notices to TEFRA notice investors.
- (2) Procedures for processing these notices are contained in IRM 4.31, Pass-Through Entity Handbook.

4.29.5.3
(01-01-2004)
TEFRA Notice Generation (TSLOD and TSNOT)

- (1) The sub-sections below discuss the various notices required by the statute, and the various notices provided for administrative proceedings.
- (2) PCS CCs TSLOD and TSNOT are used to generate notices. CC TSLOD is used to establish investors on the PCS database, and will generate a Notice of Beginning of Administrative Proceeding (NBAP) with the proper definer. CC TSNOT will generate a variety of notices depending on the definer used. The generation of the different notices is explained in the following sub-sections.

4.29.5.3.1
(11-27-2017)
General Information on Notices and Form 886-Z Investor Listing

- (1) Form 8342, PCS Notice Generation, is used to generate TEFRA investor notices (60-Day Letters, Notices of Final Partnership Administrative Adjustment (FPAAs), and Appeals Settlement Letters.
 - a. Exhibit 4.29.5-2, Instructions for Form 8342, PCS Notice Generation, provides instructions for completing Form 8342.
 - b. To generate notices, the key case and investor records must both be present on PCS.
 - c. In addition, the investor must be linked to the TEFRA key case and the investor's TEFRA indicator must be present.
 - d. If there is a one-year assessment statute date present on the linkage, a letter will not generate for the investor.
- (2) Notices and forms which can be generated by PCS are:
 - a. NBAP,
 - b. 60-Day Letter (investor settlement package),
 - c. FPAAs,
 - d. Appeals Settlement Letter for non-docketed cases with affected items, to all linked investors,
 - e. Appeals Settlement Letter for non-docketed cases, to all TEFRA linked investors,
 - f. Appeals Settlement Letter for docketed cases,
 - g. Form 886-Z, TEFRA Partners' Shares of Income,
 - h. Tax Matters Partner (TMP) Settlement Letter
 - i. Investor Level Statute Control (ILSC) Pass-through Audit Notification Letter, and
 - j. Administrative Adjustment Request (AAR) 60-Day Objection Letter
- (3) Exhibit 4.29.5-1, TEFRA Output Generated by the PCS, (Form 8340, PCS Establish or Add with Notice Generation, and Form 8342, Partnership Control System (PCS) - PCS Notice Generation)

4.29.5.3.2
(11-27-2017)
Notice of Beginning of Administrative Proceeding (NBAP)

- (1) The NBAP is a letter which notifies each notice investor or notice group that the TEFRA key case is under examination. It is generated via CC TSLODK (Form 8340, PCS Establish or Add with Notice Generation, Form 14090, TEFRA Electronic Linkage Request Check Sheet (LB&I), or Form 14091, TEFRA Electronic Linkage Check Sheet (SBSE)) using information on the Schedules K-1.
- (2) Input of CC TSLODK generates:

- a. Letter 1787-C, Notice of Beginning of Administrative Proceedings, for partnership investors
 - b. A mail listing.
 - c. A cover sheet
- (3) After the partnership is established on PCS, CC TSCHG must be used to add the address of the partnership. The address is needed for the generation of investor NBAPs. CC TSCHG items 31, 32 and 33 will be used to enter the partnership address information.
- (4) Review all NBAPs to insure the partnership address was correctly printed within the body of the letter. If no address was printed, a new letter must be generated manually.
- (5) The NBAP notices are sent by regular mail. The CC TSLOD generates two Mail Lists:
 - a. One listing is sent to the area or Appeals Processing Manager as proof of mailing of the notices. The other listing is filed in a permanent reference book, not in the administrative file, as was previously done. The need for this information usually comes about after the key case administrative file was destroyed. (Exhibit 4.29.5-3, Certification of TEFRA NBAP Letters)
- (6) Two copies of the letter, (2)(a) above, are generated for each notice investor. One copy of an NBAP is be mailed to the investor, and one copy is filed in the key case administrative file.
- (7) A copy of the mail listing is sent (via mail or email) to the agent, and one copy is filed in the key case administrative file.

4.29.5.3.3
(08-15-2019)
60 Day Letter

- (1) The 60-Day Letter is generated by input of CC TSNOT, notice type 2.
- (2) Letters and forms generated for partnership investors are:
 - a. Letter 1829-C, TEFRA Partnership 60 Day Letter for Penalties and Adjustments, and
 - b. Form 870-LT, Agreement to Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax, and Additional Amounts and Agreement for Affected Items.
 - c. Letter 1827-C, TEFRA Partnership 60 Day Letter, and
 - d. Form 870-PT, Agreement For Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts.
- (3) Forms 870-LT/PT generated with a 60-Day Letter will have "60" displayed in the upper left hand corner, to denote that the agreement form was generated with a 60-day letter.

Note: The generation of the correct notice is dependent upon the tax year end and the input of the penalty/affected item code on the key case record. Below is a table explaining when each notice will be generated:

P/AI Code	Package type	Notice	Attachment
Blank	60 Day	870-PT	N/A
Blank	FPAA	870-PT	N/A
A (for affected item)	60 Day	870-LT	N/A
A (for affected item)	FPAA	870-PT	E

Note: The D removes the current designation, and allows a new designation to be entered. See IRM 4.29.3.5.8, TEFRA Penalty/Affected Item Code.

Note: The attachments are generated with FPAA's where partner level affected items or penalties apply. Attachment E explains that affected items are applicable at the partner level and will be assessed through a separate notice. IRM 4.29.3.5.8(7) explains the attachments.

- (4) This notice is issued upon receipt of a 60-day Letter TMP package from Technical Services.
- (5) Three copies of the 60-day Letter, Form 870-PT or Form 870-LT, and applicable attachments are generated for each investor. Two copies are mailed to the investor, one is a customer service in case the taxpayer requests a conference, and one copy is filed in the key case administrative file.
- (6) Two copies of the 60-Day Letter Certification List are generated. One copy is sent to the Technical Services TEFRA Coordinator, and one copy is filed in the key case administrative file, (Exhibit 4.29.5-4, Certification of 60-Day Letters).

4.29.5.3.4
(11-27-2017)
**Notice of Final
Partnership
Administrative
Adjustment (FPAA)**

- (1) The FPAA is generated by input of CC TSNOT, notice type 3.
- (2) A separate spousal notice is generated on jointly filed returns. The spousal notice is generated based upon there being a spousal record on the TIF file.
- (3) The letters and forms generated for partnership investors are:
 - a. Letter 1830-C, Notice of Final Partnership Administrative Adjustment,
 - b. Form 870-PT , Agreement For Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts, and
 - c. The appropriate attachment as required if the key case penalty/affected item notice code is on.
- (4) Forms 870-PT generated with an FPAA will have "FP" displayed in the upper left hand corner, to denote that the agreement form was generated with an FPAA.

Note: The attachments are provided to notify taxpayers of pending partner level penalties, affected items, or both.

- (5) Three copies of each FPAA, Form 870–PT, and any applicable attachments are generated for each investor. Two copies are mailed to the investor, one as a customer service in case the taxpayer files a petition, and one copy is filed in the key case administrative file.
- (6) The FPAA notices are sent by certified mail. Input of CC TSNOT, notice type 3, also generates three Certified Mail Lists:
 - a. Version A (two copies): One listing is sent to the area or Appeals Processing Manager as proof of mailing of the notices. The other list is filed in a permanent reference book, not in the administrative file, as was previously done. The need for this information usually comes about after the key case administrative file was destroyed. (Exhibit 4.29.5-5)
 - b. Version B (one copy): This list is certified by the post office and returned to the CPF as proof of certified mailing. (Exhibit 4.29.5-6) The certified list is filed in a permanent reference book, not in the administrative file, as was previously done. The need for this information usually comes about after the key case administrative file was destroyed.
- (7) A cover sheet is necessary for certified mailing.

4.29.5.3.5
(01-01-2004)
**Letter 2064 - No Change
FPAA**

- (1) The No Change FPAA is generated by input of CC TSNOT, notice type 9.
- (2) A Letter 2064, Notice of Final Partnership Administrative Adjustment, will be generated for each partner.
- (3) The no change FPAA is generally used to no-change a TEFRA case after the initial 45 day period. It is also used when a taxpayer believes there are adjustments in their favor, but the Service does not agree. The No-Change FPAA allows the taxpayer to petition the court regarding the adjustments.

4.29.5.3.6
(01-01-2003)
**Electing Large
Partnership – Final
Notice**

- (1) For an electing large partnership a Notice of Partnership Adjustment is the final document instead of an FPAA.

4.29.5.3.7
(11-27-2017)
**Appeals Settlement
Letter for non-Docketed
Cases with Affected
Items to ALL Linked
Investors**

- (1) The Appeals Settlement Letter to all linked investors in a TEFRA partnership is generated by input of CC TSNOT, notice type 4.
- (2) Letters and forms generated for partnership investors are:
 - a. Letter 3394(NO), Transmittal Letter for Form 870-LT(AD) for nondocketed TEFRA partnership cases, and
 - b. Form 870-LT(AD), Settlement Agreement For Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts, and Agreement for Affected Items.

Note: The generation of the correct notice is dependent upon the input of the penalty/affected item code on the key case record. Below is a table explaining how each notice is generated:

P/AI Code	Letter	Notice	Attachment
Blank	3395(NO)	870-PT(AD)	N/A
A (for affected item)	3394(NO)	870-LT(AD)	E
<p>Note: The D removes the current designation, and allows a new designation to be entered. See IRM 4.29.3.5.8, TEFRA Penalty/Affected Item Code.</p> <p>Note: The attachments are generated with FPAA's where partner level affected items or penalties apply.</p> <ul style="list-style-type: none"> • Attachment E explains that affected items are applicable at the partner level and will be assessed through a separate notice. 			

- (3) This notice is issued upon receipt of a TMP package and request to issue the settlement letter from the Appeals office.
- (4) Three copies of each letter package are generated. Two copies are mailed to the investor and one copy is filed in the key case administrative file.
- (5) Two copies of the Appeals Letter Certification List are also generated. One copy is sent to the Appeals office Appeals Processing Manager for the Appeals office that has the key case, and one copy is filed in the key case administrative file.

4.29.5.3.8
(11-27-2017)

**Appeals Settlement
Letter for Non-Docketed
Cases to All TEFRA
Linked Investors**

- (1) Appeals Settlement Letters to all linked investors with a TEFRA indicator present on the linkage record are generated by input of CC TSNOT, notice type 5.
- (2) Letters and forms generated to partnership investors are:
 - a. Letter 3395(NO), Transmittal Letter for Form 870-PT (AD) for nondocketed TEFRA partnership cases, and
 - b. Form 870-PT (AD), Settlement Agreement For Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts.

Note: The letter and forms generated depends on the penalty/affected item code input on the system. See IRM 4.29.3.5.8, TEFRA Penalty/Affected Item Code, for further explanation. Below is a table explaining how the notice is generated:

P/AI Code	Letter	Notice	Attachment
Blank	3395(NO)	870-PT(AD)	N/A
<p>Note: The D removes the current designation, and allows a new designation to be entered. See IRM 4.29.3.5.8, TEFRA Penalty/Affected Item Code.</p>			

- (3) This notice is generated upon receipt of a TMP package and request from the Appeals office.

- (4) Three copies of each letter package are generated for each investor. Two copies are mailed to the investor, and one copy is filed in the key case administrative file.
- (5) Two copies of the Appeals Letter Certification List are generated. One copy is sent to the Appeals office Appeals Processing Manager for the Appeals office that has the key case, and one copy is filed in the key case administrative file.

4.29.5.3.9
(11-27-2017)

**Appeals Settlement
Letters for Docketed
Cases**

- (1) The Appeals Settlement Letter for docketed cases to all investors is generated by input of CC TSNOT, notice type 6.
- (2) Letters and forms generated for partnership investors are:
 - a. Letter 2607 (NO), Transmittal Letter for Form 870-LT (AD) for docketed TEFRA partnership cases, and
 - b. Form 870-LT (AD), Settlement Agreement For Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts, and Agreement for Affected Items,
 - c. Letter 2606 (NO), Transmittal Letter for Form 870-PT (AD) for docketed TEFRA partnership cases, and
 - d. Form 870-PT (AD), Settlement Agreement For Partnership Items and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts.

Note: The letter and forms generated depends on the penalty/affected item code input on the system. See IRM 4.29.3.5.8, TEFRA Penalty/Affected Item Code, for further explanation. Below is a table explaining how each notice is generated:

P/AI Code	Letter	Notice	Attachment
Blank	2606(NO)	870-PT(AD)	N/A
A (for affected item)	2607(NO)	870-LT(AD)	E
<p>Note: The D removes the current designation, and allows a new designation to be entered. See IRM 4.29.3.5.8, TEFRA Penalty/Affected Item Code.</p> <p>Note: The attachments are generated with FPAA's where partner level affected items or penalties apply.</p> <ul style="list-style-type: none"> • Attachment E explains that affected items are applicable at the partner level and will be assessed through a separate notice. 			

- (3) Three copies of each letter package are generated for each investor. Two copies are mailed to the investor, and one copy is filed in the key case administrative file.
- (4) Two copies of the Appeals Letter Certification List are generated. One copy is sent to the Appeals Processing Manager for the Appeals office that has the key case, and one copy is filed in the key case administrative file.

- (5) The docket number and TMP name and address must be present on the key case record for PCS to accept a request for notice type 6. It is extremely important that the literal "Tax Matters Partner" is NOT included as part of the TMP name.

4.29.5.3.10
(03-01-2006)
**Schedule of
Adjustments**

- (1) The functionality of generating the schedule of adjustments via PCS has been removed. The campus or PTE should use a copy of the schedule of adjustments provided by the field when sending notices to investors. Sending the copy eliminates any transcription errors that can occur when inputting that data in PCS for the purpose of having PCS generate the schedule.

4.29.5.3.11
(11-27-2017)
**Form 886-Z, Partners'
Shares of Income**

- (1) The Form 886-Z is a listing of all investors linked to a particular key case. The form lists each investor with their name, address, TIN, and Schedule K-1 income/loss percentage.
- (2) Subsequent Form 886-Z may be generated via CC TSNOT, notice type Z.

4.29.5.3.12
(04-01-2007)
**AAR 60-Day Objection
Letter, Letter 3904**

- (1) Letter 3904 is generated to all investors using notice type "A".
- (2) The Letter 3904 is used when the TMP files an AAR requesting substituted treatment. The law requires all partners be given the opportunity to object to the partnership changes if those changes will result in additional tax to them. The letter is generated to all linked partners. If a partner objects, a determination needs to be made as to whether that partner is subject to an assessment and therefore allowed to object.
- (3) See IRM 4.31.4 for more information of substituted AARs.

4.29.5.3.13
(11-27-2017)
**TMP Settlement
Notification Letter**

- (1) The Letter 2513, TMP Settlement Notification Letter, provides the TMP with a list of investors that have entered into a settlement agreement.
- (2) The letter and list of investors are generated weekly and includes investors that have had a settlement date input with CC TSCHG during the prior week cycle.
- (3) Letter 2513, will generate for partnership key case records.

4.29.5.4
(03-01-2006)
ILSC

- (1) PCS generates audit notification letters to all ILSC investors.
- (2) Procedures for processing these notices are contained in IRM 4.31, Pass-Through Entity Handbook.

4.29.5.5
(03-01-2006)
ILSC Notice Generation

- (1) The sub-sections below discuss the ILSC letters and consents that can be generated using PCS. PCS generates letters to investors in an ILSC pass-through to notify them of an examination.

4.29.5.5.1
(11-27-2017)
**ILSC Pass-Through
Audit Notification
Letters**

- (1) PCS will generate a letter to notify ILSC investors of an audit of an ILSC pass-through entity in which they invested. The Letter 3457, Pass-Through Audit Notification Letter, is used for pass-through examinations of partnerships not subject to TEFRA, partnerships electing out of the Bipartisan Budget Act (BBA) and S-corporations.

- (2) The letter is not required by law, but was created to inform investors when an examination is beginning. This way, the investors first contact from us will not be an audit report or a request to extend the statute.
- (3) It is recommended that the letter be issued to all investors controlled by the campuses, and all field controlled investors that may not be aware of the pass-through examination.
- (4) The letter should not be sent by certified mail.
- (5) PCS will generate the letter by using CC TSLODK. The CPF will send letters to all partners if requested when the linkage package is submitted. CC TSLODK is also used to issue the NBAP on TEFRA investors. PCS recognizes the PICF Code of 2 on the ILSC key case and will generate the appropriate Letter 3457.

4.29.5.6
(06-13-2005)
**Notice Suppression Due
to Disaster**

- (1) PCS will automatically suppress any notices that would normally be generated to investors in a disaster area. Investors in a disaster area receive a disaster code on their module. The disaster code is set based upon the taxpayers zip code.
- (2) Notice suppression will not apply to FPAAs (CCs TSNOT3 or TSNOT9).
- (3) If CC TSNOT encounters a disaster code on a partner record, an error condition will occur with "DI" in column 41-42 on the terminal, and a message displayed that a disaster code exists for that partner. Alternately, the operator may over-write the "DI" with "OV" to override the suppression, and TSNOT will then transmit the request. If the disaster suppression indicator is not overridden, a Disaster Notice will be generated to put in the file.

Note: If a CC TSNOTP is used, the operator will not be given the opportunity to override the notice suppression.

4.29.5.7
(04-01-2007)
**Notice Letterhead/
Signature Changes and
Employee Contact
Changes**

- (1) Each notice contains several parameters that can be changed using Form 8346, PCS Notice Parameters. The Form 8346 is used to change the letterhead and signature information.
- (2) Form 8346 is also used to add or change the employee contact information.
- (3) The completed form needs to be signed by the person requesting the change, approved by their manager.
- (4) To change the signature, see IRM 4.29.3.6.16, Changing Name of Director on Notices.

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Exhibit 4.29.5-1 (08-15-2019)**TEFRA Output Generated by the PCS (Form 8340 and Form 8342 Inputs) (Text 4.29.5.3.1)**

Type of Output	Input Document	Command Code
Investor Notice of Beginning of an Administrative Proceeding <ul style="list-style-type: none"> Letter 1787-C Mailing List of TEFRA NBAP Letters 	Form 8340 or Form 14090 or Form 14091 and Schedule K-1	TSLODK
Investor 60-Day Letter Packages: <ul style="list-style-type: none"> Partnership (with penalty) Letter 1829-C and Form 870-LT Partnership (without penalty) Letter 1827-C and Form 870-PT Mailing List of 60-Day Letters 	Form 8342	TSNOT2
Investor FPAA Packages: <ul style="list-style-type: none"> Partnership Letter 1830-C and Form 870-PT Attachments A, P or X, if applicable Certified Mail Listings 	Form 8342	TSNOT3
Appeals Settlement Letter for Non-Docketed Cases with affected items to all linked investors <ul style="list-style-type: none"> Partnership with Penalty Letter 3394 & Form 870-LT(AD) Certified Mail Listings 	Form 8342	TSNOT4
Appeals Settlement Letter for Non-Docketed Cases to all TEFRA linked investors <ul style="list-style-type: none"> Partnership Letter 3395 and Form 870-PT(AD) Certified Mail Listings 	Form 8342	TSNOT5
Appeals Settlement Letter for Docketed Cases <ul style="list-style-type: none"> Partnership (with penalty/affected items) Letter 2607 & Form 870-LT(AD) Partnership Letter 2606 & Form 870-PT(AD) Certified Mail Listings 	Form 8342	TSNOT6
No Change FPAA <ul style="list-style-type: none"> Letter 2064 	Form 8342	TSNOT9
AAR 60-day Objection Letter <ul style="list-style-type: none"> Letter 3904 	Form 8342	TSNOTA
Form 886-Z	Form 8342	TSNOTZ

Exhibit 4.29.5-2 (08-15-2019)**Instructions for Form 8342, PCS Notice Generation (Text 4.29.5.3.1)****Part A—Key Case Entity**

Item	Title of Item	Instructions
2	TIN	Enter the key case EIN. If the key case is established on non-Master File (NMF), indicate one of the following after the TIN: N = non-Master File; —D = Dummy TIN
3	MFT	Enter the key case MFT Code
4	Tax Period	Enter the key case tax period in “YYYYMM” format
5	Notices to be Issued	Enter “P” if notices will be issued to all investors. Enter “I” if notices will be issued to investors specified in Part B only
6	Notice Type	Enter 2 for 60 day letter Enter 3 for FPAA Enter 4 for Appeals settlement letter to all linked investors Enter 5 for Appeals settlement letter to all TEFRA linked investors Enter 6 for Appeals settlement offers for docketed cases Enter 9 for generation of No Change FPAA, Letter 2064 Enter A for generation of an Letter 3904, AAR 60-day Objection Letter. Enter Z to generate Form 886–Z
7	Employee Indicator (IRM 4.29.3.6.15)	Three character field - (ANN) Must enter a “B” or an “O” in the alpha field to designate the campus where the notices will be printed. Two numeric characters may be entered (01-99) to generate specific contact information on the letter. If no number is entered, 99 will be used for default contact information.

Part B—Related Investor

THIS PART WILL BE COMPLETED ONLY IF “I” IS SPECIFIED IN ITEM 5

Item	Title of Item	Instructions
8	TIN	Enter the related investor’s TIN. If the investor is established on non-Master File , indicate one of the following after the TIN: N = non-Master File; —D = Dummy TIN
9	MFT	Enter the related investor’s MFT Code
10	Tax Period	Enter the related investor’s tax period in “YYYYMM” format
11	Requestor Name	Enter requestor’s name
12	PBC	Enter requestor’s PBC

Exhibit 4.29.5-2 (Cont. 1) (08-15-2019)**Instructions for Form 8342, PCS Notice Generation (Text 4.29.5.3.1)**

Item	Title of Item	Instructions
13	EGC	Enter requestor's EGC
14	Approved by	Enter team leader's name
15	Title	Enter team leader's title
16	Signature	Requestor's signature
17	Date	Date signed by requestor
18	Signature	Team leader's signature
19	Date	Date signed by team leader
20	Name of Input Operator	Enter name of input operator
21	Title	Enter input operator's title
22	Signature	Input operator's signature
23	Date	Date form is input by operator

Exhibit 4.29.5-3 (08-15-2019)**TEFRA NBAP Letter Mailing List (Text 4.29.5.3.2)**

Name and Address of Sender

Department of the Treasury

Internal Revenue Service

Brookhaven Campus Pass-through Function or Ogden PTE

Certification of TEFRA NBAP Letters

Date 3-30-2015

Manual Re-Write, LLC	11-1111111	06 201312
0001	Carl E. Flower	123-45-6789
	2 Field Lane	
	Veggie, NY 12345	2013
0002	Phil O. Buster	987-65-4321
	3 Constitution Avenue	
	Verbal, OH 12354	2013
0003	George A. Peach	321-45-6789
	Orchard Lane	
	Farm Acres, GA 12344	2013
Total Count of TEFRA NBAP Letters for Flowthru:		3

Above Letters Mailed:

Signature:

Print Name:

Date:

Exhibit 4.29.5-4 (08-15-2019)

Certification of 60-Day Letters (Text 4.29.5.3.3)

Name and Address of Sender

Department of the Treasury

Internal Revenue Service

Brookhaven Campus Pass-through Function or Ogden PTE

Certification of 60-Day Letters

Date 11-4-2016

Manual Re-Write, LLC	11-1111111	06 201312
0001	Carl E. Flower 2 Field Lane Veggie, NY 12345	123-45-6789 2013
0002	Phil O. Buster 3 Constitution Avenue Verbal, OH 12354	987-65-4321 2013
0003	George A. Peach Orchard Lane Farm Acres, GA 12344	321-45-6789 2013

Total Count of 60-Day Letters for Flowthru: 3

Above Letters Mailed:

Signature:

Print Name:

Date:

Exhibit 4.29.5-5 (08-15-2019)**FPAAs Certified Mail Listing A (Text 4.29.5.3.4)**

Department of the Treasury

Internal Revenue Service

Brookhaven Campus Pass-through Function or Ogden PTE

Date 11-12-2017

Internal Revenue Service Campus

PO Box _____ (Stop_____)

_____, _____ 12345-6789

A Final Partnership Administrative Adjustment (FPAAs) for the year(s) indicated below was sent to the following taxpayer(s):

(Postage Fee Paid by IRS)

Number of Article

Remarks

Manual Re-Write, LLC

06 201312

11-1111111

103 P-903-320-733

Carl E. Flower

123-45-6789

2 Field Lane

Veggie, NY 12345

2013

104 P-903-320-734

Phil O. Buster

987-65-4321

3 Constitution Avenue

Verbal, OH 12354

2013

105 P-903-320-735

George A. Peach

321-45-6789

Orchard Lane

Farm Acres, GA 12344

2013

Total No. of Pieces

Total No. of Pieces

Postmaster (per Name

Listed by Sender

Received at P.O.

of Receiving Employee)

____ 3 ____

Date: _____

Exhibit 4.29.5-6 (08-15-2019)

FPAA Certified Mail Listing B (Text 4.29.5.3.4)

Department of the Treasury

Internal Revenue Service

Brookhaven Campus Pass-through Function or Ogden PTE

Date 11-12-2017

Internal Revenue Service Campus

PO Box _____ (Stop_____)

_____, _____ 12345-6789

A Final Partnership Administrative Adjustment (FPAA) for the year(s) indicated below was sent to the following taxpayer(s):

(Postage Fee Paid by IRS)

Number of Article		Remarks
Manual Re-Write, LLC	06 201312	11-1111111
103 P-903-320-733	Carl E. Flower 2 Field Lane Veggie, NY 12345	2013
104 P-903-320-734	Phil O. Buster 3 Constitution Avenue Verbal, OH 12354	2013
105 P-903-320-735	George A. Peach Orchard Lane Farm Acres, GA 12344	2013
Total No. of Pieces Listed by Sender	Total No. of Pieces Received at P.O.	Postmaster (per Name of Receiving Employee)
____3____	_____	_____
		Date: _____

Exhibit 4.29.5-7 (08-15-2019)**Instructions for Form 8346, Notice Parameters****A. Letterhead Information**

Item	Title of Item	Instructions
1	IRS Signature Name	35 positions. The first position must be "B", followed by the name of the signing official
2	IRS Signature Title	40 positions. The first position must be "C", followed by the title of the signing official.
3&4	IRS Address Line	70 positions. The first position must be "D", followed by the complete return address.

B. Employee Contact Information

5	Employee Indicator	4 positions. The first position must be 1 . The second position must be B if the employee resides at the Brookhaven campus, or O if the employee resides at the Ogden PTE. Positions 3 and 4 are the employees assigned identification number for purposes of generating their contact information on the letters. Each organization must use 99 for default contact information.
6	Employee Name	35 positions. Entry of the employee name begins in position 5 of line beginning with 1 in position 1.
7	Employee ID Number	15 positions. Entry begins in position 40 of line beginning with 1 in position 1. This is where the employee enters their badge number.
8	Mail Stop	13 positions. Entry begins in position 55 of line beginning with 1 in position 1.
9	Employee Office Hours	35 positions. The first position must be 2 .

Exhibit 4.29.5-7 (Cont. 1) (08-15-2019)**Instructions for Form 8346, Notice Parameters**

10	Employee Phone Number	24 positions. Entry begins in position 37 of line beginning with 2 in position 1.
11	Name of Requester	Name of person requesting changes.
12	PBC	Requester's Primary Business Code.
13	EGC	Requester's Employee Group Code.
14	Signature	Requester's Signature
15	Date	Date the form is signed by the requester.
16	Approved by	Name of approving official. Either the employees manager, the PCS Coordinator, or both.
17	Title	The title of the approving official.
18	Signature	The signature of the approving official.
19	Date	Date the form is signed by the approving official.
20	Name of Input Operator	Name of the MITS employee inputting the change.
21	Title	Title of the Input Operator.
22	Signature	The signature of the input operator.
23	Date	Date the information is input on the system.

