

ACKNOWLEDGED SERVICE CENTER ADVICE, MAY BE DISSEMINATED

Acknowledged 9-10-97  
SCA 1997-001

Internal Revenue Service

## memorandum

CC:DOM:FS:P&SI  
HAWIENER:TL-N-4103-96

date: May 12, 1997

to: District Counsel, Kansas City CC:MSR

from: Chief, CC:DOM:FS:P&SI

subject: **TEFRA "No Change" Letters**

This responds to your memorandum of February 18, 1997, regarding the conflict between procedures in the case of an examination of a TEFRA entity that results in no adjustment. You are correct in noting that currently either a "no change" letter or a Notice of Final Partnership Administrative Adjustment (or in the case of an S corporation, a Notice of Final S Corporation Administrative Adjustment) can be issued and we share your concerns regarding the use of different procedures for different entities.

At this time, no policy determination has been made regarding which procedure should be used. Recently, in a memorandum to the Assistant Commissioner (Examination), the Associate Chief Counsel (Domestic) raised a closely related issue and offered the assistance of Chief Counsel in order to resolve the larger question of whether FPAA's are required to be issued in all cases, including "no change" FPAA's. We are hopeful that over the coming months Chief Counsel and Examination will adopt a policy for all Service Centers and taxpayers similarly situated. Until such policy is adopted, however, both procedures may be used so long as partners or shareholders of the same TEFRA entity are issued the same notices and are otherwise treated consistently.

We appreciate your inquiry and insight into the matter. If you have any questions regarding this matter, please contact Howard A. Wiener at (202) 622-7860.

JUDITH M. WALL

WILLIAM C. SABIN, JR.  
Senior Technician Reviewer

CC: Acting Director, Service Center Exam CP:CO:SC:E  
Attn: Rhen O'Dell, Program Analyst

Executive Office of Service Center Operations

Attn: Thomas H. Dega Room 2024

National Director of Customer Service Operations

Attn: Deborah Reilly Room 7238