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From:

Sent: Monday, August 04, 2008 8:55 AM

To:

Cc:

Subject: RE: TEFRA Question - please see if you agree with my analysis

We can't issue the affected item FPAA to C until after the proceeding for A is complete. Any 872-P signed by the TMP of A will extend the statute for issuing affected items including the affected item FPAA to C. The partnership items under section 705 that control C's basis in A, and the character of any liabilities of A which determine C's at risk amount, are determined in the C proceeding. So generally we are better off with an unrestricted 872-P from A.

If the proceeding for A is already over, or we are not going to open a proceeding for A because we accept all of A's partnership items as reported for purposes of computing C's basis and at risk, then we can conduct a TEFRA proceeding only for C with the consent you propose.

 I don't think that the at risk provisions (under section 465) have any effect on basis under section 705.