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From:

Sent: Friday, May 14, 2010 9:00:04 AM

To:

Cc:

Subject: RE: Possible munro situation

If the taxpayer reported a \$ loss, and we have a \$ + non-TEFRA adjustment we would determine a deficiency on approximately \$ of net income.

If we if ignore the net income from the partnership (also about \$), the starting "reported amount" would be a negative \$. This would result in a de minimus deficiency. When the TEFRA proceeding is over, we will likely only be able to asses additional partnership income and we will have forgone our ability to assess a deficiency on the \$ of net non-TEFRA income.

So I agree that we should not use the Munro computations under this scenario.