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[Third Party Communication:

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From: [REDACTED]

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To: [REDACTED]

Cc:

Bcc:

Subject: RE: Acrobat Document.pdf

[REDACTED],

This is still our position. However, under 301.6241-6, the IRS may adjust items that would be PRIs at the partner level solely for purposes of determining a non-chapter 1 tax. So if the IRS wanted to make the determination at the partner level instead of the partnership level, it could but there could not be any effect on chapter 1 taxes as a result of that [REDACTED]

[REDACTED] Under 301.6241-6 the item would still be a PRI, it would just be adjusted at the partner-level for non-chapter 1 purposes. [REDACTED]

The checklist is correct. If an item has zero possible impact on chapter 1 taxes, it is not a PRI and cannot be adjusted at the partnership level. NESE impacts a chapter 1 deduction which is why it is a PRI and can be adjusted at the partnership level. NESE would not be covered by the "non-chapter 1" box. Things that would be covered by that – any adjustments to chapter ¾ withholding, actual partner-level SECA tax, payroll taxes, excise taxes.

Hope this helps. Please let me know if you have any questions.

Thanks,
Jenni

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