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From: [redacted]
Sent: Friday, March 6, 2026 12:26:06 PM
To: [redacted]
Cc: [redacted]
Bcc:
Subject: RE: - Invalid Return Under Beard

[redacted]

We agree with the RA's memo that the initial return showing ownership information, but containing all 0s would most likely be considered invalid under application of the *Beard* test.

We believe the *Beard* test to determine validity of the purported return is applicable here, specifically the prong requiring sufficient data to allow calculation of tax. The *Beard* test doesn't apply perfectly to partnership returns, but courts and Service guidance have applied it to determine the validity of a 1065 on several occasions. *See e.g., Huff v. Comm'r*, 138 T.C. 258 (2012); Field Service Advisory 1992 WL 1354785.

Numerous tax court decisions have found that a return (typically a 1040) containing all zeros, even if filed on an official IRS form, does not constitute a valid return. However, these are all in the tax protestor context and other cases have held that a zero return may be valid if there is reason to believe that is an accurate reflection of the taxpayer's activity. *YA Global Investments v. Comm'r*, 161 T.C. 173, 264 (2023). There is no indication here that this is an accurate reflection of the taxpayer's activity.

Let us know if there are additional questions you have for us.

Best,

[redacted]