From:
Sent: Friday, February 13, 2009 10:36:54 AM
To:
Cc:
Subject: RE: Inside-Outside Basis Statute question

You can change the amount of partnership liabilities reflected on the partnership return. You can determine whether any liabilities were forgiven generating COD income. You can adjust capital accounts. You can adjust both the amount of contributions and the partners basis in the contributed amounts. These will all have a flow though effect on the computation of outside basis. If the computational effect of these amounts results in a change to outside basis of the partner, and that change then results in additional income only at the partner level, you would need to issue an affected item notice of deficiency to the partner for that income within one year of the completion of the partnership proceeding.