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The basis of partners in subsequent years is affected by income/loss determinations in prior years that are adjusted under the TEFRA partnership procedures. See I.R.C. 705 (outside basis adjusted by allocable share of partnership gain/loss). Thus, if a partner sold his interest in the partnership after the partnership year being adjusted, his resulting changed basis will result in a changed gain or loss on the sale of his partnership interest. A refund due to an increased basis (and, thus, a reduced gain) should be made within two years under section 6230(d)(3) and (c)(2)(B). An affected item assessment based on a decreased basis, and resulting increased gain, should be made within one year of the completion of the TEFRA proceeding under section 6229(d).

The mitigation provisions apply to TEFRA partnership items. But this is fairly rare and they have to be analyzed on a case by case basis.