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From:

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To:

Cc:

Subject: RE: TEFRA

At page 860 of [Roberts](#) the court held that the partner will be bound by the partnership items reported on the partnership return if we do not conduct a TEFRA proceeding for the partnership return. So if you issue an FPAA to (the partner), the partner proceeding for will be bound by the contribution amount reflected on the partnership return of . This is a partnership items of binding on its partners. Treas. Reg. 301.6231(a)(3)-1(c)(2). Since we are bound by this contribution amount reflected on return in the proceeding, this amount (as reported on s return) cannot be changed to a different number in s own separate proceeding. See [University Heights v. Commissioner](#), 97 T.C. 278 (1991). So if your proceeding is dependant on our changing the amount of this item reported on the return, you would have to issue an FPAA to in order to change the reported contribution amount. See also [Nussdorf v. Commissioner](#) (full T.C. opinion issued last year on this point)

Section 704(d) applies to , but section 465 does not apply to partnerships such as .
[Hambrose v. Commissioner](#), 99 T.C. 298, 310 (1992)(465 applies only to individuals and C corps).
Section 465 would be asserted against the individual partners of through affected item notices of deficiency issued to them within one year of the completion of the partnership proceeding.

Call me if you would like to discuss any of these points.