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From:
Sent: Friday, April 16, 2010 1:49:39 PM
To:
Cc:
Subject: RE: Another TEFRA question

As long as all assessments are consistent with the treatment by Y we can assess the indirect partners holding an interest in Y through X, based on inconsistent reporting by them of Y's partnership items. The required assessment procedure, however, may not be clear depending on your facts. Disallowing X's bad debt deduction because it is inconsistent with Y's reporting may be a directly assessable computational adjustment under section 6222 if the bad debt is clearly identified on the X return as the same liability reported on the Y return as a valid continuing liability. If, on the face of the X return this association is not obvious, we may have to issue an affected item notice of FPAA to X to make the partner-level factual determination that the treatment is inconsistent with a reported Y partnership item.