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From:
Sent: Friday, February 03, 2012 8:47:31 AM
To:
Cc:
Subject: RE: TEFRA Issues

There is no question that the calculation of the effect of the FTC on a partner's tax liability is an affected item, i.e., it is affected by the amount of the partnership FTC reflected on the partner Form K-1 (as originally reported or as adjusted in the TEFRA proceeding). It doesn't matter whether we adjusted the FTC in the partnership proceeding - it's effect on the partner return stays an affected item regardless.

Your issue is not whether it is an affected item, but rather whether this affected item can be directly assessed or whether it requires an affected item notice of deficiency to make the assessment. It can be directly assessed if it can be mathematically computed based exclusively on the partner return and his Form K-1 (as originally filed or as adjusted in the TEFRA proceeding). Treas. Reg. 301.6231(a)(6)-1. It will require an affected item notice of deficiency if you must look behind the face of the partner return (e.g., by getting additional supporting schedules from the partner or by asking the partner additional factual questions) to calculate the tax. I.R.C. 6230(a)(2)(A)(i).