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From:

Sent: Thu 9/18/2008 4:21 PM

To:

Cc:

Subject: RE: Tefra Questions

There does not seem to be a dispute that _____ LLC is a partner in _____. There does not seem to be a dispute that the _____ Trust is the sole owner of _____, LLC. There does not seem to be a dispute that the trust is a grantor trust with all of its income/losses reported directly on the _____ return. There does not seem to be a dispute that the _____ are indirect partners to who the income/losses would ultimately flow under Sente Investment Club v. Commissioner, 95 T.C. 243 (1990). I don't read the original Schedule K-1 as being inconsistent with any of the above, other than a clerical error in the EIN.

Since the _____ get the items regardless of whether _____ or _____ Trust is listed as the direct partner -- the issue you raise appears moot. Furthermore, under section 6223(c)(3) and indirect partner can ask to be treated as a direct partner for notice purposes. The Form 1040X arguably does this.
