

ID: CCA_2009040208560137

Number: **200920044**

Release Date: 5/15/2009

Office:

UILC: 6223.02-00

From:

Sent: Thursday, April 02, 2009 8:56:04 AM

To:

Cc:

Subject: RE: TEFRA question involving grantor trusts

What tax year are you linking? Generally we link directly to the pass-through entity. Then the Service Center links the Schedules K-1 of the pass-through entity directly to the pass-through entity itself rather than to the source TEFRA partnership. For the direct link to the TEFRA partnership would be the trust with the original beneficiary of the trust being linked to the trust. For the direct link would be to the trust and the secondary linkage would be to both the old and the new beneficiaries since, presumably, they both would receive flow through items from the source partnership proceeding. For subsequent years only the new beneficiary would be subject to the secondary linkage.

The trust is required to forward all notices to the beneficiaries under section 6223(h). Alternatively, we are allowed to convert all of the secondary linkages to direct linkages under section 6223(c)(3), totally ignoring the grantor trust that stands between the ultimate taxpayers and the source partnership proceeding. [REDACTED]