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From:

Sent: Friday, March 05, 2010 10:36:16 AM

To:

Cc:

Subject: RE: []

I agree that the inconsistently reported COD income should be assessed. We would need to issue an affected item notice to make this assessment to determine whether the partner may be subject to any insolvency exception under section 108. This would be an affected item subject to section 6230(a)(2)(A)(i). Section 6222 removes the requirement that we issue an FPAA under section 6225, but does not remove the requirement that we issue affected item notices of deficiency.

[REDACTED]. Gross proceeds from the sale of the partnership interest is not a partnership item unless the partner sold his interest to the partnership itself or the partnership makes a section 754 election with respect to the new partner based on the purchase price. The date that the partner's interest transferred to a new partner will also be determined by the partnership return absent a TEFRA proceeding to change this determinations. Section 751 appears to be relevant under your facts only to determine what portion of the proceeds will be treated as the sale of ordinary assets. These section 751 amounts can be determined from the partnership books and records if not reflected on the partnership return itself. See Roberts v. Commissioner, 94 T.C. 853, 860 (1990). If these amounts are reflected on the partnership books and records, rather than its return, this would not be a section 6222 issue.