



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.31.11

JULY 27, 2023

EFFECTIVE DATE

(07-27-2023)

PURPOSE

- (1) This transmits new IRM 4.31.11, Pass-Through Entity Handbook, Other PTE Topics.

MATERIAL CHANGES

- (1) This is a new IRM.

EFFECT ON OTHER DOCUMENTS

This IRM incorporates IG Memo LBI-04-0621-0004, Guidance on the Revocation of Internal Revenue Code Section 754 Election Procedures.

AUDIENCE

LB&I, SB/SE, and IRS Independent Office of Appeals (Appeals) employees.

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Large Business and International Division

4.31.11

Other PTE Topics

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4.31.11.1
(07-27-2023)
**Program Scope and
Objectives**

- (1) **Purpose:** To provide guidance on other Pass-Through Entity (PTE) topics not addressed elsewhere in the Pass-Through Entity Handbook.
- (2) **Audience:** LB&I and SB/SE employees are the primary users of this IRM.
- (3) **Policy Owner:** LB&I Policy under the Strategy, Policy, and Governance office in the Assistant Deputy Commissioner Compliance Integration organization.
- (4) **Program Owner:** Director, LB&I Pass-Through Entities practice area.
- (5) **Primary Stakeholders:** Employees in LB&I, SB/SE, and Appeals who work on partnership cases.

4.31.11.1.1
(07-27-2023)
Background

- (1) This IRM incorporates guidance on other PTE topics.

4.31.11.1.2
(07-27-2023)
Authority

- (1) A partnership with an IRC 754 election in place may revoke such election with the approval of the district director for the IRS district in which the partnership return is required to be filed. See Treas. Reg. CFR 1.754-1(c). Districts were abolished with the 2000 IRS restructuring, and the regulations have not been updated to reflect the current IRS restructuring.
- (2) The Commissioner has the authority to administer and enforce the Internal Revenue Code (Treasury Order No. 150-10). The authority is re-delegated to the Division Commissioners (Delegation Order 1-23). Division Commissioners may delegate to the division directors, certain authorities on matters, including cases and resources, previously delegated to service center or practice area directors. See Division Delegation Order 1-23-12. As a result, the LB&I commissioner may, through practice area directors, issue guidance to field employees to promote better understanding and consistency.

4.31.11.1.3
(07-27-2023)
**Roles and
Responsibilities**

- (1) The procedures in this IRM fall under the general exam procedures for LB&I and SB/SE.
- (2) All of the practice areas in LB&I share an equal responsibility in conducting a through examination. The practice area director is responsible for ensuring their employees follow the procedures outlined in the IRM.
- (3) The director, examination headquarters, is the executive responsible for providing policy and guidance for SB/SE examination employees and ensuring consistent application of policy, procedures and tax law administration.
- (4) All IRS personnel have the responsibility to ensure that taxpayer rights are protected and observed.

4.31.11.1.4
(07-27-2023)
**Program Management
and Review**

- (1) The procedures in this IRM fall under the general exam procedures in IRM 4.46.1, LB&I Examination Procedures, General Information and Definitions and IRM 4.10.2, Examination of Returns, Overview of Examiner Responsibilities. There are no separate reports or management review processes over the procedures in this IRM.

4.31.11.1.5
(07-27-2023)

Program Controls

- (1) Director, LB&I PTE practice area provides management oversight of the PTE specialty groups.
- (2) LB&I follows IRM 4.51.2, LB&I Administrative Guidance for developing, changing, and documenting LB&I policies.

4.31.11.1.6
(07-27-2023)

Terms, Definitions and Acronyms

- (1) The following table lists commonly used acronyms:

Acronyms

Acronym	Definition
BBA	Bipartisan Budget Act of 2015
BOD	Business Operating Division
CC	Command Code
CHS	Collaboration History Sheet
DLN	Document Locator Number
EQTS	Exam Quality and Technical Support
EUP	Employee User Portal
FLM	Frontline Manager
GHW	Global High Wealth
HQ	Headquarters
IDRS	Information Document Retrieval System
ILSC	Investor Level Statute Control
PN	Practice Network
POC	Point of Contact
PTE	Pass-Through Entities
SFTS	Senior Flow-Through Specialist
SME	Subject Matter Expert
TEFRA	Tax Equity and Fiscal Responsibility Act of 1982
WLS	Workload Services

4.31.11.1.7
(07-27-2023)

Related Resources

- (1) Knowledge management internal article, Optional Basis Adjustment - IRC 754 Election. This can be found on the partnerships knowledge base site under general concepts, optional basis adjustment, 754 election.

Note: Due to the migration of the virtual library at the time of publication of this IRM, a link could not be provided.

- (2) Public facing IRS.gov page with FAQs for IRC 754 Election and Revocation, <https://www.irs.gov/businesses/partnerships/faqs-for-internal-revenue-code-irc-sec-754-election-and-revocation>.

4.31.11.2
(07-27-2023)
**Revocation of 754
Elections**

- (1) LB&I and SB/SE employees will follow this guidance to determine whether to approve or deny a request filed by a partnership to revoke its election to adjust the basis of partnership property under IRC 754, Manner of Electing Optional Adjustment to Basis of Partnership Property. Also see IRM 4.31.11.1.2, Authority.

4.31.11.2.1
(07-27-2023)
Overview

- (1) This guidance applies to any partnership, whether subject to the unified rules under TEFRA (Tax Equity and Fiscal Responsibility Act of 1982), the centralized audit regime under BBA (Bipartisan Budget Act of 2015), or separate deficiency proceedings (ILSC - Investor Level Statute Control).

4.31.11.2.1.1
(07-27-2023)
Filing the 754 Election

- (1) In general, IRC 754 allows a partnership to adjust the basis of the property within a partnership under IRC 734(b) and IRC 743(b). These adjustments can only be made if the partnership has made an election under IRC 754. These adjustments arise when one of two triggering events occur:
 - a. a distribution of partnership property
 - b. certain transfers of a partnership interest
- (2) To make the election, a partnership must attach a statement to the partnership's timely filed tax return (including extensions) for the tax year in which a distribution or transfer occurs. The statement must include both:
 - a. the name and address of the partnership
 - b. a declaration that the partnership elects under IRC 754 to apply the provisions of IRC 734(b) and 743(b). See Treas. Reg. CFR 1.754-1(b)(1).
- (3) Once an election is made under IRC 754, it applies to all distributions and transfers made during the tax year with respect to which the election is initially filed, and to all such transactions in any subsequent tax years unless the election is revoked. It can only be revoked with permission of the Commissioner.

4.31.11.2.1.2
(07-27-2023)
**Revoking the 754
Election**

- (1) A partnership wishing to revoke the election should file a request using Form 15254, Request for Section 754 Revocation, no later than 30 days after the close of the partnership year for which the revocation is intended to take effect. The request must be signed by one of the partners.
- (2) Treasury Regulation 1.754-1(c) provides examples of situations which may warrant approving an application for revocation. These examples include situations where the IRC 754 election results in an administrative burden, such as:
 - a. a change in the nature of the partnership's business
 - b. a substantial increase in the partnership's assets
 - c. a change in the character of the partnership's assets
 - d. an increased frequency of retirements or shifts of partnership interests.

Note: No application for revocation of an election shall be approved when the purpose of the revocation is primarily to avoid a reduction in the basis of partnership assets upon a transfer or distribution.

- (3) The partnership must provide all information relating to the reasons for the revocation request and a statement of whether the election, if not revoked, would result in a reduction in the basis of the partnership's property under IRC 734(b) or 743(b).

- (4) Regardless of whether an IRC 754 election is in place, in the case of partnership distributions, the partnership must reduce the basis of its assets under IRC 734(b) if the sum of the distributee partner's loss on the distribution and the basis increase in the distributed properties with respect to the distributee partner is more than \$250,000. See IRC 734(b) and (d)(1). For transfers of partnership interests, the partnership must adjust the basis in property having a substantial built-in loss more than \$250,000 immediately after a transfer of a partnership interest. See IRC 743(b) and (d).

4.31.11.2.1.3
(07-27-2023)

Processing Requests Received

- (1) Form 15254 instructs partnerships to file requests to revoke IRC 754 elections with the Ogden, UT Service Center.
- (2) The requests received are routed to the LB&I Pass-Through Entity (PTE) Global High Wealth Workload Services (GHW WLS) area in the Ogden Service Center.
- (3) Within fourteen (14) days, GHW WLS will scan the documents and process the Form 15254, Section 754 Revocation Request package using the current procedures after reviewing the BOD Code on the IDRS Command Code (CC) INOLES screen. See <http://serp.enterprise.irs.gov/job-aids/command-code/inoles-bmf.html>, SERP: INOLES Definer S Response Screen.
- (4) As part of processing the request, GHW WLS will input transaction code (TC) 971 with action code (AC) 754 on the partnership's entity profile using IDRS CC REQ77/FM77. This action updates the 754 indicator on the entity from "0" (default) to "1" (received) and generates a document locator number (DLN).
- (5) GHW WLS will retain the original documents until a final determination is made and communicated to GHW WLS by the relevant division. See the separate document retention procedures for each division.

4.31.11.2.2
(07-27-2023)

LB&I Partnership Procedures

- (1) The following procedures are specific to LB&I partnerships.

4.31.11.2.2.1
(07-27-2023)

LB&I: Incoming IRC 754 Revocation Requests

- (1) GHW WLS submits the request received to the LB&I PTE partnerships practice network (PN) via the Request Tracker <https://organization.ds.irsnet.gov/sites/LbiEaPaRequestTracker/Lists/Requests/NewForm.aspx?PN=12> Submit an Inquiry link along with IDRS research, including but not limited to INOLES, AMDISA, CFINK, BMFOLI, and BMFOLT. See Exhibit 4.31.11-1, LB&I Instructions for Submitting an Inquiry to the PTE PN for IRC 754 revocation requests.
- (2) The LB&I partnerships PN coordinator will assign the inquiry to a subject matter expert (SME) within seven days of receipt via the Request Tracker.
- (3) The SME assigned to the inquiry will include the scanned documents on the collaboration history sheet (CHS).

4.31.11.2.2.2
(07-27-2023)

LB&I: Making The Determination

- (1) Within sixty (60) days, the SME will review the revocation request to determine whether it should be approved or denied.
- (2) The SME will review the IDRS research provided by GHW WLS, including but not limited to INOLES, AMDISA, CFINK, BMFOLI, and BMFOLT.

- (3) If the partnership is under examination (see BMFOLI, BMFOLT, and/or AMDISA), the SME will collaborate with the PTE frontline manager (FLM) to determine whether the revocation request determination would impact the examination or vice versa.
- (4) In making the determination, the SME at a minimum will:
 - a. Follow guidelines outlined in CFR 1.754-1(c).
 - b. Obtain a yK1 graph to understand the partnership structure.
 - c. Use the Employee User Portal (EUP) to obtain the history of the partnership's IRC 754 election(s), if such history is not included with the request.
 - d. If needed, request internal copies of prior paper filed returns using Form 5345-D, source code 45, or request them from the partnership's contact person identified on Form 15254.
 - e. Determine whether the IRC 754 election was previously revoked within five years.
 - f. Verify the amount of IRC 734(d) and/or IRC 743(d) adjustment that would be required if the election remains in place.

Note: A negative basis adjustment in excess of \$250,000 is required regardless of whether a IRC 754 election is in place. See IRC 734(d) and IRC 743(d).

- (5) The SME will include the yK1 graph, IDRS research received, and other pertinent document in the CHS.

4.31.11.2.2.3
(07-27-2023)
**LB&I: Managerial
Concurrence**

- (1) The SME will prepare (but not execute) Letter 6297, Section 754 Revocation Request Determination, using the appropriate selectable paragraphs for approval or denial of the request.
- (2) The revocation request, Letter 6297, and other pertinent information are provided to the PTE FLM for review and concurrence.

4.31.11.2.2.4
(07-27-2023)
LB&I: Counsel Review

- (1) **Denied revocation requests** must be reviewed by IRS counsel until further notice.

Note: If the PTE FLM concurs with the determination to deny the revocation request, the unexecuted letter and other pertinent information are forwarded to IRS counsel for review.

- (2) **Approved revocation requests** do not require IRS counsel review. See procedures in IRM 4.31.11.2.2.5, Determination Letter Signatures (Letter 6297).

4.31.11.2.2.5
(07-27-2023)
**LB&I: Determination
Letter Signatures (Letter
6297)**

- (1) Letter 6297 is only executed after the IRS counsel review is complete (if applicable under IRM 4.31.11.2.2.4, Counsel Review).
- (2) The PTE FLM executes Letter 6297 on behalf of the PTE director for all **approved revocation requests**. See IRM 1.2.63.2.15, Delegation Order LB&I 1-23-16.
- (3) The PTE program manager (or senior manager) executes the determination letter on behalf of the PTE director for all **denied revocation requests**.
- (4) The executed Letter 6297 will be provided to the SME and included in the CHS.

4.31.11.2.2.6

(07-27-2023)

LB&I: Document Retention

- (1) The SME completes Form 3870, Request for Adjustment, to obtain a document locator number (DLN). See Exhibit 4.31.11-2, Form 3870, Request for Adjustment, for example.
- (2) The PTE FLM approves Form 3870.
- (3) The SME will email the approved Form 3870 to the **LB&I Revocation Document Retention* mailbox along with a copy of the executed Letter 6297. The SME will also provide instructions to update the 754 indicator, either "2" (approved) or "3" (denied) with the year the revocation is effective.
- (4) GHW WLS processes Form 3870 and obtains the DLN. See Exhibit 4.31.11-3, Transaction Code (TC) 290 input for 754 Revocation Requests.
- (5) GHW WLS will input TC 971 with AC 754 on the partnership's entity profile using IDRS CC REQ77/FM77. The 754 indicator on the entity will be updated from "1" (received) to either "2" (approved) or "3" (denied) based on the email received from the SME. The "754 Year" field should update automatically based on the code input. GHW WLS will respond to the email confirming the indicator was updated as instructed.
- (6) Once the DLN is obtained, GHW WLS will route the original documents and the copy of the executed Letter 6297 to Files to be associated with the partnership's last filed return. Mail to:
 Internal Revenue Service
 Ogden Submission Processing Center
 1973 N. Rulon White Blvd., Stop 6722
 Central Control Team
 Ogden, UT 84404

4.31.11.2.2.7

(07-27-2023)

LB&I: Outgoing 754 Revocation Requests

- (1) The SME coordinates mailing the executed Letter 6297 to the partnership through the PTE group secretary.
- (2) The SME completes the request tracker close out procedures.
- (3) The SME includes all documents and the executed Letter 6297 in the CHS on the PTE SharePoint.

4.31.11.2.2.8

(07-27-2023)

LB&I: Examiner Responsibility and Subsequent 754 Elections

- (1) See procedures in IRM 4.31.11.2.4, LB&I and SB/SE Examiner Responsibility and Subsequent 754 Elections.

4.31.11.2.3

(07-27-2023)

SB/SE Partnership Procedures

- (1) The following procedures are specific to SB/SE partnerships.

4.31.11.2.3.1
(07-27-2023)
**SB/SE: Incoming IRC
754 Revocation
Requests**

- (1) GHW WLS submits the request received, by secure email, to SB/SE HQ partnership analysts at **SB/SE HQPship Inquiry* along with IDRS research, including but not limited to INOLES, AMDISA, CFINK, BMFOLI, and BMFOLT.
- (2) GHW WLS retains the original documents until the approved Form 3870, Request for Adjustment, is received as part of the procedures.
- (3) An HQ analyst will assign the inquiry to a senior flow-through specialist (SFTS). The HQ analyst will coordinate with SB/SE division counsel points of contact (POCs) to co-assign the inquiry to a partnership cadre attorney from local counsel (cadre attorney). The cadre attorney will be assigned within seven (7) days of receipt via email.

4.31.11.2.3.2
(07-27-2023)
**SB/SE: Making the
Determination**

- (1) Within seven (7) days of co-assignment, the SFTS and the cadre attorney will start the review of the IRC section 754 revocation request.
- (2) If the partnership is under examination (see BMFOLI, BMFOLT, and/or AMDISA), the SFTS will collaborate with the examination team manager to determine whether the revocation request determination would impact the examination or vice versa.
- (3) Within ninety (90) days (unless the SFTS determines the partnership needs to be opened for examination), the SFTS along with the co-assigned cadre attorney will review the revocation request to determine whether it should be approved or denied. In making the determination, the SFTS at a minimum will:
 - a. Follow the guidelines outlined in CFR 1.754-1(c).
 - b. Obtain a yK1 graph to understand the partnership structure.
 - c. Use the Employee User Portal (EUP) to obtain the history of the partnership's IRC 754 election(s), if such history is not included with the request.
 - d. If needed, request copies of prior paper filed returns internally using Form 5345-D, source code 45, or request them from the partnership's contact person identified on Form 15254.
 - e. Determine whether the IRC 754 election was previously revoked within five years.
 - f. Verify the amount of the IRC 734(d) and/or IRC 743(d) adjustment that would be required if the election remains in place.

Note: A negative basis adjustment in excess of \$250,000 is required regardless of whether a 754 election is in place. See IRC 734(d) and IRC 743(d).

4.31.11.2.3.3
(07-27-2023)
**SB/SE: Cadre Attorney
Concurrence**

- (1) The SFTS will prepare (but not execute) Letter 6297, Section 754 Revocation Request Determination, using the appropriate selectable paragraphs for approval or denial of the request.
- (2) The revocation request, Letter 6297, and other pertinent information are provided to the co-assigned cadre attorney for review and concurrence.

4.31.11.2.3.4
(07-27-2023)
**SB/SE: Mandatory
SB/SE Division Counsel
Coordination**

- (1) If the cadre attorney concurs with the determination made, the revocation request, the unsigned Letter 6297, and other pertinent information are forwarded to SB/SE division counsel POCs for review.

Note: All **approved and denied revocation requests** must be reviewed (but not executed) by SB/SE division counsel POCs until further notice.

- (2) Letter 6297 is only executed after SB/SE division counsel coordination is complete.

4.31.11.2.3.5
(07-27-2023)

**SB/SE: Determination
Letter Signatures (Letter
6297)**

- (1) The SFTS will send, by secure email, the revocation request, three (3) copies of the Letter 6297, and other pertinent information to the SFTS's local Technical Services to execute Letter 6297.
- (2) A Technical Services group manager will sign all three (3) copies of Letter 6297. See IRM 1.2.65.4.23, SBSE 1-23-43, Revocation of Election to Adjust Basis of Partnership Property Under IRC Section 754 and IRM 1.2.2.2.20, Delegation Order 1-23 (formerly DO-193, Rev. 6), Authorization to Perform Functions of the Commissioner.
- (3) Technical Services will overnight mail (or electronically transmit, if allowed under applicable procedural guidance) two (2) of the executed Letters 6297 to the SFTS and retain the third executed Letter 6297 for their records. For established document retention policies see IRM 1.15.2.6, Where can I find the Records Control Schedules (RCS) and Document 12990 for the RCS for determination letters.

4.31.11.2.3.6
(07-27-2023)

**SB/SE: Document
Retention**

- (1) The SFTS completes Form 3870, Request for Adjustment, to obtain a document locator number (DLN). See Exhibit 4.31.11-2 for a sample Form 3870.
- (2) Form 3870 is approved by the SFTS group manager.
- (3) The SFTS emails the approved Form 3870 to the **LB&I 754 Revocation Document Retention* mailbox along with a copy of the executed Letter 6297. The SFTS will also provide instructions to update the 754 indicator, either "2" (approved) or "3" (denied) with the year the revocation is effective.
- (4) GHW WLS will process the Form 3870 and obtain the DLN. See Exhibit 4.31.11-3, Transaction Code (TC) 290 input for 754 Revocation Requests.
- (5) GHW WLS will input TC 971 with AC 754 on the partnership's entity profile using IDRS CC REQ77/FM77. The 754 indicator on the entity will be updated from "1" (received) to either "2" (approved) or "3" (denied) based on the email received from the SFTS. The "754 Year" field should update automatically based on the code input. GHW WLS will respond to the email confirming that the indicator was updated as instructed.
- (6) Once the DLN is obtained, GHW WLS will route the original documents and the copy of the executed Letter 6297 to files to be associated with the partnership's last filed return:

Internal Revenue Service
Kansas City Submission Processing Center
333 W. Pershing Road, Mail Stop 6700
Attention: CCU
Kansas City, MO 64108-4302

4.31.11.2.3.7
(07-27-2023)

**SB/SE: Outgoing 754
Revocation Requests**

- (1) The SFTS will mail the executed Letter 6297 to the partnership.

- (2) The SFTS will electronically file the IRC 754 revocation package including all documents and letters in the IRC 754 revocation folder on the SB/SE EQTS SharePoint site.

4.31.11.2.3.8
(07-27-2023)

**SB/SE: Examiner
Responsibility and
Subsequent 754
Elections**

- (1) See procedures in IRM 4.31.11.2.4, LB&I and SB/SE Examiner Responsibility and Subsequent 754 Elections.

4.31.11.2.4
(07-27-2023)

**LB&I and SB/SE
Examiner
Responsibilities and
Subsequent 754
Elections**

- (1) These procedures apply to both LB&I and SB/SE Examiners.
- (2) During the examiner risk assessment, the examiner should review Form 1065, Schedule B, Questions 10a and 10b, to determine whether the partnership is making or previously made an IRC 754 election and refer to Treas. Reg. 1.754-1 for consideration of IRC 754 election validity.
- (3) The examiner should review BMFOLE to determine whether a revocation request was previously submitted.
- a. Review the “754 Year” field to identify whether a IRC 754 revocation determination was made for a specific tax year. The default value is “0”.

If ...	Then ...
The default value of “0” is present	A revocation request has not been received
The value of “1” is present	A IRC 754 revocation request was received
The value of “2” is present	A previously received IRC 754 revocation request was approved effective in the “754 Year.” Also see item (c) below.
The value of “3” is present	A previously received IRC 754 revocation request was denied for the “754 Year.” Also see item (d) below.

- b. If the value of “2” is present, the examiner should review Form 1065, Schedule B, Questions 10a and 10b to verify the partnership checked “No” on Question 10a as the revocation was revoked and approved by the IRS.

Note: If the partnership makes a subsequent IRC 754 election after the revocation was approved, the examiner should prepare Form 5348, AIMS/ERCS Update (Examination Update), to request input of TC 971 with AC 754 on the partnership’s entity profile using IDRS CC REQ77/FM77 with MISC code “4” for the subsequent election. The examiner will email the **LB&I 754 Revocation Document Retention* mailbox to request input of TC 971 with AC 754 on the partner-

ship's entity profile using IDRS CC REQ77/FM77. The 754 indicator on the entity will be updated from "2" (approved) to "4" (subsequent election).

- c. If the value of "3" is present, the examiner should review Form 1065, Schedule B, Questions 10a and 10b, to confirm the partnership checked the box "Yes" on Question 10a, as the previous revocation request was not approved by the IRS.
- (4) GHW WLS will respond to the email confirming the indicator was updated as requested.

Exhibit 4.31.11-1 (07-27-2023)**LB&I Instructions for Submitting an Inquiry to the PTE PN for IRC 754 Revocation Requests**

To get to the Submit an Inquiry link:

1. Go to the IRS Knowledge Management home page.
2. Select Examination under IRS Virtual Library.
3. Select Examination again.
4. Select the Partnerships Knowledge Base under Technical Tax Issues.
5. On the right-hand side, click Contact an Expert.
6. Under Contact an Expert, click on submit an inquiry/ask a question.
7. Enter the request information in the required fields.

Question: Provide a brief question. For example, *Should the 754 Revocation request be approved or denied?*

Facts: Provide a brief explanation, including the name of the partnership and the date the 754 Revocation request was received.

Primary IRC: Use the search icon and enter "754." Select "754-Manner of electing optional adjustment to basis of partnership property."

Primary Uniform Issue Listing: Use the search icon and enter "754." Select "00754.01-00-Revocation."

How Was Issue Discovered: Select "Other" using the drop-down arrow. In the Other Information field, include the tax period which the revocation would be effective.

IMS Case Number: Enter "000000."

The requester and manager information should auto-populate. Update the information as needed.

Select "Other" for the remaining drop-down fields and provide additional information as needed.

Enter the PBA/NAICS code in the appropriate box.

Exhibit 4.31.11-2 (07-27-2023)**Form 3870, Request for Adjustment****Request for Adjustment**

1. TIN XX-XXXXXXX	Cross reference TIN same as TIN	2. Name Name of Partnership		Telephone number As provided per correspondence	
Street address See INOLES			City See INOLES	State See INOLE	ZIP code See INOLES
3. Originating office <input checked="" type="checkbox"/> TC <input type="checkbox"/> CC	4. MFT 06	5. Period ending last filed return	6. Assessment date Date on determination letter	7. Source <input type="checkbox"/> TDA <input checked="" type="checkbox"/> Letter <input type="checkbox"/> Claim Other _____	
8. DLN		9. Renumbered DLN		10. Personal contact <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No POA _____	

Reason for Adjustment**11. Reason for adjustment**

Taxpayer has filed a paper request to revoke its 754 election. This request has been reviewed by the agent and approved. The paper request now needs to be associated with the e-filed return. Per IRM 3.13.2.2.10 a paper record is associated with an e-filed return by creating a refile DLN so documents can be attached to the electronically filed return's DLN. This is accomplished by inputting a T/C 290 in the amount of 0.00. See IRM 3.13.2.2.10 for additional information.

Exhibit 4.31.11-3 (07-27-2023)**Transaction Code (TC) 290 input for 754 Revocation Requests**

The purpose of inputting a TC 290 in the amount of \$0 is to associate the IRC 754 revocation request with the most recently filed tax return which it is associated with so the IRS can store the physical records at the campus.

Instructions to post a TC 290 in the amount of \$0 are in IRM 3.13.2.2.10, Associating Documents to an E-Filed Return. The terminal should generate a refile DLN that is posted with the TC 290. The blocking series is 17.

A Form 3870, Request for Adjustment needs to be completed with the following information. You will need access to correct IDRS command codes REQ54 & ADJ54 for these adjustments. Once you input the Form 3870, put it in a brown gusset and send it to Files.

