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From:

Sent: Tuesday, September 21, 2010 2:35:33 PM

To:

Cc:

Subject: RE: Follow up questions

Answers in blue

From:

Sent: Tuesday, September 21, 2010 2:14 PM

To:

Subject: Follow up questions

Hi . I have a few follow up questions on the selection of TMP issue we spoke about recently:

All references below are to Treas. Reg. 301.6231(a)(7)-1

1. If a partnership attempted to designate a limited partner as the TMP then "the partnership has not designated a tax matters partner" under (m)(1)(i), right? Correct.

2. If the sole general partner dissolved at the close of the last taxable period at issue, is the analysis A or B below? Both apply and lead to the same result , but the B analysis is slightly off. Under B the designation occurred by operation of law, in the absence of a valid designation, rather than by our selection, and then terminated when the partner dissolved. Under both scenarios we may select a TMP from the remaining limited partners.

A. determine that it is the general partner with the largest profits interest under (m)(2), determine that it is impracticable to apply the largest profits interest rule because the general partner is disqualified under (o)(3)(iv) (where TMP "cannot perform the functions of a tax matters partner for any reason"), then apply (p)(3)(ii) and (q).

B. determine it to be a TMP under the largest profits interest rule (m)(2), determine the TMP selection as immediately terminated under (m)(3), determine it has no profits interest also under (m)(3), reapply the largest profits interest rule, determine that it is impracticable to apply the largest profits interest rule under (o)(2) (where each general partner has no profits interest in the partnership), then apply 301.6231(a)(7)-1(p)(2) and (q).

3. Section (b)(2) doesn't limit our ability to select a non-US person as TMP, only the taxpayer's ability, right? Correct.

If not, in the case at hand, (b)(2) wouldn't limit our ability to select the TMP since the only existing partner is a non-US person, right? (The general partner dissolved and the limited partner relinquished his citizenship and moved out of the country.)