From: ▮▮▮▮▮▮▮▮▮▮
Sent: Thursday, August 15, 2013 11:35:58 AM
To: ▮▮▮▮▮▮▮▮
Cc: ▮▮▮▮▮▮▮▮▮▮▮▮▮▮
Bcc:
Subject: RE: Waiver of Notice of Adjustment

The Munro language is used when settling nonpartnership items were we are forgoing the assessment of tax bracket creep for the nonpartnership items that would otherwise be assessed as a result of ignoring partnership items that are subject to a separate ongoing TEFRA proceeding. We use the Munro language when we assume the correctness of the partnership items in this situation, rather than ignoring them. The waiver allows us to assess any forgone bracket creep for the nonpartnership items as part of any later computational adjustment.

Instead of a notice of deficiency proceeding, I assume that you have a notice of adjustment proceeding, where we are determining nonpartnership items that do not currently result in an assessment. If such a notice is issued and is decided by the court, or is defaulted, section 6234(g) allows the notice of adjustment items to be assessed as part of a later computational adjustment without any special Munro type language being stipulated to.

If we are settling the adjusted nonpartnership items rather than issuing a notice of adjustment, just copy the language from section 6234(g), modifying it to reflect a determination by settlement rather than through a notice of adjustment or court determination. This will allow us to include the settled nonpartnership items as part of any later computational adjustment. I.R.C. 6224(b) is the authority for the waiver and should be specifically referenced in the settlement document.