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From:

Sent: Wednesday, October 21, 2020 12:13:48 PM

To: Cc:

Bcc:

Subject: RE: Associate Office Coordination

Hi

This responds to the BBA questions you had in your request for assistance. You asked the following:



RESPONSE:

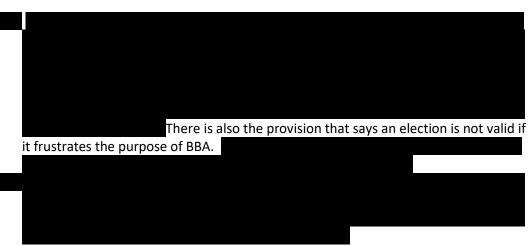
Treas. Reg. § 301.9100-22(b)(2)(ii)(E) requires any election into BBA for an eligible tax year to contain representations that the partnership is not insolvent/in bankruptcy or does not reasonably anticipate being insolvent/in bankruptcy and that it reasonably anticipates that it will have sufficient assets to pay any IU. The election, which would include these representations, must be signed under penalties of perjury. Treas.

Reg. § 301.9100-22(b)(2)(ii)(F).

. An election into BBA is only valid If made in

accordance the regulation.





- a. Regulations were promulgated under 301.6241-3 that provide that if the partnership ceases to exist prior to the adjustments taking effect that the former partners of the partnership shall take into account the adjustments. "Cease to exist" is defined as a termination under 708(b)(1) or being CNC. Therefore, there is a way to basically force a push out (to the more current partners) if the partnership ceases to exist prior to the adjustments taking effect.
- b. Congress enacted section 6232(f) which provides that if the partnership does not pay what it owes under BBA within 10 days of notice and demand that we can assess the partners from the end of the adjustment year (or former partners if ceased to exist) their proportionate share of the amount owed. Accordingly, even if the partnership does not pay, we can assess and collect against the partners.



RESPONSE:

Unless the partnership elects to push out the adjustments to its reviewed year partners, the reviewed year partners will not be liable for any tax on the adjustments to the partnership-related items (PRI) of the partnership. Nonrecourse debt that is shown, or required to be shown on the partnership's return is a PRI. Treas. Reg. § 301.6241-1(a)(6)(v)(E). However, the reviewed year partners are bound by the adjustments. I.R.C. § 6223; Treas. Reg. § 301.6223-2. As a result, the reviewed

year partners may have to adjust their basis and capital accounts as a result of the adjustments. See Prop. Treas. Reg. § 301.6225-4.

Please let me know if we missed any questions or if you have any questions.

Thanks