



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
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MEMORANDUM FOR APPEALS EMPLOYEES

FROM: Joseph Ali, Acting Director for Jennifer L. Vozne /s/ *Joseph Ali*
Acting Director, Specialized Examination Programs and Referrals

SUBJECT: Bipartisan Budget Act of 2015¹ - Appeals Procedures

This memorandum provides guidance on the Bipartisan Budget Act of 2015 (BBA) until IRM 8.19 is revised.² Please ensure that this information is distributed to all affected employees within your organization.

Purpose: This memorandum provides interim guidance to Appeals employees on new case procedures for different phases of the BBA centralized partnership audit regime, including the following:

- Early Election into BBA;
- Administrative Adjustment Request (AAR);
- Notice of Proposed Partnership Adjustment (NOPPA);
- Modification Disputes; and,
- Notice of Final Partnership Adjustment (FPA).

Background/Source(s) of Authority: Section 1101 of the Bipartisan Budget Act of 2015 (BBA) as amended by the Protecting Americans from Tax Hikes Act of 2015 (PATH Act) and sections 201 through 207 of the Tax Technical Corrections Act of 2018 (TTCA) repealed TEFRA partnership procedures and electing large partnership provisions and replaced them with an entirely new centralized partnership audit regime. Previously, tax, penalty, and interest adjustments were passed through to the partners. Now, the new partnership audit regime generally provides for determination of adjustments, assessment, and collection of tax attributable to such adjustments at the partnership level. This Interim Guidance supplements previously issued BBA guidance, [AP-08-0319-0005](#).

Procedural Change:

- For tax years beginning after November 2, 2015, and before January 1,

¹ Bipartisan Budget Act of 2015, Pub. L. No. 114-74, 129 Stat. 584.

² IRM 8.19. Appeals Pass-Through Entity Handbook.

2018, eligible partnerships may elect into BBA within 30 days of the date the IRS first notifies the partnership in writing that the return has been selected for examination. Either the Tax Matters Partner (TMP) or an individual authorized to sign the partnership return for the taxable year under examination is authorized to make the election by completing the Form 7036, *Election under Section 1101(g)(4) of the Bipartisan Budget Act of 2015*. IRS examiner will issue Letter 5893, *Notice of Administrative Proceeding*, to the Partnership at least 30 days after a valid election is received by the IRS.

- After January 1, 2018, this election may also be made when filing an Administrative Adjustment Request (AAR) under Section 6227 as amended by BBA for tax periods beginning after November 2, 2015 and before January 1, 2018.
- If an early election into BBA was requested or the entity is covered under BBA for tax years beginning on or after January 1, 2018, BBA cases will have Appeals rights.
- If there is a dispute on any BBA case, the examiner will issue a 30-day BBA letter (Letter 5891) with a summary report for the taxpayer to request an Appeals hearing. The dispute may cover the substantive audit issues, penalties and/or imputed underpayment adjustment groupings and subgroupings disputes.
- At the end of the Appeals process and issuance of the Notice of Proposed Partnership Adjustment (NOPPA) for all disputed tax issues (resolved and unresolved), Appeals will send the BBA case to Ogden BBA Unit for processing.
- In response to the NOPPA, the partnership may request modification. If there is a dispute regarding modification, the taxpayer will have an opportunity to appeal this dispute. Appeals will not reconsider an unagreed previous disputed tax issue if the entire case is later returned to Appeals for modification hearing.
- LB&I will issue the Notice of Final Partnership Adjustment (FPA) notice. The FPA allows the partnership to either request a push out the adjustments for its partners to take into account, petition for judicial review of the adjustments, or both. Under normal circumstances Appeals will not issue the FPA.

Affected IRMs: 8.19.14, 8.20.5, 8.20.6, and 8.20.7

Effect on Other Documents: This guidance will be incorporated into IRM 8.19 within two years from the date of this memorandum.

Please ensure that this information is distributed to all affected employees within your organization.

Effective Date: This guidance is effective as of the date of this memorandum.

Contact: If you have questions or need additional information, please contact James Boulukos or Michael McLane, TG Technical Specialist, or Jon Wadsworth, Appeals TEFRA Team.

Attachment:

IRM 8.19.14 - Bipartisan Budget Act of 2015 Procedures

cc: www.irs.gov

Caplin & Drysdale, Chartered

IRM 8.19.14 Table of Contents

- 8.19.14 - Bipartisan Budget Act of 2015 Procedures
 - 8.19.14.1 - Background of the Bipartisan Budget Act (BBA)
 - 8.19.14.1.1 - Terminology
 - 8.19.14.2 - Receipt, Assignment, and Consideration of Early Election into BBA or BBA partnership case
 - 8.19.14.2.1 - Appeals TEFRA Team (ATT)
 - 8.19.14.2.2 - Appeals Coordinated Issue (ACI)
 - 8.19.14.2.3 - Guidance for Account and Processing Support (APS)
 - 8.19.14.2.4 - Receiving Case Files – BBA 30-day cases including BBA early elect-in cases
 - 8.19.14.2.5 - Contents of BBA case file
 - 8.19.14.2.6 - Guidance for Appeals Technical Employees (ATE)
 - 8.19.14.2.7 - Closure of Substantive Issue Cases
 - 8.19.14.3 - Administrative Adjustment Requests (AAR) for BBA Partnerships
 - 8.19.14.3.1 - Overview
 - 8.19.14.3.1.1 - Filing Limits
 - 8.19.14.3.1.2 - No Action by Service
 - 8.19.14.3.2 - AAR Filed by PR on Behalf of the Partnership
 - 8.19.14.3.2.1 - Appeals Centralized Database System (ACDS) Processing
 - 8.19.14.3.2.2 - Substituted Return
 - 8.19.14.3.2.3 - Processing of AARs
 - 8.19.14.3.2.4 - Judicial Review of AARs
 - 8.19.14.3.2.5 - Allocation Issues
 - 8.19.14.3.2.6 - Partnership Proceeding Begun
 - 8.19.14.3.2.7 - Statutes – Period of Limitations - AAR
 - 8.19.14.3.2.8 - Case Conclusion and Dispositions
 - 8.19.14.3.2.8.1 - Docketed AARs
 - 8.19.14.3.2.8.2 - Non-docketed AARs
 - 8.19.14.3.2.8.3 - Reports
 - 8.19.14.3.2.8.4 - Closing Package
 - 8.19.14.3.2.8.5 - ACDS and AIMS Closing
 - 8.19.14.3.3 - AAR Filed While Key Case Under Appeals Jurisdiction
 - 8.19.14.3.3.1 - AAR for Same Tax Year
 - 8.19.14.3.3.2 - AAR Filed By a Partner
 - 8.19.4.3.3.3 – Partner Notification of Inconsistent Treatment
 - 8.19.14.4 - Notice of Proposed Partnership Adjustment (NOPPA)
 - 8.19.14.4.1 - Appeals TEFRA Team (ATT) Services
 - 8.19.14.4.2 - Partnership Tax Years Beginning After January 1, 2018
 - 8.19.14.4.3 - Notice of Proposed Partnership Adjustment (NOPPA) Package
 - 8.19.14.4.4 - Requesting the Preparation of a NOPPA Package
 - 8.19.14.4.5 - Responsibilities of the Tax Computation Specialist (TCS)
 - 8.19.14.4.5.1 - Letter 5892 to the Partnership and Partnership Representative
 - 8.19.14.4.5.2 - Form 14792 – Partnership Examination Changes, Imputed Underpayment Computation and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts

- 8.19.14.4.5.3 - Form 886-A – Explanation of Adjustments
- 8.19.14.4.6 - Appeals Mails the NOPPA Package
- 8.19.14.4.7 - Appeals Case Processing and ACDS Controls
- 8.19.14.5 - Modification Requests for BBA Partnerships
 - 8.19.14.5.1 - Appeals TEFRA Team (ATT) Services
 - 8.19.14.5.2 - Partnership Tax Years Beginning After January 1, 2018
 - 8.19.14.5.3 - Modification of the Imputed Underpayment Amount
 - 8.19.14.5.4 - Requesting the Preparation of a Modification Package
 - 8.19.14.5.5 - Responsibilities of the Tax Computation Specialist (TCS)
 - 8.19.14.5.5.1 - Modification Letter to the Partnership and Partnership Representative
 - 8.19.14.5.5.2 - Form 15027 – Partnership Summary of Approved Modifications and the Imputed Underpayments
 - 8.19.14.5.5.3 - Form 14726 – Waiver of the Notice of Final Partnership Adjustment
 - 8.19.14.5.6 - Appeals Mails the Modification Report
 - 8.19.14.5.7 - Appeals Case Processing and ACDS Controls
- 8.19.14.6 - Notice of Final Partnership Adjustment (FPA)
 - 8.19.14.6.1 - Appeals TEFRA Team (ATT) Services
 - 8.19.14.6.2 - Partnership Tax Years Beginning On or After January 1, 2018
 - 8.19.14.6.3 - Notice of Final Partnership Adjustment Package
 - 8.19.14.6.4 - Requesting the Preparation of an FPA Package
 - 8.19.14.6.5 - Responsibilities of the Tax Computation Specialist (TCS)
 - 8.19.14.6.5.1 - Letter 5933-A Addressed to the PR
 - 8.19.14.6.5.2 - Entire FPA for the PR and the Partnership
 - 8.19.14.6.6 - The Ogden BBA Unit Mails the FPA
 - 8.19.14.6.7 - Appeals Mails the FPA for Short Statute Cases
 - 8.19.14.6.8 - Preparing the Administrative File and Closing Package
- Exhibit 8.19.14-1 - Glossary

8.19.14

Bipartisan Budget Act of 2015 Procedures

8.19.14.1

Background of the Bipartisan Budget Act (BBA)

(1) TEFRA was passed in 1982 to allow examinations and statutes to be controlled at the partnership level. This eliminated the need to control each individual partner statute. It also unified the litigation process, whereby one court petition binds all partners rather than each individual partner filing a petition.

(2) The Bipartisan Budget Act of 2015 (BBA) repealed the TEFRA and Electing Large Partnership provisions. The BBA centralized partnership audit regime generally provides for determination of adjustments, and assessment and collection of tax attributable to such adjustments, at the partnership level. The centralized partnership audit regime is effective for tax years beginning on or after January 1, 2018.

(3) BBA further provides that partnerships may “early elect-in” to have the BBA centralized partnership audit regime apply to partnership returns filed for tax periods beginning after November 2, 2015 and before January 1, 2018. Generally, this election may only be made within 30 days of the date the IRS first notifies a partnership in writing that its return has been selected for examination. A partnership can also elect in by filing an AAR after January 1, 2018.

8.19.14.1.1

Terminology

(1) Special terms and acronyms are used in this Handbook to describe processing requirements for BBA cases. See [Exhibit 8.19.14-1](#). This exhibit contains a glossary of definitions of the most frequently used terms.

8.19.14.2

Receipt, Assignment, and Consideration of Early Election into BBA or BBA partnership case

(1) All references in this IRM to Appeals Technical Employee (ATE) refer to any Appeals employee who is assigned a case for settlement consideration. Actions required by Appeals Team Managers (ATMs) are performed by Appeals Team Case Leaders (ATCLs) as to their own cases.

8.19.14.2.1

Appeals TEFRA Team (ATT)

(1) Appeals TEFRA Team (ATT) provides centralized technical services for current TEFRA case inventory and new BBA inventory. Both early elect-in BBA cases and all BBA cases after January 1, 2018 will use the same Appeals processing procedures. ATT takes a proactive role in all BBA key cases in Appeals from receipt through closing.

(2) Screening of BBA key case receipts by ATT is mandatory. All Appeals offices must ensure all BBA key cases were routed to and screened by ATT before assignment to an ATE. If an ATM, ATE, or local APS receives a BBA key case that ATT has not screened, ship the case to Laguna Niguel APS with a [Form 3210](#) transmittal directing APS to route the case to ATT. The ATT ATM will assign a work request to an ATT Appeals Officer (ATT AO), who serves as a consultant on the BBA key case.

(3) ATT services are mandatory for all BBA key cases, including the following types of work:

- New Receipt Screening for all BBA cases, including BBA early elect-in cases
- Agreement package preparation, including modification package
- Notice of Proposed Partnership Adjustment (NOPPA) preparation
- Modification Dispute Screening
- Notice of Final Partnership Adjustment (FPA) preparation
- Tax Computation of the Imputed Underpayment Amount (IUA)

(4) The ATE requesting ATT services will:

- Send an email to the [*AP TEFRA Team](#) mail box.
- Attach [Form 3608-A](#) to request ATT services, which is the same as requests for TEFRA services.
- Research ACDS to determine the ATT AO assigned to the work request by clicking the ATT button on the case summary screen of the key case.

8.19.14.2.2

Appeals Coordinated Issue (ACI)

(1) The Bipartisan Budget Act of 2015 (BBA) has been designated on the Appeals Issue Locator as an Appeals Coordinated Issue (ACI). Any ATE with a case falling under the BBA provisions must make a referral to Technical Guidance through their manager upon assignment using Form 13381, available on ACDS. The Technical Guidance Coordinator (TGC) assigned to this ACI should be contacted for the most current information. See [Appeals Issue Locator](#) for updates.

8.19.14.2.3

Guidance for Account and Processing Support (APS)

(1) This subsection supplements the general information contained in [IRM 8.20](#), *Appeals Account and Processing Support*, and contains information on BBA cases only.

(2) ACDS Changes: ACDS has been enhanced with new feature codes and CARAT codes for BBA cases arriving in Appeals. ATE and APS will input, observe and validate new feature codes and apply proper CARAT codes when working on BBA cases.

(3) ACDS feature codes:

"BA" - key case will be posted for all 30-day BBA cases, including the BBA early elect-in case and docketed case,

"BI" - investor case, and

"NB" - BBA elect-out case.

(4) ACDS CARAT codes:

"IH" - initial hearing on substantive issues will allow users to describe either early election into BBA or 30-day BBA work performed,

"PA" - notice of proposed partnership adjustment,

"MD" - BBA modification hearing, and

"FP" - notice of final partnership adjustment.

(5) Audit Control Number (ACN) - APS and ATE will input and validate ACN for BBA cases in ACDS.

(6) Work Unit Number (WUNO) - Case will be carded in with a new WUNO each time it returns to Appeals. See 8.19.14.2.1(3).

8.19.14.2.4

Receiving Case Files – BBA 30-day cases including BBA early elect-in cases

(1) The BBA case can be either non-docketed or docketed. BBA cases are docketed only after the FPA was issued and Partnership Representative (PR) petitioned the courts. The BBA partnership return will be filed on a Form 1065, *U.S. Return of Partnership Income*.

Note: All 30-day cases (Letter 5891) allowing the BBA partnership to file a written protest and request a hearing with the Appeals Office will be non-docketed.

(2) All BBA cases should be transmitted to Appeals on [Form 3210](#). APS will promptly sign, and date stamp the Form 3210 and return a copy to the originator.

(3) Each BBA case should be clearly marked as a BBA case by Compliance. The case file should be flagged with [Form 3198](#), *Special Handling Notice for Examination Case Processing*. In the block titled "Forward to Technical Services", the "Unagreed to Appeals" box and the "Other" box

indicating “BBA Partnership with Adjustments” or BBA Elect Out (BEO) and/or TEFRA or Non-TEFRA Key Case should be checked.

(4) All BBA cases will be centralized through ATT. Early elect-in BBA cases, BBA Administrative Adjustment Requests (AARs) and all other BBA cases will be handled under the same procedures.

(5) Appeals hears disputes on three types of BBA cases:

1. BBA Case with Adjustments. A 30-day letter (Letter 5891) mailed out by the examiner and BBA entity disputed the audit issues (Protested to Appeals),
2. BBA Modification disputes, and
3. Docketed BBA Cases after the issuance of the FPA. See IRM 8.19.14.XX, Docketed Case Procedures (reserved).

(6) On unagreed cases, Examination function will issue the 30-day BBA letter (Letter 5891). The examiner will send the BBA case file to the Technical Services (TS) function for case review. When a formal protest is received, TS will ensure at least 365 days is remaining on the statute and will route the case to ATT through Laguna Niguel APS. See 8.20.5.33.1(1), (2), (4) (07-01-2017) for case carding guidance by substituting “TEFRA” with “BBA”.

(7) TS will update AIMS with Status Code 71, starting in calendar year 2020 to delineate BBA cases.

(8) In general, all non-docketed BBA cases received by Appeals must have at least 365 days remaining on the statute of limitations. The ATE and APS must ensure there are at least 365 days remaining before accepting the BBA case from Compliance. [Form 872-M](#), *BBA Consent to Extend Time for Making Adjustments to Partnership-Related Items*, is the appropriate form to extend the BBA key case statute of limitations. The ATE assigned to any BBA case is responsible for statute control.

8.19.14.2.5

Contents of BBA case file

(1) The BBA case administrative file should contain the following items:

- [Form 1065](#), *U.S. Return for Partnership Income*, for a BBA key case.
- Consents (if any) extending the statute of limitations; [Form 872-M](#), *BBA Consent to Extend Time for Making Adjustments to Partnership-Related Items*.
- [Letter 2205-D](#), *Initial Contact to Schedule Appointment - Partnership Returns*, used by Compliance to begin a partnership examination.
- [Letter 5893](#), *Notice of Administrative Proceeding – Partnership*, and [Letter 5893-A](#), *Notice of Administrative Proceeding - Partnership Representative*.
- [Form 7036](#), *Election under Section 1101(g)(4) of the Bipartisan Budget Act of 2015*, used by partnership if early elected into BBA when notified of audit selection.
- Examiner's BBA 30-Day Letter and Summary Report Package, including:
 - [Letter 5895](#), *BBA Summary Report Cover Letter*
 - [Form 14791](#), *Preliminary Partnership Examination Changes, Imputed Underpayment Computation and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts*
 - [Forms 886-A](#), *Explanation of Items*
 - [Letter 5891](#), *30-Day Letter - Bipartisan Budget Act Partnership*
- The draft NOPPA package includes the following:
 - A. [Form 14792](#), *Partnership Examination Changes, Imputed Underpayment Computation and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts*,
 - B. [Letter 5892](#), *Notice of Proposed Partnership Adjustments- Partnership*,
 - C. [Letter 5892-A](#), *Notice of Partnership Adjustments-Partnership Representative*, and
 - D. [Forms 886-A](#), *Explanation of Adjustments for both substantive issues and imputed underpayment amount*

- Protest based on the 30-Day Letter Package for the partnership including the Imputed Underpayment Amount (IUA) reported on Form 14791.
 - Power of Attorney, if applicable.
 - Compliance mandatory check sheets, if applicable.
- (2) If an AAR was filed, then the case may also contain:
- [Form 8082](#), *Notice of Inconsistent Treatment or Administrative Adjustment Request* (revised 2018 or later), used for the partnership to file an electronic AAR with Form 1065, if an electronic AAR was filed with Form 1065.
 - [Form 1065X](#), Amended Return or Administrative Adjustment Request (revised 2018 or later), used for the partnership to file BBA requests, if a paper AAR was filed.

8.19.14.2.6

Guidance for Appeals Technical Employees (ATE)

- (1) The Appeals Office will have jurisdiction of the BBA case.
- (2) The ATE will hear the BBA early elect-in case from a 30-day BBA letter dispute for the substantive issues.
- (3) Appeals conference will generally be offered in the Appeals Office servicing the area where the partnership has its principal place of business. The ATE considers the issues and discusses the facts, law, and arguments of the case with the Partnership Representative (PR).

Note: The PR is the representative for the partnership and has sole authority to bind the partnership. Partners are no longer considered parties under BBA. This is a departure from TEFRA where partners signed their own separate agreements.

- (4) The ATE will attempt to enter into a settlement agreement on the treatment of partnership-related items with finality by securing a binding agreement with Form 14792-AD, *Settlement Agreement of Partnership Examination Changes, Imputed Underpayment Computation and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts*. (Form is under construction)

Note: An exception is a no change case. See IRM 8.19.14.XX, No Change Case Procedures (reserved).

- (5) The NOPPA will be issued by Appeals for all 30-Day BBA letter (Letter 5891) cases in Appeals, whether or not a settlement is reached.
- (6) After settlement negotiations, the ATE will prepare an Appeals Case Memo (ACM) reflecting the revised adjustments and settlement recommended. The ATE will follow current procedures in preparing the ACM.
- (7) The ATE will coordinate with both the ATT ATE and BBA TGC at this stage.
- (8) TCS services will be required if a settlement was reached. TCS will provide a revised IUA computation with both the agreed and unagreed items for the NOPPA.
- (9) The ATE will prepare [Form 5402](#), *Appeals Transmittal and Case Memo*.

8.19.14.2.7

Closure of Substantive Issue Cases

For BBA early elect-in 30-day letter stage and all BBA cases, the Appeals process is limited to hearing the audit dispute for substantive issues. After the Appeals hearing, the case will go back to the Compliance function, who will handle all future correspondence. If the PR requests modification and disputes Compliance's determination, the PR may then request an Appeals hearing on the unagreed modification items only. Appeals will not reconsider a previous unagreed disputed tax issue if the entire case is later returned to Appeals for modification hearing. Appeals will hear the same issue only once for BBA cases regardless of substantive issues or modification issues.

8.19.14.3

Administrative Adjustment Requests (AAR) for BBA Partnerships

8.19.14.3.1

Overview

(1) A BBA partnership is permitted to change the reporting of items on its return by the PR filing an Administrative Adjustment Request (AAR). An AAR is filed using a Form 1065X, *Amended Return or Administrative Adjustment Request*, or Form 8082, *Notice of Inconsistent Treatment or Administrative Adjustment Request*, in accordance with their respective instructions.

(2) AAR procedures for BBA partnerships are different than TEFRA partnerships, which an AAR can be filed by partners of the TEFRA partnerships using the same Forms 1065X and 8082. See [IRM 8.19.7.1](#), Administrative Adjustment Request.

(3) A partnership with an eligible tax year, any tax period beginning after November 2, 2015, and before January 1, 2018, may elect to be a BBA partnership by changing its return on an AAR on or after January 1, 2018.

(4) A BBA partnership with a tax period beginning after January 1, 2018 can change its filed return only by filing an AAR.

(5) Form 8082 is used for AARs by both BBA and TEFRA Partnerships when Form 1065X is not used. Partners also use the form to notify the Service, for both BBA and TEFRA Partnerships, when they have taken a position on their return that is inconsistent with the reporting on the partnership tax return. [IRM 8.19.1.6.2](#), *Consistent Reporting on Partner Return*, describes the consistent reporting requirements.

(6) Forms 8082 or 1065X, showing an Imputed Underpayment filed by the Partnership Representative (PR) on behalf of the partnership, provides for payment of the tax by the partnership or push-out of the adjustments to the reviewed year partners. If push-out is elected, the Service can apply math error procedures and assess partners who do not file consistently with the push out statement received.

(7) If Form 8082 or 1065X filed by the PR includes adjustments that do not result in an imputed underpayment amount, the adjustments are required to be pushed out and taken into account by the partners when they file their return for the adjustment year, which is the taxable year the AAR is filed.

8.19.14.3.1.1

Filing Limits

(1) An AAR must be filed within three years after the later of the date that the partnership return was filed or the last day for filing the return (determined without regard for extensions).

(2) An AAR cannot be filed after a Notice of Administrative Proceeding (NAP) has been mailed to the partnership and PR for the same tax year.

8.19.14.3.1.2

No Action by Service

(1) If an AAR is filed, the statute of limitations to adjust partnership related items of the partnership for the taxable year will not expire until three years after the AAR is filed.

(2) An examination of a BBA partnership is for the taxable year, including the original return and any AAR.

8.19.14.3.2

AAR Filed on Behalf of the Partnership

(1) An AAR filed by the PR on behalf of the partnership is filed using Form 1065X or Form 8082. The instructions to these forms provide for the following:

- a. Use [Form 8082](#) to file an AAR, if the partnership files electronically or if the partnership did not file electronically for early election into BBA.
- b. Use [Form 1065X](#), if the partnership does not file electronically, to file an AAR for a BBA partnership that was such when it filed its return.

(2) All filed AARs must include revised schedules showing the effect on the distributive shares of the partners. Partnerships paying IU with AAR may not be required to show effect on distributive shares.

(3) When the AAR is filed, the PR must decide whether the BBA partnership wants the Service to assess the tax liability of the partnership or elect to push-out the adjustments to the partnership's partners. If the partnership does not push out the adjustments, the partnership should pay any IU resulting from the adjustments at the time the AAR is filed.

8.19.14.3.2.1

Appeals Centralized Database System (ACDS) Processing

(1) Account and Processing Support (APS) must update ACDS to reflect case level information and return level information.

(2) An AAR filed by the PR on behalf of the partnership will only be received in Appeals as part of an examination of the taxable year in question. As such, it will be carded in as a BBA key case (Feature Code "BA").

8.19.14.3.2.2

Substituted Return

(1) All timely filed AARs provide a revised starting point for any examination report.

8.19.14.3.2.3

Processing of AARs

(1) Campus and Compliance procedures for processing AARs filed by the PR are outlined in [IRM 4.31.4, Administrative Adjustment Request \(AAR\)](#). The Campus screens the AAR for timeliness, completeness, purpose, and, in some cases, materiality. AARs requiring further examination action are routed to Centralized Workload Selection and Delivery (CWSD) along with the originally-filed return. CWSD determines whether the AAR should be selected for examination or returned to the Campus with no action taken.

(2) When the AAR is received in the Campus, Transaction Code 971 with Action Code 811, 813 or 815 should be posted to the key case Master File record. If the return is sent to the CWSD, the transcript should show a Transaction Code 420 posting when it is sent and a Transaction Code 421 posting when the case is returned to files.

8.19.14.3.2.4

Judicial Review of AARs

(1) An AAR filed by the PR on behalf of the partnership will only be received in Appeals as part of an examination of the taxable year in question. As such it is subject to the same judicial review as the examination of any BBA partnership.

8.19.14.3.2.5

Allocation Issues

(1) An AAR may change the allocation of income, loss, or credit among the partners. If the adjustments are pushed-out to the reviewed year partners, the reallocation may result in a refund for at least one partner and a deficiency for another. If the taxable year is not examined, the reallocation reported on the AAR is accepted as filed.

(2) Allocations disputed by Examination are treated the same as allocations disputed on the original return of the partnership.

8.19.14.3.2.6

Partnership Proceeding Begun

(1) If, in response to an AAR, the Service begins a BBA partnership proceeding, the issues raised in the AAR will be considered along with any other issues raised during the proceeding.

8.19.14.3.2.7

Statutes – Period of Limitations - AAR

(1) [IRC 6235\(a\)\(1\)](#) provides that the period to make adjustments is extended because an AAR is filed. The period, without extension by agreement, will not expire until three years after the latest of:

(A) the date on which the partnership return for such year was filed,

(B) the return due date for the taxable year, or

(C) the date on which the partnership filed an AAR with respect to such year under [IRC 6227](#).

(2) APS or ATE can verify the 6235(a)(1) date on AIMS by Command Codes AMAXU (Definers A, E, and O) and AMSTU.

8.19.14.3.2.8

Case Conclusion and Dispositions

(1) As with any examination of a BBA partnership, the ATE considers the issues and discusses the facts, law, and arguments of the case with the PR.

(2) At the conclusion of the settlement negotiations, the ATE will prepare an Appeals Case Memo (ACM) reflecting the revised adjustments and any settlement recommended. The ATE will follow the usual format in preparing the ACM.

8.19.14.3.2.8.1

Docketed AARs

(1) Appeals may receive a case after the PR petitions a Notice of Final Partnership Adjustment (FPA).

(2) The procedures for closing a docketed case are the same as if there were no AAR.

See IRM 8.19.14.XX, Docketed Case Procedures (reserved).

8.19.14.3.2.8.2

Non-docketed AARs

(1) The procedures for closing a non-docketed case are the same as if there were no AAR.

8.19.14.3.2.8.3

Reports

(1) The report forms are the same as if there were no AAR.

(2) The report starts with the AAR used as a substitute for the original return.

8.19.14.3.2.8.4

Closing Package

(1) The procedures for a closing package are the same as if there were no AAR.

8.19.14.3.2.8.5

ACDS and AIMS Closing

(1) The procedures for ACDS and AIMS closing are the same as if there were no AAR.

Note: APS will not process the final disposition on any BBA case. Ogden BBA Unit will process all BBA final closures.

8.19.14.3.3

AAR Filed While Key Case Under Appeals Jurisdiction

- (1) The PR may file an AAR for another taxable year while the key case return is in Appeals jurisdiction.
- (2) The PR may not file an AAR for the same taxable year while the key case return is in Appeals jurisdiction.

8.19.14.3.3.1

AAR for Same Tax Year

- (1) An AAR cannot be filed after a Notice of Administrative Proceeding (NAP) has been mailed to the PR and the partnership for the same tax year. This notice should be issued before the examination begins.
- (2) If a PR raises a new issue after a case is received in Appeals, the procedures are the same regardless of how the issue is raised. See [IRM 8.1.10.4.1.3](#), *New Information Received or New Issues Raised*.

8.19.14.3.3.2

AAR Filed By a Partner

- (1) A partner may not file an AAR on behalf of the partnership.

8.19.14.3.3.3

Partner Notification of Inconsistent Treatment

- (1) A partner may be permitted to request an adjustment to a partnership-related item on the partner's return so long as the partner properly notifies the IRS of any inconsistency from the treatment on the partnership return in accordance with IRC 6222.

8.19.14.4

Notice of Proposed Partnership Adjustment (NOPPA)

- (1) For both agreed and unagreed BBA partnership cases, the IRS is required to issue the Notice of Proposed Partnership Adjustment (NOPPA) to the partnership and the Partnership Representative (PR) before the issuance of the Notice of Final Partnership Adjustment (FPA). The issuance of the NOPPA is critical to both the protection of the statute and adherence to the statutory framework of the BBA partnership tax system.

8.19.14.4.1

Appeals TEFRA Team (ATT) Services

- (1) The ATE must request ATT assistance with BBA cases, which is mandatory for all NOPPA, FPA and modification closing packages. See IRM 8.19.14.2.1, *Appeals TEFRA Team (ATT)*.
- (2) The ATE requesting ATT services will:
 - Send an email to the [*AP TEFRA Team](#) mail box.
 - Attach [Form 3608-A](#) to request ATT services, which is the same as requests for TEFRA services.
 - Research ACDS to determine the ATT AO assigned to the work request by clicking the ATT button on the case summary screen of the key case.

8.19.14.4.2

Partnership Tax Years Beginning After January 1, 2018

- (1) The BBA procedures are written for partnerships with a tax period beginning after January 1, 2018 which have not elected out of the BBA audit rules. The BBA procedures are also used for:
 - (1) early elect-in BBA cases, and
 - (2) AARs which early elected into the BBA audit regime. For Non-TEFRA and BEO cases, see [IRM 8.19.9](#).

8.19.14.4.3

Notice of Proposed Partnership Adjustment (NOPPA) Package

(1) The NOPPA is a mandatory notice which reflects the adjustments to the partnership-related items and computes an Imputed Underpayment Amount (IUA), if any.

(2) The IRS must issue a NOPPA to the partnership and the PR by certified mail. The mailing of the NOPPA to the partnership and PR starts the 270-day window for the PR to submit a request to modify any imputed underpayment amount reflected on the NOPPA.

(3) The timely issuance of the NOPPA is vital to protecting the statute of BBA cases. The NOPPA may not be mailed more than 3 years after the later of: (1) the date on which the partnership return for the taxable year was filed, (2) the return due date for the taxable year, or (3) the date on which the partnership filed an AAR with respect to the taxable year. This date may be extended on Form 872-M.

8.19.14.4.4

Requesting the Preparation of a NOPPA Package

(1) All TCS requests related to the preparation of the NOPPA must be routed through ATT. The ATE will complete and forward to their ATM:

- [Form 3608-A](#),
- [Form 5402](#), and
- An ACM with an attached Schedule of Adjustments.

(2) Upon approving and signing the Form 5402, the ATM will submit the TCS request with attachments to the ATT mailbox at [*AP TEFRA Team](#).

(3) The request for audit work will:

- a. Advise if there are any penalties.
- b. Provide any name or address changes for the PR or any address changes for the partnership.
- c. Provide the language for the explanatory paragraphs if the language from one of the sample paragraphs located on the TCS website for Notices of Deficiency will not be used; the ATE is responsible for reviewing and revising these paragraphs, as necessary.

8.19.14.4.5

Responsibilities of the Tax Computation Specialist (TCS)

(1) The TCS will prepare the following NOPPA documents to be mailed by the ATE:

- a. [Letter 5892](#), *Notice of Proposed Partnership Adjustment*, addressed to the partnership
- b. [Letter 5892-A](#), *Notice of Proposed Partnership Adjustment*, addressed to the PR
- c. [Form 14792](#), *Partnership Examination Changes, Imputed Underpayment Computation and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts*, one to the partnership and one to the PR
- d. [Form 886-A](#), *Explanation of Items*, attached to each Form 14792

Note: An exception is a no change case. See IRM 8.19.14.XX, No Change Case Procedures (reserved).

8.19.14.4.5.1

Letter 5892 to the Partnership and Partnership Representative

(1) The [Letter 5892](#) for the partnership:

- a. Should be addressed to the name of the BBA partnership.
- b. The Letter 5892 will include the address as shown on the partnership return. If the address of the partnership was updated, a Letter 5892 should also be prepared for any other address if it is known that the address of the partnership has changed.

- c. See Exhibit 8.19.14-X for a sample Letter 5892. (reserved)
- (2) The [Letter 5892-A](#) for the PR:
 - a. Should be addressed to the PR by name.
 - b. A Letter 5892-A should also be prepared for any other address if it is known that the address of the PR has changed.
 - c. See Exhibit 8.19.14-X for a sample Letter 5892-A. (reserved)
- (3) Only one tax year should be included on the Letter 5892 and Letter 5892-A.

8.19.14.4.5.2

[Form 14792](#) – Partnership Examination Changes, Imputed Underpayment Computation and Partnership Level Determinations as to Penalties, Additions to Tax and Additional Amounts

- (1) [Form 14792](#) should be prepared for each tax year.
- (2) See Exhibit 8.19.14-X for a sample Form 14792. (reserved)

8.19.14.4.5.3

Form 886-A – Explanation of Items

- (1) Unless otherwise instructed by the ATE, the TCS will use the sample paragraphs located on the [Appeals TCS website](#) for Notices of Deficiency as guides for the explanatory paragraphs in the NOPPA. If the TCS prepares the paragraphs, then the ATE should give the ACM to the TCS to assist them in choosing or writing an appropriate paragraph.
- (2) See Exhibit 8.19.14-X for a sample Form 886-A. (reserved)

8.19.14.4.6

Appeals Mails the NOPPA Package

- (1) Following the same local procedures as used for notices of deficiency, the ATE, ATM or APS will use certified mail to send the NOPPA package to the partnership and the PR.
- (2) After reviewing the documents prepared by the TCS, the ATE will submit the case and the NOPPA package to the ATM for approval before the NOPPA letters are mailed. The ATE is responsible for reviewing the NOPPA package and is ultimately responsible for the accuracy and completeness of the documents.
- (3) After the NOPPA letters are approved and signed by the ATM, the ATE will mail or cause the NOPPA package to be mailed certified to the partnership and PR.
- (4) If there is a valid Power of Attorney on file, a copy of the NOPPA letter will be mailed to the Power of Attorney.
- (5) The admin file will contain a copy of all forms and letters mailed to the partnership and PR. The admin file will be routed through the Local APS to the Ogden BBA Unit, Arka Monterey Park Building, 1973 North Rulon White Blvd, Ogden, UT 84404-5402.
- (6) Local Mailing Procedures:
 - a. Normally, the local APS will mail the NOPPA by certified mail to the partnership and PR when the local APS receives the administrative files from the ATE or ATM. Certified mail due date is same as 8.19.14.4.7(2) below. See IRM 8.20.6.4 (09-10-2018) for certified mail issuance and recordkeeping guidance.
 - b. Within 120 days or less remain on the statute to issue NOPPA – if 120 days or less remaining on the NOPPA statute, Laguna APS will mail the NOPPA by certified mail to the partnership and the Partnership Representative. The ATE or ATM will transmit the NOPPA package by electronic transmission or upload in ACDS, alternatively, ATT AO will hand-deliver the NOPPA package to Laguna APS. The administrative files will contain a copy of all forms and letters mailed to the partnership and PR. ATE or ATM will route the administrative files directly to the Ogden BBA Unit, Arka Monterey Park Building, 1973 North Rulon White Blvd, Ogden, UT 84404-5402.
 - c. ATE and local APS are situated in different offices. (reserved)

8.19.14.4.7

Appeals Case Processing and ACDS Controls

- (1) After processing the NOPPA package, APS will take the following actions:
 - a. Update closing code Disposal Information: Closing Code per Form 5402 or ATT Key Case Transmittal Form 14642. See IRM 8.20.7.46.1.1 (09-28-2018) - Closing the Case on ACDS
 - b. On ACDS, update the NOPPADATE field using the date that the NOPPA letters were mailed to the partnership and PR from the Certified Mailing List. The NOPPA expire date will be computer generated.
 - c. Update NOPPA issued to "Y" on return level on ACDS.
 - d. Update AIMS to Status Code 61.
- (2) Local APS enters the following in the ACDS fields and ships the case to the Ogden BBA Unit as soon as administratively practicable, immediately releasing case files once Appeals process is completed:
 - ACTION: ACKCLS. See (3) below.
 - TODATE: Date local APS or ATE ships the administrative file to Ogden BBA Unit
 - Local APS or ATE ships the administrative file with the NOPPA package to Ogden BBA Unit
 - ACDS database for ATE and AIMS remain open (not closed or transferred)
- (3) When APS receives the acknowledged Form 3210 from the Ogden BBA Unit, the case will be closed off ACDS. Action Code is ACKCLS and update FROMDATE field.

8.19.14.5

Modification Requests for BBA Partnerships

- (1) After the issuance of the Notice of Proposed Partnership Adjustment (NOPPA), the Partnership Representative (PR) has the option of requesting modification of the Imputed Underpayment Amount (IUA). This request for modification is faxed, or submitted electronically when portal is completed, to the Ogden BBA Unit that houses the administrative file after the issuance of the NOPPA.
- (2) The modification request is submitted to the Ogden BBA Unit via [Form 8980](#). After evaluating all the documents provided by the PR, the Ogden BBA Unit will issue [Letter 5975](#) and [Form 15027](#) to the partnership and PR detailing the approved modifications and a revised IUA.
- (3) If the PR does not agree to the revised IUA on [Form 15027](#), the PR may request that the administrative file be sent to Appeals for consideration.

8.19.14.5.1

Appeals TEFRA Team (ATT) Services

- (1) The ATE must request ATT assistance with BBA cases, which is mandatory for all NOPPA, FPA and modification closing packages. See IRM 8.19.14.2.1, *Appeals TEFRA Team (ATT)*.
- (2) ATEs requesting ATT services will:
 - Send an email to the [*AP TEFRA Team](#) mail box.
 - Attach [Form 3608-A](#) to request ATT services, which is the same as requests for TEFRA services.
 - Research ACDS to determine the ATT AO assigned to the work request by clicking the ATT button on the case summary screen of the key case.
- (3) Given the complexity of the modification procedure, it is highly encouraged to seek the assistance of the ATT AO who initially screened the case.

8.19.14.5.2

Partnership Tax Years Beginning After January 1, 2018

(1) The BBA procedures are written for partnerships with a tax period beginning after January 1, 2018 which have not elected out of the BBA audit procedures. The BBA procedures are also used (1) for early election BBA cases and (2) for those AARs which early elected into the BBA audit regime. For Non-TEFRA and BEO cases, see [IRM 8.19.9](#), *Appeals Pass-Through Entity Handbook - Non-TEFRA*.

8.19.14.5.3

Modification of the Imputed Underpayment Amount

(1) The NOPPA is a mandatory notice which reflects the adjustments to the partnership-related items and computes an IUA, if any. The Imputed Underpayment (IU) calculated on the NOPPA is based on the highest tax rate in effect for the reviewed year per IRC 1 (individual rate) or IRC 11 (corporate rate). The PR has the option to request modification of the IU whereby to modify the amount of the adjustments that go into the calculation of the IU and/or the rate used to calculate the IU.

(2) The PR has 270 days after the NOPPA issue date to submit all the substantiation to support reducing the IUA. This 270-day period may be extended by executing [Form 8984](#), *Consent to extend the taxpayer modification submission period under section 6225(c)(7)*.

(3) If Ogden BBA Unit and the PR do not agree on the modified IUA, the case will be forwarded to Appeals for consideration of the modification computation.

Note: Procedures for protest of modification are under construction.

8.19.14.5.4

Requesting the Preparation of a Modification Package

(1) All TCS requests related to the preparation of the modification report will be routed through ATT. The ATE will complete and forward to their ATM:

- [Form 3608-A](#),
- [Form 5402](#), and
- An ACM with an attached Schedule of Adjustments.

(2) The ATM will approve and sign the Form 5402, and then submit the TCS request with attachments to the ATT mailbox at [*AP TEFRA Team](#).

(3) The request for audit work will document the Service and the partnership's agreement.

(4) If the modification issue is unagreed, please see the FPA procedures at IRM 8.19.14.6.

8.19.14.5.5

Responsibilities of the Tax Computation Specialist (TCS)

(1) The TCS will prepare the following modification documents to be mailed by the ATE:

- a. Letter XXXX, *Appeals Partnership Modification Letter*, addressed to the PR (Letter is under construction)
- b. [Form 15027](#), *Partnership Summary of Approved Modifications and the Imputed Underpayments*, one to the partnership and one to the PR
- c. [Form 14726](#), *Waiver of the Notice of Final Partnership Adjustment*

8.19.14.5.5.1

Modification Letter to the Partnership and Partnership Representative

(1) Only one tax year should be included on each letter.

8.19.14.5.5.2

[Form 15027](#) – *Partnership Summary of Approved Modifications and the Imputed Underpayments*

(1) [Form 15027](#) should be prepared for each tax year.

(2) See Exhibit 8.19.14-X for a sample Form 15027. (reserved)

8.19.14.5.3

Form 14726 – Waiver of the Notice of Final Partnership Adjustment (FPA)

- (1) The [Form 14726](#) allows the partnership to waive the FPA.
- (2) See Exhibit 8.19.14-X for a sample Form 14726. (reserved)

8.19.14.5.6

Appeals Mails the Modification Report

- (1) The ATE mails the modification package to the PR.
- (2) The ATE is responsible for reviewing the modification package and is ultimately responsible for the accuracy and completeness of the documents.
- (3) If there is a valid Power of Attorney on file, a copy of the modification package will be mailed to the Power of Attorney.
- (4) After the modification forms have been received, the ATM countersigns. Copies of the countersigned modification forms will be mailed to the PR.

Note: [Form 14726](#) should not be countersigned by the ATM unless [Form 15027](#) has been countersigned.

- (5) If only [Form 15027](#) has been signed by the PR, see FPA procedures at IRM 8.19.14.6.
- (6) If both [Form 15027](#) and [Form 14726](#) have been executed, then the case is shipped to the Ogden BBA Unit.
- (7) The admin file will contain a copy of all modification forms and letters mailed to the PR. The admin file will be routed through the Local APS to the Ogden BBA Unit, Arka Monterey Park Building, 1973 North Rulon White Blvd, Ogden, UT 84404-5402.

8.19.14.5.7

Appeals Case Processing and ACDS Controls

- (1) Local APS enters the following in the ACDS fields and ships the case to the Ogden BBA Unit:
 - ACTION: ACKCLS See (3) below.
 - TODATE: Date local APS or ATE ships the administrative file to Ogden BBA Unit
 - Local APS or ATE ships the administrative file with the modification package to Ogden BBA Unit
 - ACDS database for ATE and AIMS remain open (not closed or transferred)
- (2) After shipping the modification package to the Ogden BBA Unit, APS will take the following action:
 - a. Update AIMS to Statute Code 61.
- (3) When APS receives the acknowledged Form 3210 from the Ogden BBA Unit, the case will be closed off ACDS. Action Code is ACKCLS and update FROMDATE field.

8.19.14.6

Notice of Final Partnership Adjustment (FPA)

- (1) The FPA is a mandatory notice which reflects the adjustments to the partnership-related items and computes an Imputed Underpayment Amount (IUA), if any.
- (2) The IRS must issue the FPA by certified mail to the partnership and the PR. The mailing of the FPA to the partnership and PR establishes a time within which a PR may request to push-out the partnership adjustments to the reviewed year partners.

Note: The BBA Ogden Unit will issue all FPAs unless there is a short statute.

8.19.14.6.1

Appeals TEFRA Team (ATT) Services

(1) The ATE must request ATT assistance with BBA cases, which is mandatory for all NOPPA, FPA and modification closing packages. See IRM 8.19.14.2.1, *Appeals TEFRA Team (ATT)*.

(2) ATEs requesting ATT services will:

- Send an email to the [*AP TEFRA Team](#) mail box.
- Attach [Form 3608-A](#) to request ATT services, which is the same as requests for TEFRA services.
- Research ACDS to determine the ATT AO assigned to the work request by clicking the ATT button on the case summary screen of the key case.

8.19.14.6.2

Partnership Tax Years Beginning On or After January 1, 2018

(1) The BBA procedures are written for partnerships with a tax period beginning on or after January 1, 2018 which have not elected out of the BBA audit procedures. The BBA procedures are also used (1) for early election BBA cases and (2) for those AARs which early elected into the BBA audit regime. For Non-TEFRA and BEO cases, see [IRM 8.19.9](#).

8.19.14.6.3

Notice of Final Partnership Adjustment Package

(1) The Notice of Final Partnership Adjustment (FPA) is the functional equivalent of a statutory notice of the results of a BBA proceeding. A partnership has 90 days after the date that the FPA is mailed to file a petition in Tax Court, a District Court or a Court of Federal Claims.

(2) The FPA is subject to [IRC 6235](#), which provides the period of limitations on making adjustments under the centralized partnership audit regime. The general rule is that no adjustment for any partnership taxable year may be made after the later of three dates:

- a. The first date is three years after the latest of (a) the date on which the partnership return for such taxable year was filed, (b) the return due date for the taxable year, or (c) the date on which the partnership filed an AAR with respect to such year.
- b. The second date is, in the case of any modification of the Imputed Underpayment, 270 days (plus the number of days of any extension consented to by the Secretary under [IRC 6225\(c\)\(7\)](#)) after the date on which everything required for purposes of modification is submitted.
- c. The third date is, in the case of any NOPPA issued under [IRC 6231\(a\)\(2\)](#), the date that is 330 days (plus the number of days of any extension consented to by the Secretary under [IRC 6225\(c\)\(7\)](#)) after the date of such notice.
- d. The period may be extended by agreement with the Service and the partnership before the expiration of such period.

(3) Generally, the FPA shall be mailed no earlier than 270 days after the date on which the Notice of Proposed Partnership Adjustment is mailed, provided that the NOPPA is timely mailed. Any Notice of Final Partnership Adjustment shall be sufficient if mailed to the last known address of the partnership and the PR, even if the partnership has terminated its existence.

(4) The IRS must issue the FPA to the PR by certified mail, unless the PR waived its issuance by agreement with the Service on [Form 14726](#). The mailing of the FPA to the PR establishes the time periods within which a petition may be filed by the PR.

(5) The IRS must also mail an FPA to the Partnership.

(6) Until further notice, all FPAs require Associate Area Counsel review.

Note: An FPA can be rescinded by consent of the partnership and the Service.

8.19.14.6.4

Requesting the Preparation of an FPA Package

(1) All TCS requests related to the preparation of the FPA will be routed through ATT. The ATE will complete and forward to their ATM:

- [Form 3608-A](#),
- [Form 5402](#), and
- an ACM with an attached Schedule of Adjustments.

(2) Upon approving and signing the Form 5402, the ATM will submit the TCS request with attachments to the ATT mailbox at [*AP TEFRA Team](#).

8.19.14.6.5

Responsibilities of the Tax Computation Specialist (TCS)

(1) The TCS will prepare the following documents whether the Ogden BBA Unit or Appeals will mail the FPAs to the partnership.

- a. Letter 5933 will be mailed to the partnership and Letter 5933-A will be mailed to the PR.

Note: If it is known that there is no longer a PR (for example, the named PR is deceased and the partnership has not designated a new PR), then a 5933-A is prepared for (and an FPA is mailed to) the generic PR. (Letters 5933 and 5933-A are under construction.) FPA must still be mailed to PR and the letter may be addressed to generic "PARTNERSHIP REPRESENTATIVE" at the address of the partnership if warranted. See IRC 301.6231(d)(2)

- b. [Form 15027](#), *Partnership Summary of Approved Modifications and the Imputed Underpayments*
- c. [Form 8988](#), *Election for Alternative to Payment of the Imputed Underpayment - IRC Section 6226*
- d. [Form 886-A](#), *Explanation of Items*

8.19.14.6.5.1

Letter 5933-A Addressed to the PR

(1) The Letter 5933-A for the PR:

- a. Should be addressed to the PR by name.
- b. Letter 5933-A will include the last known address of the PR.

(2) Only one tax year should be included on the Letter 5933-A.

8.19.14.6.5.2

Entire FPA for the PR and the Partnership

(1) The FPA for both the PR and the partnership will include the following documents:

- a. Letter 5933 or 5933-A
- b. The FPA ([Form 15027](#) and [Form 8988](#)), and
- c. Form 886-A, *Explanation of Items*

8.19.14.6.6

The Ogden BBA Unit Mails the FPA

(1) There must be sufficient time on the statute for the Ogden BBA Unit to mail the FPA package to the partnership and the PR.

Note: Number of days required on the statute is being determined.

(2) After reviewing the documents prepared by the TCS, the ATE will submit the case and the FPA package to the ATM for approval before the FPA letters are mailed. The ATE is responsible for reviewing the FPA package and is ultimately responsible for the accuracy and completeness of the documents.

(3) After the FPA letters are approved and signed by the ATM, the ATE will submit the FPA package to the Ogden BBA Unit who will mail the FPA package to the partnership and PR.

(4) If there is a valid Power of Attorney on file, a copy of the FPA letter will be mailed to the Power of Attorney.

(5) The admin file will contain a copy of all forms and letters to be mailed to the partnership and PR. The admin file will be routed through the Local APS to the Ogden BBA Unit, Arka Monterey Park Building, 1973 North Rulon White Blvd, Ogden, UT 84404-5402.

(6) Local APS enters the following in the ACDS fields and ships the case to the Ogden BBA Unit as soon as administratively practicable, immediately releasing case files once Appeals process is completed:

- ACTION: ACKCLS
- TODATE: Date local APS or ATE ships the administrative file to Ogden BBA Unit
- Local APS or ATE ships the administrative file with the FPA package to Ogden BBA Unit
- ACDS database for ATE and AIMS remain open (not closed or transferred)

8.19.14.6.7

Appeals Mails the FPA for Short Statute Cases

(1) When there is insufficient time on the statute, the ATE will mail the FPA package to the partnership and the PR.

Note: Number of days required on the statute is being determined.

(2) Following the same local procedures as used for notices of deficiency, the ATE, ATM or APS will issue the FPA package by certified mail to the partnership and the PR for short statute cases. See IRM 8.20.6.4 (09-10-2018) for certified mail issuance and recordkeeping guidance.

(3) After reviewing the documents prepared by the TCS, the ATE will submit the case and the FPA package to the ATM for approval before the FPA letters are mailed. The ATE is responsible for reviewing the FPA package and is ultimately responsible for the accuracy and completeness of the documents.

(4) After the FPA letters are approved and signed by the ATM, the ATE will mail or cause the FPA package to be mailed to the partnership and PR. See 8.19.14.4.6(6)(b) procedures for FPA issuance within 120 days or less remain on the statute.

(5) If there is a valid Power of Attorney on file, a copy of the FPA letter will be mailed to the Power of Attorney.

(6) The admin file will contain a copy of all forms and letters mailed to the partnership and PR. The admin file will be routed through the Local APS to the Ogden BBA Unit, Arka Monterey Park Building, 1973 North Rulon White Blvd, Ogden, UT 84404-5402.

8.19.14.6.8

Preparing the Administrative File and Closing Package

(1) The assigned ATE will follow local closing procedures to forward case files to local APS.

(2) Local APS enters the following in the ACDS fields and ships the case to the Ogden BBA Unit as soon as administratively practicable, immediately releasing case files once Appeals process is completed:

- ACTION: ACKCLS See (6) below.
- TODATE: Date local APS or ATE ships the administrative file to Ogden BBA Unit
- Local APS or ATE ships the administrative file with the FPA package to Ogden BBA Unit
- ACDS database for ATE and AIMS remain open (not closed or transferred)

(3) APS will ship the FPA package containing the following items to the Ogden BBA Unit:

- a. Appeals Form 5403
- b. Appeals Form 886-A
- c. Appeals Case Memorandum (ACM)
- d. Form 2828 (Transmittal Memorandum)

- e. Copies of all FPAs that were issued
- (4) If the Ogden BBA Unit mails the FPA: After shipping the case files to the Ogden BBA Unit, APS update AIMS to Statute Code 61.
- (5) If Appeals mails the short statute FPA: After shipping the FPA package along with case files to the Ogden BBA Unit, APS will then take the following actions:
- a. On ACDS, update the SNTYPE field with "FPA".
 - b. On ACDS, update the SNDATE field using the date that the FPAs were mailed to the partnership and PR from the Certified Mailing List. The FPA expires date, SNEXPDATE, will be computer generated.
 - c. Update FPA issued to "Y" on return level on ACDS.
 - d. Update AIMS to Statute Code 61.
- (6) When APS receives the acknowledged Form 3210 from the Ogden BBA Unit, the case will be closed off ACDS. Action Code is ACKCLS and update FROMDATE field.

Caplin & Drysdale, Chartered

Term	Description
Administrative Adjustment Request (AAR)	An Administrative Adjustment Request (AAR) is a request to correct errors on a partnership return for a prior year. Form 8082, Notice of Inconsistent Treatment or Administrative Adjustment Request, or Form 1065X, Amended Return or Administrative Adjustment Request, is used to file the AAR. Only the partnership representative may file a BBA AAR on behalf of the partnership.
Audit Control Number (ACN)	A unique 10-digit number assigned to a BBA partnership under examination. The Audit Control Number (ACN) consists of the year and month of the reviewed year return (YYMM), followed by a six-digit serial number. Only BBA partnerships will be assigned an ACN, and it will be a required entry on all forms filed by direct and indirect partners that include their share of partnership examination adjustments.
Adjustment Year	An Adjustment Year is the partnership taxable year in which a decision of a court becomes final (if a petition is filed under Section 6234), an AAR is filed, or, in any other case, when an FPA is mailed (or if the partnership waives its right to an FPA, the year the waiver is executed by the IRS).
Adjustment Year Partner	Adjustment Year Partner means any person who held an interest in a partnership at any time during the adjustment year.
Alternative Procedure	A Pull-In is an alternative procedure to filing amended returns in modification. The Secretary determines the partnership's imputed underpayment as reduced by the portion of the adjustments to partnership-related items that direct and indirect reviewed-year partners take into account and with respect to which those partners pay the tax due, but the partners are not required to file amended returns
Bipartisan Budget Act of 2015 (BBA)	The act that adopted the centralized partnership audit regime. This regime generally provides for determination of adjustments, assessment and collection of tax attributable to such adjustments, at the partnership level. BBA replaced TEFRA and ELP rules for tax periods beginning January 1, 2018. All partnerships are subject to the BBA rules unless they elect out of BBA on their timely filed tax return.
BEO	BBA Elect Out. Partnership returns that elect out of BBA for partnership taxable years beginning on or after January 1, 2018.
Elect-In	A partnership may early elect-in to the BBA centralized partnership audit regime for partnership returns filed for tax periods beginning after November 2, 2015 and before January 1, 2018.
Elect-Out	In certain circumstances, a partnership may make an election out of the BBA centralized partnership audit regime on the partnership's timely filed return, including extensions, for the taxable year to which the election applies, and, once made cannot be revoked without the consent of the IRS.
Imputed Underpayment (IU)/ Imputed Underpayment Amount (IUA)	Imputed Underpayment Amount (IUA) is the computed amount of partnership-level tax assessed against and collected from the partnership. IUA is computed by netting audit adjustments, applying the applicable rate, and then adjusting for any adjustments to credits.
Inconsistent Treatment	All partners are required to report the treatment of a partnership-related item on their own return in a manner which is consistent with the treatment of such item on the partnership return unless the partner notifies the Secretary

Term	Description
	of the inconsistency. This notification is made by filing a Form 8082, Notice of Inconsistent Treatment, when the partner's return is filed.
Indirect Partner	An indirect partner is any person holding an interest in a partnership through one or more pass-through partners.
Key Case	The examined partnership tax return under the centralized partnership audit regime.
Mathematical or Clerical Error ("Math Error")	Treatment as a Mathematical or Clerical Error (Math Error) is the method used to assess any tax attributable to an adjustment to the return of a partner or indirect partner that has inconsistently reported partnership-related items on the partner's return to make it consistent with the treatment of such item on the partnership return unless the partner provided notice, Form 8082, Notice of Inconsistent Treatment, on the tax return.
Modification	Modification refers to the process of the partnership requesting and obtaining revision to an imputed underpayment. Form 8980 is used by a partnership to request the modification of an imputed underpayment which is reported to a partnership in a Notice of Proposed Partnership Adjustment (NOPPA).
Notice of Administrative Proceeding (NAP)	Notice of Administrative Proceeding (NAP) is a letter to notify a partnership (Letter 5893) and its Partnership Representative (Letter 5893-A) when the IRS initiates an administrative proceeding at the partnership level for the partnership tax year.
Notice of Final Partnership Adjustment (FPA)	A Notice of Final Partnership Adjustment (FPA) is the functional equivalent of a statutory notice of the results of a BBA proceeding. An FPA is subject to judicial review at the partnership level. A partnership has 90 days after the date the FPA was mailed to file a petition in Tax Court, a district court, or Court of Federal Claims.
Notice of Proposed Partnership Adjustment (NOPPA)	A Notice of Proposed Partnership Adjustment (NOPPA) is required to be issued to a partnership (Letter 5892) and the Partnership Representative (Letter 5892-A) when the IRS is proposing adjustments to a partnership tax year. Form 14792 and Form 866-A are included with Letters 5892 and 5892-A to explain the proposed adjustments. The NOPPA is issued after any Appeals consideration of the substantive adjustments. The NOPPA provides that the Partnership Representative may request modification of the computation of the imputed underpayment and starts the period to request modification.
Partner	A person who owns an interest in a partnership.
Partnership	A partnership includes any syndicate, group, pool, joint venture or other unincorporated organization through or by means of which any business, financial operation, or venture is carried on, and which is not a corporation, trust or estate, and subject to Form 1065 filing requirements.
Partnership Adjustment	A Partnership Adjustment is any adjustment to a partnership-related item and includes any portion of a partnership adjustment.
Partnership-Partner	A Partnership-Partner is a partnership that holds an interest in another partnership

Term	Description
Pass-through Partner	A pass-through partner is a pass-through entity that holds an interest in the partnership. A pass-through entity is a partnership, an S corporation, a trust (other than a grantor trust), and a decedent's estate.
Partnership-related Item	A partnership-related item is defined as any item or amount with respect to the partnership that is relevant in determining the income tax liability of any person under Chapter 1, any partner's distributive share of such items, and the imputed underpayment. For further details, see Treas. Reg. § 301.6241-1(a)(6)(ii).
Partnership Representative (PR)	A Partnership Representative (PR) is designated by the partnership, has the <u>sole</u> authority to act on behalf of the partnership and can bind the partnership. The PR can be a partner or any other person, i.e. non-partner, that has a substantial presence in the United States.
Period of Adjustment	A Period of Adjustment is the statute of limitation for making a partnership adjustment (not an assessment statute). For further details, see IRC § 6235(a). The partnership adjustment must be made <u>before the later of the date (1), (2) or (3) below:</u> (1) The last date to issue NOPPA, which is three years after the latest of— (a) the date the partnership return was filed; (b) the return due date; or (c) the date the partnership filed an AAR; (2) If modification is requested in response to the NOPPA, the last date to submit a modification request plus the evaluation period (at least 270 days), and any extension of time for submission of the modification request; or (3) If modification is not requested in response to the NOPPA, 330 days after issuance of the NOPPA (plus any extension of time for submission of the modification request). Form 872-M is used to extend the time to make a partnership adjustment.
Push-Out	A Push-Out is an election where the BBA partnership can elect to have the reviewed-year partners report their share of the adjustment in lieu of the partnership paying the imputed underpayment. It effectively moves the payment of tax from the partnership (and indirectly from the adjustment-year partners) to the reviewed-year partners.
Reviewed Year	A Reviewed Year means the partnership taxable year to which a partnership adjustment relates.
Reviewed Year Partner	A Reviewed Year Partner means any person who held an interest in a partnership at any time during the reviewed year.
Tax attribute	A tax attribute is anything that can affect the amount or timing of a partnership-related item or that can affect the amount of tax due in any taxable year. Examples of tax attributes include, but are not limited to, basis and holding period, as well as the character of items of income, gain, loss, deduction, or credit and carryovers and carrybacks of such items.
Tier	A tier is a pass-thru entity that is a partner, shareholder, or beneficiary of a pass-through entity. For example, a partnership that owns an interest in another partnership is a tier.