



**Texas Society of
CPA Certified Public Accountants**

Via Federal eRulemaking Portal at www.regulations.gov

August 11, 2017

Internal Revenue Service
CC:PA:LPD:PR (REG-136118-15)
Room 5207
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044

RE: Request to Testify on Proposed Regulations Regarding the Centralized Partnership Audit Regime (REG-136118-158, Docket ID IRS-2017-0009)

Dear Sir or Madam:

The Texas Society of Certified Public Accountants (TSCPA) is a nonprofit, voluntary professional organization representing 28,000 members. One of the expressed goals of the TSCPA is to speak on behalf of its members when such action is in the best interest of its constituency and serves the cause of CPAs in Texas, as well as the public interest. TSCPA has established the Federal Tax Policy Committee to represent those interests on tax-related matters. The committee has been authorized by TSCPA's Board of Directors to testify at public hearings on such matters of interest to committee membership. The views expressed at such public hearings have not been approved by the Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policies of the TSCPA.

TSCPA's Federal Tax Policy Committee requests to testify at the Treasury Department and IRS public hearing on September 18, 2017 on the centralized partnership audit regime.

Comments Subcommittee Chair David Colmenero, JD, LL.M., CPA, will testify on behalf of the TSCPA Federal Tax Policy Committee. He will be accompanied by Committee Vice-chair David Donnelly, CPA.

We have included an outline of topics Mr. Colmenero plans to cover on REG-136118-15. TSCPA will submit to Treasury and the IRS the full text of our comments prior to the hearing date.

We appreciate the opportunity to testify at the hearing on the proposed regulations. Please feel free to contact me at 512-542-9300 or cmondrik@mondriklaw.com; David Colmenero at 214-749-2462 or dcolmenero@meadowscollier.com; or TSCPA Staff Liaison Patty Wyatt at 817-656-5100 or pwyatt@tscpa.net.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. A. Mondrik', is written over a light blue horizontal line.

Christina A. Mondrik, JD, CPA
Chair, Federal Tax Policy Committee
Texas Society of Certified Public Accountants

TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Outline of Testimony on Proposed Regulations (REG-136118-15)
Regarding the Centralized Partnership Audits
Docket ID IRS-2017-0009

Submitted for the Public Hearing September 18, 2017

Presenter: David Colmenero, JD, LLM, CPA, TSCPA Federal Tax Policy Committee Comments
Subcommittee Chair

Areas of concern:

- I. [2 min] Computing the imputed understatement – Prop. Reg. Section 301.6225-1 (c)(2):
 - Computing the imputed deficiency should take into account suspended losses one or more partners were unable to utilize under the “passive” loss regulations.
- II. [2 min] The “push out” election:
 - The 45-day deadline under Prop. Reg. Section 301.6226-1(c)(3) is insufficient to provide liability information to the affected partners and receive their consensus for the “push out” election.
 - Where the “push out” election has been made, the 60-day deadline under Prop. Reg. Section 301.6226-2(b) for providing partner statements regarding their liability does not coincide with the due date of the partnership return and is insufficient to accommodate what are often complex calculations for the distribution among the partners.
- III. [2 min] Tiered partnerships - Page 125 of notice of proposed rule making:
 - Where a partner in the partnership under examination is itself a partnership, that partner should have the option of passing its proportionate adjustments up to its partners.
- IV. [2 min] “Election out:”
 - Prop. Reg. Section 301.6241-(5)(c)(1) regarding the ability to elect out, thereby allowing audit adjustments to flow through to all partners, should be more widely available.
 - The “election out” should be available to partnerships that have a disregarded entity as a partner, Prop. Reg. Section 301.6221 (b)-1 (b)(3)(ii).
 - The “election out” should be available to partnerships that have a trust as a partner because a trust is similarly situated to partners listed in Section 6221(b)(1)(C).
- V. [1 min] Partnership representative – Prop. Reg. Section 301.6223-1:
 - The partners in the partnership under examination should have input into the selection of the partnership representative.
 - Under no circumstances should the IRS be permitted to appoint an IRS employee, agent or representative as partnership representative.

- VI. [1 min] Statute of limitations:
 - The regulations should clarify that a notice of proposed partnership administrative adjustment must be issued within the three-year period provided for under Section 6235(a)(1). Otherwise, the statute of limitations could be rendered a nullity.
- VII. Other issues from our attached comments that have not been covered by other witnesses.