Department of the Treasury Internal Office of Revenue Chief Counsel Service



September 4, 2002

 Attorney General Settlement
 Upon Incorporation

 Subject: Authority Regarding Partnership Items
 Cancel Date: Into CCDM

Purpose

The purpose of this Notice is to announce that legislation has been enacted to clarify that Attorney General settlements of partnership items are subject to the consistent settlement and conversion rules of I.R.C. §§ 6224, 6231, 6229(f), and 6234(g)(4)(A).

Discussion

Section 416(d) of the Job Creation and Worker Assistance Act of 2002 amended section 6224(c)(1) and (2), section 6229(f)(2), section 6231(b)(1)(C), and section 6234(g)(4)(A). The amendment inserts the phrase "or the Attorney General (or his delegate)" after "Secretary" each place it appears. The amendment clarifies that settlements of partnership items by the Department of Justice are subject to the same settlement, conversion, and period for assessment statutory provisions that apply to settlements by the Internal Revenue Service.

For instance, if the Internal Revenue Service enters into a settlement of partnership items with a partner in a partnership subject to the unified partnership audit and litigation provisions of sections 6221 through 6234, any other partner has the right to request consistent settlement terms. Section 6224(c)(2). Such settlements operate to convert the agreed items to nonpartnership items (removing the settling partner from any ongoing TEFRA partnership proceeding for these items). Section 6231(b)(1)(C). Section 6229(f) provides an extension of the period for assessing such converted items.

The amendment clarifies that these same provisions apply to settlements by the Department of Justice for cases under its jurisdiction.

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For further information regarding this notice, please contact William Heard at 202-622-7950.

/s/ DEBORAH A. BUTLER Associate Chief Counsel (Procedure and Administration)