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**Selected Issues Under the BBA Audit Regime**

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## Selected Issues Under the BBA Audit Regime

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1

## Background & Basic Rules

- Assessment and collection of additional tax at partnership level
- Deficiency is imposed on the partnership at the highest individual or corporate rate.
- Negative adjustments are pushed out
- Partnership can elect to push out adjustments to reviewed year partners



2

## Terms

- **Adjustment year:** the year an AAR is filed
- **Reviewed year.** the partnership's tax year to which a partnership adjustment relates (the amended return or audit year).
- **Reporting year** is the partner's tax year(s) that includes the date the audited or AAR partnership furnished the Forms 8986 to its partners. The regulations require Form 8986 to be furnished at the same time the AAR is file, so generally they are the same tax year.



3

## Practical Issues and Concerns

- Stranded Overpayments
- AMT Surprises
- Changes not effecting income (e.g. changes to liabilities, capital, etc)
- Changes to items effecting non-chapter 1 tax (e.g. SECA income)
- Tier Partnership Issues
- Terminal Partner issues



4

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## Title search: Selected Issues Under the BBA Audit Regime Partnerships and Pass Through Entities

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