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[Third Party Communication:

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**From:**

**Sent:** Tuesday, May 21, 2024 1:52:16 PM

**To:**

**Cc:**

**Bcc:**

**Subject:** RE: Question about NAV project and business bad debt deduction

As 301.6225-2(d)(2) states, amended return modification can only take into account partnership adjustments and partner tax attributes affected by the partnership adjustments. Whether a partner would be entitled to a bad debt deduction related to amounts the partner loaned the partnership is not a partnership adjustment or a partner tax attribute. Therefore, I do not think it can be included as part of amended return modification. However, if the partner's 6501/6511 periods are open, the partner could file an amended return to claim any deduction to which the partner thinks he/she/it is entitled that is not dependent on an adjustment to a PRI as appears to be the case here.

If we entered into a closing agreement with the partner, it could also be included in the closing agreement and could be taken into account during modification under 301.6225-2(d)(8).

Thanks,

Jenni

Jenni Black (she/her)

Senior Counsel

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