

September 26, 2013

IRS
Philadelphia, PA 19255

RE: Company XYZ
EIN: 12-3456789
Tax Form: 1065
Tax Year: 2011

We received your enclosed response denying our request for penalty abatement referencing that (A) the Taxpayer did not establish reasonable cause or due diligence and (B) the Partnership had made a TEFRA election when the partnership was formed. We refute each item as follows:

- (A) We originally requested penalty abatement based on Rev. Proc. 84-35. The requirements of which are set forth below and are met by the taxpayer:
- 1) Taxpayer is a domestic partnership
 - 2) Partnership consists of less than 10 partners
 - 3) All partners are natural persons
 - 4) Each partner's share of each partnership item is the same as his share of every other item and
 - 5) All partners fully reported their respective share income on their individual returns by the due date of the returns.

Rev Proc 84-35 (the intent and application of which is discussed in Memorandum Letter #200135029 - attached) says that a partnership is considered to have met the reasonable cause requirements of Section 6698 if it meets the criteria set above.

- (B) Taxpayer maintains that it has never filed an election, signed by all partners, to be subject to the consolidated audit procedures in IRC 6221 through IRC 6233 as required by Treas Reg §301.6231(a)(1)-1T(b)(2) (Memorandum Letter #20230013 attached). We request a copy of the election which you state was filed when the partnership was formed.

We maintain our assertion that Taxpayer qualifies for penalty abatement based on the above. We respectfully request an explanation detailing the reason that the taxpayer is being denied relief under Rev Proc 84-35 when Taxpayer clearly meets the requirements as provided.

Sincerely,

Jane Smith, CPA

John Smith, Partner
XYZ Partnership