

January 19, 2022

Holly Paz
Deputy Commissioner
Large Business & International
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Holly Porter
Associate Chief Counsel
Passthroughs & Special Industries
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

RE: Changes to Simplify and Improve the AAR Process Under the Centralized Partnership Audit Regime and Proposed "AAR-EZ" Process Framework

Dear Ms. Paz and Ms. Porter:

The Texas Society of Certified Public Accountants (TXCPA) is a nonprofit, voluntary professional organization representing more than 28,000 members. One of the expressed goals of the TXCPA 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. TXCPA has established a Federal Tax Policy Committee to represent those interests on tax-related matters. The committee has been authorized by the TXCPA Board of Directors to submit comments on such matters of interest to the committee membership. The views expressed herein 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 TXCPA.

We understand and appreciate the importance of the Centralized Partnership Audit regime (CPAR). However, complying with the administrative adjustment request (AAR) is burdensome for partnerships, tax professionals and the IRS. This is particularly so in circumstances where the adjustment does not affect the tax liability of any of the partners. To merely correct a partner's Social Security number or address, for example, the current AAR could require a partnership to file Forms 8082, 1065, 8985 and 8986.

To help simplify and expedite this process and thereby make it more administrable, we recommend that the IRS take the following measures:

1. Issue an announcement, effective immediately, that allows the partnership to correct the adjustment by filing a corrected Form 1065 without having to go through the detailed process of the AAR where the adjustments to the partnership and/or partners' returns are minor administrative items with no tax consequence.
2. Create a simplified "AAR-EZ" for adjustments that do not affect the tax liability of any of the partners.

3. Permit partnerships to avoid the administrative adjustment process by treating the partnership as if it had filed an extension. This will enable the partnership to correct any error without having to go through the AAR process if it can be rectified prior to the extended deadline.
4. Where there is a retroactive change in the law or an interpretation of the law, permit partnerships to avoid the AAR process by merely filing an amended return.

Our comments above concur with the comments made by the AICPA in their letter dated [May 25, 2021](#).

Thank you for your attention to our comments. We would be pleased to discuss them further if you believe it would be helpful. Please feel free to contact me at 214-744-3700 or at dcolmenero@meadowscollier.com or contact our TXCPA Staff Liaison Patty Wyatt at 817-656-5100 or pw Wyatt@tx.cpa.

Sincerely,



David E. Colmenero, J.D., CPA
Chair, Federal Tax Policy Committee
Texas Society of Certified Public Accountants