# **Correcting Partnership Capital Accounts**

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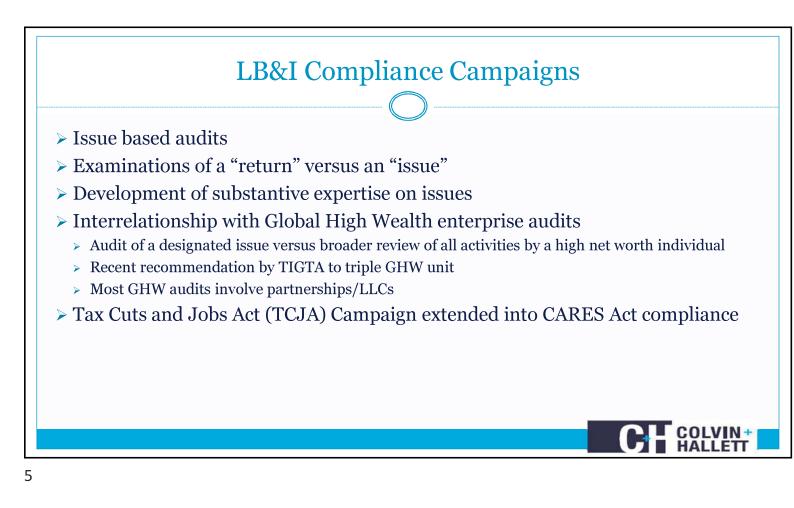
## LB&I Partnership Compliance Efforts – Part 2

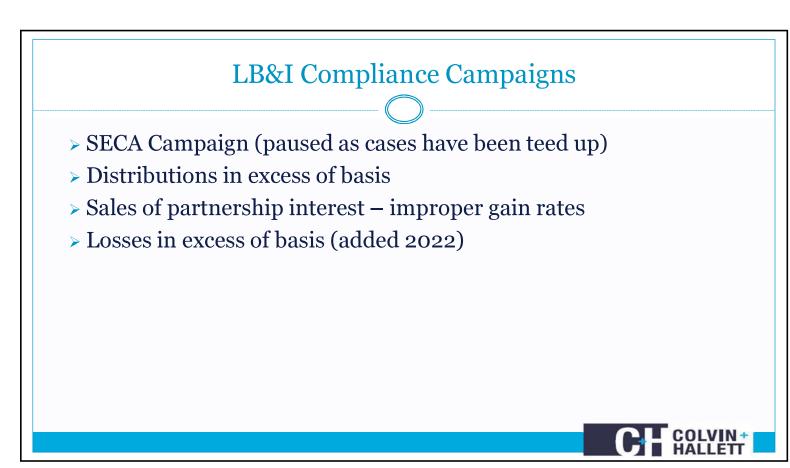
### > Large Partnership Compliance (LPC) Program – uses data analytics

> By the end of the October, the IRS indicated it would open examinations of 75 of the largest partnerships in the U.S. that represent a cross section of industries including hedge funds, real estate investment partnerships, publicly traded partnerships, large law firms and other industries. On average, these partnerships each have more than \$10 billion in assets.

#### > Partnership Balance Sheet Discrepancies

The IRS has identified ongoing discrepancies on balance sheets involving partnerships with over \$10 million in assets, which is an indicator of potential non-compliance. Taxpayers filing partnership returns are showing discrepancies in the millions of dollars between end-of-year balances compared to the beginning balances the following year. The number of such discrepancies has been increasing over the years. Many of these taxpayers are not attaching required statements explaining the difference. This effort will focus on high-risk large partnerships to quickly address the balance sheet discrepancy. This effort began in early October when the IRS mailed letters to around 500 partnerships asking for explanations





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