

1. Settlements of TEFRA partnership proceedings will not be considered "refunds" under § 6405, which requires the reporting of all refunds of more than \$2 million to the Joint Committee on Taxation. Therefore, such settlements need not be reported to the Joint Committee on Taxation.

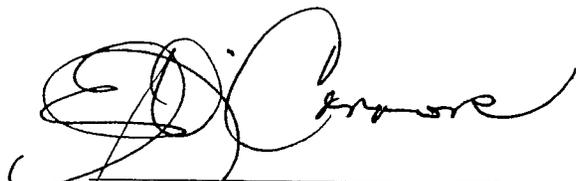
2. In determining which official of the Department of Justice has the authority to settle a TEFRA partnership proceeding, the amount of the government concession should be calculated by multiplying the adjustment to partnership income under the settlement by the highest marginal tax rate. Where necessary to determine who has settlement authority over a partnership proceeding, partnership proceedings will be considered claims by the United States, not claims against the United States.

3. Settlements of partnership proceedings should not be considered claims against the United States for the purpose of 28 U.S.C. § 530D(a)(1)(C)(i), which requires the Attorney General to submit a report to Congress of any instance in which the Department of Justice approves, other than in circumstances in which a report is submitted to the Joint Committee on Taxation pursuant to I.R.C. § 6405, the settlement or compromise of any claim, suit, or other action against the United States, other than in bankruptcy for a sum that exceeds, or is likely to exceed, \$2,000,000, excluding prejudgment interest.

Approved

Disapproved

June 29, 2007
Date



EILEEN J. O'CONNOR
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