

TAX HOTline

BUSINESS WINNERS HOTLINE

\$\$\$ IRS loses. Tax bill sent to partnership doesn't reach unassessed partners. The IRS assessed taxes against a partnership, but its individual partners argued that since they hadn't been assessed personally, they weren't liable for the tax. The IRS answered that general partners are by law liable for a partnership's debts. *Court:* The partnership and its partners are separate taxpayers with different taxpayer ID numbers. So while partners may be liable for a partnership's tax debts, they still must be separately assessed for them. Since more than three years had passed, it was now too late to do so—and the partners escaped the tax.

Abel C. Galletti, et ux., et al., CA-9, Nos. 01-55953 and 01-55954.