

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: Tax Opinion Regarding Partnership Allocations for [Partnership Name]

Dear [Name],

This letter provides our legal opinion regarding the federal income tax treatment of the allocation of income, gain, loss, deduction, and credit (the "Allocations") as set forth in the [Amended and Restated] Limited Partnership Agreement of [Partnership Name], dated [Date] (the "Agreement").

FACTUAL BACKGROUND

In rendering this opinion, we have examined the Agreement and relied upon representations provided by the General Partner concerning the economic arrangements of the partners, the business purpose of the partnership, and the expectation of profit. [Insert specific facts regarding capital accounts and liquidation provisions].

ISSUE

Whether the Allocations provided for in the Agreement will be respected under Section 704(b) of the Internal Revenue Code (the "Code") and the Treasury Regulations promulgated thereunder.

ANALYSIS

Under Code Section 704(b), a partner's distributive share of income or loss is determined by the partnership agreement unless the allocations lack "substantial economic effect." If an allocation lacks substantial economic effect, it must be reallocated in accordance with the partner's interest in the partnership (PIP).

Pursuant to Treasury Regulation § 1.704-1(b)(2), an allocation has economic effect if:

- Capital accounts are maintained in accordance with Treasury Regulation rules;
- Liquidating distributions are required to be made in accordance with positive capital account balances; and
- There is an unconditional obligation to restore capital account deficits, or the Agreement contains a "qualified income offset."

The Agreement provides for [Description of compliance with the "Big Three" or "Alternate Test for Economic Effect"]. Furthermore, we have evaluated whether the economic effect is "substantial" by assessing if there is a reasonable possibility that the allocation will affect substantially the dollar amounts to be received by the partners, independent of tax consequences.

OPINION

Based on the facts described above and the current state of the law, it is our opinion that the Allocations set forth in the Agreement should be treated as having [Substantial Economic Effect / Accordance with Partner's Interest in the Partnership] and should therefore be respected by the Internal Revenue Service for federal income tax purposes.

LIMITATIONS

This opinion is based on the Code, Treasury Regulations, and judicial and administrative interpretations as of the date of this letter. This opinion is not binding on the Internal Revenue Service or the courts. It is intended solely for the benefit of [Client Name] and may not be relied upon by any other person or entity without our express written consent.

Sincerely,

[Signature]

[Name of Professional/Firm]