



Department of the Treasury
Internal Revenue Service

P. O. Box 145574
STOP 8201G
Cincinnati OH 45250-5574

Date:
September 25, 2023
Contact options:
Visit: www.irs.gov/connect
Scan: IRS Secure Messaging QR
code below.



MAHESH & SAHITYA TALLURI BANDLA
1314 E MURIEL DR
PHOENIX AZ 85022-2068

Taxpayer ID number:
158-23-2543
Form:
1040
Tax period ended:
December 31, 2021
Project code:
0396
Person to contact:
Name: Tax Examiner
ID Number: 1000383171
Telephone: 1-866-897-0161
Fax: 1-855-243-0512
Hours: 7:00am-7:00pm local time

002793

We're auditing your 2021 Form 1040, and need a response from you

Dear MAHESH & SAHITYA TALLURI BANDLA:

We're auditing your 2021 federal income tax return and need you to send additional information to support the following items claimed on your return:

Schedule E

What to send? Refer to the enclosed forms that explain what documents you need to provide.

- Organize your documents (including copies of receipts, canceled checks, tax records and other supporting documents) according to the items listed above.
- Make sure scanned documents, pictures and photocopies are complete and clearly readable.
- If questionnaires are attached to this letter, please complete them and submit copies.
- Send **all** your documents at the same time to avoid confusion and processing delays.

How to send it? You have three options for sending your documents:

1. **IRS Secure Messaging** is the best option if you qualify. Through this online service you can securely and instantly send your documents, and you can also exchange messages with your assigned examiner. Visit irs.gov/connect or scan the QR code to the right to see if you qualify.
2. **Send a traditional or virtual fax** to the fax number provided at the top of this letter using a mobile phone app, tablet, computer, or fax machine. Include your name and taxpayer identification number (social security number or individual taxpayer identification number) on each page. For more information on ways to fax without a machine, visit irs.gov/566ta.



Form **8582**

Passive Activity Loss Limitations

OMB No. 1545-1008

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.
▶ Attach to Form 1040, 1040-SR, or 1041.
▶ Go to www.irs.gov/Form8582 for instructions and the latest information.

2021

Attachment
Sequence No. 858

Name(s) shown on return

MAHESH & SAHITYA TALLURI BANDLA

Identifying number
158-23-2543

Part I 2021 Passive Activity Loss

Caution: Complete Parts IV and V before completing Part I.

Rental Real Estate Activities With Active Participation (For the definition of active participation, see *Special Allowance for Rental Real Estate Activities* in the instructions.)

1a	Activities with net income (enter the amount from Part IV, column (a))	1a		1d
1b	Activities with net loss (enter the amount from Part IV, column (b))	1b		
1c	Prior years' unallowed losses (enter the amount from Part IV, column (c))	1c		
1d	Combine lines 1a, 1b, and 1c			

All Other Passive Activities

2a	Activities with net income (enter the amount from Part V, column (a))	2a		2d
2b	Activities with net loss (enter the amount from Part V, column (b))	2b		
2c	Prior years' unallowed losses (enter the amount from Part V, column (c))	2c		
2d	Combine lines 2a, 2b, and 2c			

3	Combine lines 1d and 2d. If this line is zero or more, stop here and include this form with your return; all losses are allowed, including any prior year unallowed losses entered on line 1c or 2c. Report the losses on the forms and schedules normally used	3	
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If line 3 is a loss and: • Line 1d is a loss, go to Part II.
• Line 2d is a loss (and line 1d is zero or more), skip Part II and go to line 10.

Caution: If your filing status is married filing separately and you lived with your spouse at any time during the year, **do not** complete Part II. Instead, go to line 10.

Part II Special Allowance for Rental Real Estate Activities With Active Participation

Note: Enter all numbers in Part II as positive amounts. See instructions for an example.

4	Enter the smaller of the loss on line 1d or the loss on line 3	4	
5	Enter \$150,000. If married filing separately, see instructions	5	
6	Enter modified adjusted gross income, but not less than zero. See instructions Note: If line 6 is greater than or equal to line 5, skip lines 7 and 8 and enter -0- on line 9. Otherwise, go to line 7.	6	
7	Subtract line 6 from line 5	7	
8	Multiply line 7 by 50% (0.50). Do not enter more than \$25,000. If married filing separately, see instructions	8	
9	Enter the smaller of line 4 or line 8	9	

Part III Total Losses Allowed

10	Add the income, if any, on lines 1a and 2a and enter the total	10	
11	Total losses allowed from all passive activities for 2021. Add lines 9 and 10. See instructions to find out how to report the losses on your tax return	11	

Part IV Complete This Part Before Part I, Lines 1a, 1b, and 1c. See instructions.

Name of activity	Current year		Prior years	Overall gain or loss	
	(a) Net income (line 1a)	(b) Net loss (line 1b)	(c) Unallowed loss (line 1c)	(d) Gain	(e) Loss
Total. Enter on Part I, lines 1a, 1b, and 1c ▶					

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 63704F

Form **8582** (2021)

Part IX Activities With Losses Reported on Two or More Forms or Schedules. See instructions.

Name of activity:	(a)	(b)	(c) Ratio	(d) Unallowed loss	(e) Allowed loss
Form or schedule and line number to be reported on (see instructions):					
1a Net loss plus prior year unallowed loss from form or schedule . . . ▶					
b Net income from form or schedule ▶					
c Subtract line 1b from line 1a. If zero or less, enter -0- ▶					
Form or schedule and line number to be reported on (see instructions):					
1a Net loss plus prior year unallowed loss from form or schedule . . . ▶					
b Net income from form or schedule ▶					
c Subtract line 1b from line 1a. If zero or less, enter -0- ▶					
Form or schedule and line number to be reported on (see instructions):					
1a Net loss plus prior year unallowed loss from form or schedule . . . ▶					
b Net income from form or schedule ▶					
c Subtract line 1b from line 1a. If zero or less, enter -0- ▶					
Total ▶			1.00		



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Form **14817**
(September 2021)

Department of the Treasury - Internal Revenue Service

Reply Cover Sheet

Attach this Cover Sheet to the Top of Your Reply



Date _____

To _____

Internal Revenue Service, Correspondence Examination

From _____

Provide a telephone number, including area code and best time for a tax examiner to call

Telephone number _____

Best time to call (hours) _____

If you have a new address, complete Form 8822, Change Of Address, and include it with your reply. You can download this form at www.irs.gov or request a copy by calling 1-800-TAX-FORM (1-800-829-3676).

You can upload your reply using your computer or mobile device at www.irs.gov/examreply or by scanning the IRS Secure Upload QR Code:



Use this form as the first page of any uploaded documents.

Comments _____

This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient or agent for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited. If you have received this communication in error, notify the sender immediately by telephone.

Form **14976**
(November 2013)

Department of the Treasury—Internal Revenue Service

Passive Activity Loss Limitation Explanation of Items

Name of Taxpayer	Taxpayer Identification Number	Tax Period Ending
MAHESH & SAHITYA TALLURI BANDLA	158-23-2543	December 31, 2021



002793

The Law regarding Passive Activity Loss (PAL) limitations is as follows: For single or Married Filing Joint taxpayers, for every dollar of Modified adjusted Gross Income (MAGI) exceeding \$100,000, the \$25,000 offset for rental real estate is reduced by 50 cents. If MAGI exceeds \$150,000, then you are allowed none of the \$25,000 offset. See IRC section 469(l)(3).

For Married Filing Separate taxpayers, if the taxpayers lived with their spouse during the year they do not get any deduction. If they lived apart the special allowance is \$12,500. If MAGI exceeds \$50,000, the \$12,500 offset for rental real estate is reduced by 50 cents for every dollar of MAGI. The entire allowance is phased out at \$75,000.

By definition in Code Section 469(c), all rentals are passive activities and subject to Passive Activity Loss Limitations.

If you disagree with a PAL adjustment, please provide your reason for the disagreement, citing any exceptions that you feel you meet, and provide documentation to support your exception. Also, please complete the included Form 8582.