



Department of the Treasury  
Internal Revenue Service

P.O. Box 145574  
Stop 8201G  
Cincinnati OH 45250

Date:

February 12, 2024

Contact options:

Visit: [www.irs.gov/connect](http://www.irs.gov/connect)

Scan: IRS Secure Messaging QR  
code below



MAHESH BANDLA & SAHITYA TALLURI

1314 E MURIEL DR

PHOENIX AZ 85022-2068

Taxpayer ID number:

158-23-2543

PC:

0396

EGC:

5222

Tax period:

December 31, 2021

Person to contact:

Name: Mrs. Murone

ID number: 1003253404

Website: [www.irs.gov/connect](http://www.irs.gov/connect)

Telephone: 1-866-897-0161

Fax: 1-855-243-0512

Hours: 7:00 AM - 7:00 PM

Dear MAHESH BANDLA & SAHITYA TALLURI:

**We're auditing your federal income tax return and need a response from you.** We reviewed your Form 1040 for the tax period shown above and made proposed changes to your tax. As a result, we found that you owe a balance of \$11,655.22. This amount may include tax, penalties, and estimated interest due. You should pay the balance due now to avoid additional penalties and interest charges.

**What you need to do**

- Review the enclosed Form 4549, Report of Income Tax Examination Changes, and attached Form 886-A, Explanation of Items.
- Respond using one of the methods below to let us know by March 13, 2024, if you agree or disagree with our proposed changes.
  - **Secure Messaging:** You can register for IRS Secure Messaging at [www.irs.gov/connect](http://www.irs.gov/connect). After we accept your registration, you can upload your documents using the secure portal and exchange messages with your assigned examiner. Visit [irs.gov/connect](http://irs.gov/connect) or scan the QR code to the right to see if you qualify.
  - **Mail:** You can mail your response in the enclosed envelope.
  - **Fax:** You can fax your response to the fax number at the top of this letter. Include your taxpayer identification number on each page.
- Include your telephone number with area code and the hours we can reach you if we need more information. If your address has changed, please include your current address.



### **What to do if you agree with our proposed changes**

- Sign and date the enclosed Form 4549 and return it with the enclosed Form 14817, Reply Cover Sheet, using one of the methods shown above.
  - If you're due a refund, you should receive a check within eight weeks if you don't owe other taxes or debts we're required to collect.
  - If you owe additional taxes, make your check or money order payable to the United States Treasury. Write your taxpayer ID number, tax period and form number on the check.
  - If you can't pay the total amount due, pay as much as you can now to limit penalties and interest, and make payment arrangements to pay the rest over time. The enclosed Publication 3498-A, The Examination Process (Audits by Mail), describes payment options. You can also visit [www.irs.gov/payments](http://www.irs.gov/payments).

### **What to do if you don't agree with our proposed changes**

- See the enclosed Form 886-A for the documentation you need to provide.
- Send clean, readable copies of your supporting records or information (including receipts, canceled checks, etc.) using one of the methods shown above.
- Include Form 14817, Reply Cover Sheet, with your response.
  - Don't send us original documents unless we specifically ask for them.
  - Refer to the Publication 3498-A, which describes the audit process and your appeal rights.

### **What will happen if we don't hear from you**

If you owe additional tax and don't respond to this letter, we'll send you a Notice of Deficiency by certified mail which will state the proposed amount you owe with penalties and interest. This legal notice explains your right to file a petition with the United States Tax Court to challenge the amount without paying it first. We will still consider new information you may provide to us, but you will need to file a timely petition with the United States Tax Court to challenge the deficiency.

### **What to do if you want someone to represent you**

If you want us to discuss this letter with your authorized representative, enclose a completed Form 2848, Power of Attorney and Declaration of Representative, with your reply.

Find tax forms or publications by visiting [www.irs.gov/forms](http://www.irs.gov/forms) or calling 800-TAX-FORM (800-829-3676).

If you have questions, you can contact us through IRS Secure Messaging at [www.irs.gov/connect](http://www.irs.gov/connect). You can also call the contact person shown on the first page of this letter.

Sincerely,

Toni A Langford  
Operations Manager, Examination

Enclosures:  
Form 4549  
Form 886-A  
Envelope  
Publication 3498-A  
Form 14817

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](http://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](http://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

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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 **886-A**  
Rev. January 1994)

**EXPLANATION OF ITEMS**

Schedule number or exhibit

Name of taxpayer

Tax Identification Number

Year/Period ended

MAHESH BANDLA & SAHITYA TALLURI

2543

2021

This is in response to your correspondence of 10/20/2023.

We are disallowing your Schedule E, Real Estate Loss After Passive Limitation. While you have submitted copies of expenses, we are not questioning whether you had a loss. The issue is whether your loss is limited.

Under Internal Revenue Code Section 469(i)(3), passive activity losses deducted on personal returns are limited by the amount that the modified adjusted gross income on the return exceeds \$100,000. The \$25,000 allowable passive activity offset is phased out at the rate of 50 cents for every dollar that the modified adjusted gross income exceeds the previously mentioned \$100,000 level. Once the modified adjusted gross income exceeds \$150,000 none of the passive activity losses are deductible on the tax return. Your MAGI is computed to be \$204,338. (see figures below)

AGI \$174,334 + \$30,004 (Loss from Schedule E) = \$204,338 (MAGI-modified adjusted gross income).

Please sign one copy of the Form 4549 at the bottom of page 2 in the space provided and return the signed agreement along with full payment in the envelope provided. If you are unable to make full payment and wish to be considered for a payment plan, you should also complete and return the page entitled "How to Pay Your Taxes".

Please note, we cannot consider any claim, deduction, credit or expense without proper documentation. Please refer to IRS Publication 17 and 1040 instructions for a detailed description of rules and requirements. These publications are available at your local library, on our web site at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.

Form **4549**  
(December 2020)

Department of the Treasury-Internal Revenue Service

**Report of Income Tax Examination Changes**

Name and address of taxpayer  MAHESH BANDLA & SAHITYA TALLURI 1314 E MURIEL DR PHOENIX AZ 85022-2068		Taxpayer identification number 158-23-2543	Return form number 1040
		Person with whom examination changes were discussed.	Name and title MAHESH & SAHITYA TALLURI BANDLA
<b>1. Adjustments to income</b>	<b>Period Ended</b> 12/31/2021	<b>Period Ended</b>	<b>Period Ended</b>
a. Schedule E	30,004.00		
b.			
c.			
d.			
e.			
f.			
g.			
h.			
i.			
j.			
k.			
l.			
m.			
n.			
o.			
p.			
<b>2. Total adjustments</b>	30,004.00		
3. Taxable income per return or as previously adjusted	148,634.00		
<b>4. Corrected taxable income</b>	178,638.00		
Tax method	TAX RATE		
Filing status	Joint		
<b>5. Tax</b>	30,915.00		
<b>6. Additional taxes/Alternative minimum tax</b>			
7. Corrected tax liability	30,915.00		
<b>8. Less credits</b>			
a. Education Credit	0.00		
b.			
c.			
d.			
<b>9. Balance (line 7 less lines 8a through 8d)</b>	30,915.00		
<b>10. Plus other taxes</b>			
a.			
b.			
c.			
d.			
<b>11. Total corrected tax liability (line 9 plus lines 10a through 10d)</b>	30,915.00		
12. Total tax shown on return or as previously adjusted	23,839.00		
13. Adjustments to:	(1,500.00)		
a. See Attached			
b.			
c.			
14. Deficiency-Increase in tax or (overassessment-decrease in tax) (line 11 less line 12 adjusted by lines 13a through 13c)	8,576.00		
15. Adjustments to prepayment credits - increase (decrease)			
<b>16. Balance due or (overpayment) - (line 14 adjusted by line 15) (excluding interest and penalties)</b>	8,576.00		

The Internal Revenue Service has agreements with state tax agencies under which information about federal tax, including increases or decreases, is exchanged with the states. If this change affects the amount of your state income tax, you should amend your state return by filing the necessary forms.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income you earned and do not pay the required tax. The IRS may order backup withholding (withholding of a percentage of your dividend and/or interest payments) if the tax remains unpaid after it has been assessed and four notices have been issued to you over a 120-day period.

Name of taxpayer MAHESH BANDLA & SAHITYA TALLURI	Taxpayer identification number 158-23-2543	Return form number 1040
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17. Penalties, additions to tax, and additional amounts – IRC sections	Period Ended 12/31/2021	Period Ended	Period Ended
a. Accuracy-IRC 6662	1,715.20		
b.			
c.			
d.			
e.			
f.			
g.			
h.			
i.			
j.			
k.			
l.			
m.			
n.			
<b>18. Total penalties, additions to tax, and additional amounts</b>	1,715.20		
<b>19. Summary of taxes, penalties and interest</b>			
a. Balance due or (overpayment) taxes - (line 16, page 1)	8,576.00		
b. Penalties and additions (line 18) - computed to 02/12/2024	1,715.20		
c. Interest** (IRC § 6601) - estimated and computed to 03/13/2024	1,364.02		
d. Amount due or (refund) - (sum of lines a, b, and c)	11,655.22		

\*\*Interest, as provided by law, will be charged on any unpaid amount until it is paid in full.

Other information

Examiner's signature Mrs. Murone	Employee ID 1003253404	Office Cincinnati Service Center	Date 02/12/2024
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Consent to Assessment and Collection- I do not wish to exercise my appeal rights with the Internal Revenue Service or to contest in the United States Tax Court the findings in this report. Therefore, I give my consent to the immediate assessment and collection of any increase in tax and penalties, and accept any decrease in tax and penalties shown above, plus additional interest as provided by law. It is understood that this report is subject to acceptance by the Area Director, Area Manager, Specialty Tax Program Chief, or Director of Field Operations.

**Note: If a joint return was filed, BOTH taxpayers must sign**

Signature of taxpayer	Date	Signature of taxpayer	Date
By	Title		Date

Name of Taxpayer: MAHESH BANDLA & SAHITYA TALLURI  
Identification Number: 158-23-2543 Total

02/12/2024  
24.40.00

### 2021 - Child Tax Credit and Credit for Other Dependents

A. Number of qualifying children under age 18	2
B. Number of qualifying children under age 6	2
C. Number of qualifying children over age 5	0
D. Number of other dependents	0
1. Modified AGI	204,338.00
2. Amount of credit based on qualifying children (amount from line 12 of Line 2 Worksheet)	4,450.00
3. Amount of credit based on qualifying other dependents (multiply line D by \$500)	0.00
4. Total of line 2 and 3	4,450.00
5. Filing status amount ( \$ 400,000 if married filing jointly; \$ 200,000 all other filing statuses)	400,000.00
6. Subtract line 5 from line 1 (if zero or less, enter -0-)	0.00
7. Multiply line 6 by .05	0.00
8. Subtract line 7 from line 4 (if zero or less, enter -0-)	4,450.00
<i>Refundable: go to line 9a and skip lines 10a through 10h</i>	
9a. Smaller of line 3 or line 8	0.00
9b. Subtract line 9a from line 8	4,450.00
9c. If line 9a is zero, enter -0-, otherwise enter credit limit amount	0.00
9d. Smaller of line 9a or line 9c	0.00
9e. Add lines 9b and 9d	4,450.00
9f. Amount of advance child tax credit payments received for current year	2,650.00
9g. Subtract line 9f from line 9e (if zero or less, enter -0-)	1,800.00
9h. <b>Credit for other dependents.</b> Smaller of line 9d or line 9g	0.00
9i. <b>Refundable child tax credit.</b> Subtract line 9h from line 9g	1,800.00
10a. Credit limit amount	
10b. Smaller of line 8 or line 10a	
10c. Additional child tax credit (amount from line 22 below)	
10d. Add lines 10b and 10c	
10e. Amount of advance child tax credit payments received for current year	
10f. Subtract line 10e from line 10d (if zero or less, enter -0-)	
10g. <b>Nonrefundable child tax credit and credit for other dependents.</b> Smaller of line 10b or line 10f	
10h. <b>Additional child tax credit.</b> Subtract line 10g from line 10f	

#### Line 2 Worksheet

1. Multiply line B from section above by \$ 3,600	7,200.00
2. Multiply line C from section above by \$ 3,000	0.00
3. Add lines 1 and 2	7,200.00
4. Multiply line A from section above by \$ 2,000	4,000.00
5. Subtract line 4 from line 3	3,200.00
6. Filing status amount ( \$ 12,500 if married filing jointly; \$ 2,500 if qualifying widow(er); \$ 4,375 if head of household; \$ 6,250 for all other filing statuses)	12,500.00
7. Smaller of line 5 or line 6	3,200.00
8. Filing status amount ( \$ 150,000 if married filing jointly or qualifying widow(er); \$ 112,500 if head of household; \$ 75,000 for all other filing statuses)	150,000.00
9. Subtract line 8 from line 1 of section above (if zero or less, enter -0-) (if more than zero, enter the next multiple of \$1,000)	55,000.00
10. Multiply line 9 by 5%	2,750.00
11. Smaller of line 7 or line 10	2,750.00
12. Subtract line 11 from line 3	4,450.00

Name of Taxpayer: MAHESH BANDLA & SAHITYA TALLURI  
Identification Number: 158-23-2543

Total

02/12/2024

24.40.00

### Additional Child Tax Credit

- 11a. Subtract line 10b from line 8 (if zero or less, enter -0-)
- 11b. Amount of credit based on qualifying children under age 18
12. Smaller of line 11a or line 11b
- 13a. Earned income
- 13b. Nontaxable combat pay
14. If the amount on line 13a is more than , subtract from line 13a  
(if line 13a is less than , then line 14 equals zero)
15. Multiply the amount on line 14 by
16. Total of withheld social security, Medicare, and Additional Medicare taxes
17. Deductible part of self-employment tax, plus FICA tax on tips and uncollected  
social security, Medicare, or RRTA taxes
18. Add lines 16 and 17
19. Earned income credit and excess social security and RRTA taxes withheld
20. Subtract line 19 from line 18 (if zero or less, enter -0-)
21. Larger of line 15 or line 20
22. Additional child tax credit. Smaller of line 12 or line 21

### Additional Tax

- |   |          |
|---|----------|
| 23a. Amount from line 9f or line 10e  | 2,650.00 |
| 23b. Amount from line 9e or line 10d  | 4,450.00 |
| 24. Excess advance child tax credit payments. Subtract line 23b from line 23a   | 0.00     |
| 25a. Number of qualifying children for annual advance payment amount  |          |
| 25b. Number of qualifying children under age 18 for current year  |          |
| 26. Smaller of line 25a or line 25b   |          |
| 27. Subtract line 26 from line 25a  |          |
| 28. Filing status amount ( if married filing joint or qualifying widow(er);<br>if head of household; all other filing statuses) |          |
| 29. Subtract line 28 from line 1. If zero or less, enter -0-  |          |
| 30. Amount from line 28   |          |
| 31. Divide line 29 by line 30. If more than 1.000 enter 1.000   |          |
| 32. Multiply line 27 by   |          |
| 33. Multiply line 32 by line 31   |          |
| 34. Subtract line 33 from line 24   |          |
| 35. Additional tax. Subtract line 34 from line 24 (if zero or less, enter -0-)  |          |



Name of Taxpayer: MAHESH BANDLA & SAHITYA TALLURI  
Identification Number: 158-23-2543

02/12/2024  
24.40.00

Total

2021 - FORM 8863 - EDUCATION CREDITS

PART III - TENTATIVE CREDITS

AMERICAN OPPORTUNITY CREDIT

a. STUDENT SSN	b. QUALIFIED EXPENSES (Max. \$4,000)	c. SUBTRACT \$2,000 FROM QUALIFIED EXPENSES	d. MULTIPLY COLUMN (c) BY 25%	e. IF COLUMN (c) IS ZERO, ENTER AMOUNT FROM COLUMN (b); OTHERWISE, ADD \$2,000 TO AMOUNT IN COLUMN (d)
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1. Tentative American opportunity credit (total of amounts in column (e)) 0.00

LIFETIME LEARNING CREDIT

a. STUDENT SSN	b. QUALIFIED EXPENSES
158-23-2543	6,300.00

2. Total qualified expenses for Lifetime Learning Credit (total of amounts in column (b)) 6,300.00

PART I - REFUNDABLE AMERICAN OPPORTUNITY CREDIT

3. Enter \$180,000 if married filing jointly; \$90,000 if single, head of household, or qualifying widow(er)	180,000.00
4. Modified adjusted gross income	204,338.00
5. Subtract line 4 from line 3 (if zero or less, no allowable refundable education credit)	0.00
6. Enter \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	20,000.00
7. Divide line 5 by line 6 (not more than 1.000)	0.000
8. Tentative allowable American opportunity credit (multiply line 1 by line 7)	0.00
9. Refundable American opportunity credit (multiply line 8 by 40%) (enter -0- if taxpayer not eligible for this credit)	0.00

PART II - NONREFUNDABLE EDUCATION CREDITS

10. Subtract line 9 from line 8	0.00
11. Enter amount from line 2 (If zero, skip lines 12 through 18, and enter zero on line 19 and go to line 20)	6,300.00
12. Enter the smaller of line 11 or \$10,000	6,300.00
13. Multiply line 12 by 20%	1,260.00
14. Enter \$180,000 if married filing jointly; \$90,000 if single, head of household, or qualifying widow(er)	180,000.00
15. Modified adjusted gross income	204,338.00
16. Subtract line 15 from line 14 (if zero or less, skip lines 17 and 18, and enter zero on line 19 and go to line 20)	0.00
17. Enter \$20,000 if married filing jointly; \$10,000 if single, head of household, or qualifying widow(er)	
18. Divide line 16 by line 17 (not more than 1.000)	
19. Multiply line 13 by line 18	0.00
20. Tentative Nonrefundable Education Credit (add line 19 and line 10)	0.00
21. Total tax (including alternative minimum tax & excess advance premium tax credit repayment)	30,915.00
22. Allowable credits	0.00
23. Subtract line 22 from line 21	30,915.00
24. Nonrefundable Education Credit (smaller of line 20 or line 23)	0.00

**Accuracy-Related Penalties under IRC 6662**

**20 Percent Penalty – Internal Revenue Code Section 6662(a)**

It has been determined that the underpayment of tax shown on line 5 below is attributable to one or more of the following:

- (1) Negligence or disregard of rules or regulations;
- (2) Substantial understatement of income tax;
- (3) Substantial valuation misstatement (overstatement);
- (4) Transaction lacking economic substance.

Therefore, an addition to tax is imposed as provided by Section 6662(a) of the Internal Revenue Code.

1. Total underpayment, excluding underpayment attributable to Section 6662A and/or Section 6676 penalty issues, if any	8,576.00
2. Less: Underpayment attributable to non-penalty issues	0.00
3. Less: Underpayment attributable to 40% Section 6662 penalty issues	0.00
4. Less: Underpayment attributable to civil fraud penalty issues	0.00
5. Underpayment to which Section 6662(a) applies (Line 1 less the sum of lines 2, 3, and 4)	8,576.00
6. Applicable penalty rate	20.00%
7. Section 6662(a) accuracy-related penalty (Line 5 times line 6)	1,715.20
8. Less: Previously assessed/previously agreed Section 6662(a) penalty	0.00
9. Total section 6662(a) accuracy-related penalty (Line 7 less line 8)	1,715.20

**40 Percent Penalty – Internal Revenue Code Section 6662(h); 6662(i); 6662(j)**

It has been determined that the underpayment of tax shown on line 5 below is attributable to one or more of the following:

- (1) Gross valuation misstatement (overstatement);
- (2) Non-disclosed transaction lacking economic substance;
- (3) Undisclosed foreign financial assets.

Therefore, an addition to tax is imposed as provided by Section 6662(h); 6662(i); or 6662(j) of the Internal Revenue Code.

1. Total underpayment, excluding underpayment attributable to Section 6662A and/or Section 6676 penalty issues, if any	8,576.00
2. Less: Underpayment attributable to non-penalty issues	0.00
3. Less: Underpayment attributable to 20% Section 6662 penalty issues	8,576.00
4. Less: Underpayment attributable to civil fraud penalty issues	0.00
5. Underpayment to which 40% Section 6662 penalty applies (Line 1 less the sum of lines 2, 3, and 4)	0.00
6. Applicable penalty rate	40.00%
7. 40% Section 6662 accuracy-related penalty (Line 5 times line 6)	0.00
8. Less: Previously assessed/previously agreed 40% Section 6662 penalty	0.00
9. Total 40% section 6662 accuracy-related penalty (Line 7 less line 8)	0.00

Name of Taxpayer: MAHESH BANDLA & SAHITYA TALLURI  
Identification Number: 158-23-2543

Total

02/12/2024  
24.40.00

### HOW TO PAY YOUR TAXES

If you agree with the adjustments and balance due on Form 4549 – Income Tax Changes, please return a signed copy including pages 1 and 2. The enclosed report does not reflect any balance currently due on your account.

You have payment options for your tax liability. Please note that interest and applicable penalties will accrue until your balance is paid in full. Paying now will decrease or stop future interest charges and prevent assessment of failure to pay penalties.

Payment options include the following:

- Pay now by including a check or money order payable to the United States Treasury with your signed copy of Form 4549.
- Download the IRS2Go Mobile App and make a payment whenever you like from your mobile device. (Processing fees may apply.)
- If you can pay the full amount within 120 days, return the signed agreement now and submit the balance due when you receive the bill.

Additional payment options are available by visiting [www.IRS.gov/payments](http://www.IRS.gov/payments):

- Apply for a payment plan. (Fees may apply.) You may also apply by completing the section below, "Payment Plan Request."
- Pay online via a checking/savings account.
- Locate retail partners for cash payments. (Processing fees apply.)
- Pay by credit card. (Processing fees apply.)

#### Payment Plan Request

Submit your written request or check the box below and return this flyer with your signed agreement.

I would like to pay \$ \_\_\_\_\_ per month. (Make your payments as large as possible to limit penalty and interest.)

I would like my payment to be due on the \_\_\_\_ of the month. (Please indicate a date between the 1st and 28th of the month.)

You will be charged a fee if your request is approved. DO NOT include the fee with this flyer. We will send you a bill for the fee when we approve your request.

Please provide a telephone number where we can contact you regarding your request.

Home: ( ) \_\_\_\_\_

Work: ( ) \_\_\_\_\_

Name Of Taxpayer: MAHESH BANDLA & SAHITYA TALLURI  
 Identification Number: 158-23-2543

02/12/2024  
 Total 24.40.00

2021 TAX YEAR INTEREST COMPUTATION

Interest computed to 03/13/2024  
 Total Tax Deficiency \$8,576.00

Plus Penalties\*

Failure to File - IRC 6651 \$ .00  
 Accuracy Related Penalty - IRC 6662 \$1,715.20  
 Accuracy Related Penalty - IRC 6662A \$ .00  
 Civil Fraud - IRC 6663 \$ .00  
 Manually Computed Penalty \$ .00

Total Penalties Subject to Interest \$1,715.20  
 Tax Deficiency and Penalties Subject to Interest \$10,291.20

Type	Effective Dates	Days	Rate	Interest
Compound	04/15/2022--06/30/2022	76	4%	\$85.50
Compound	07/01/2022--09/30/2022	92	5%	\$131.59
Compound	10/01/2022--12/31/2022	92	6%	\$160.11
Compound	01/01/2023--09/30/2023	273	7%	\$573.38
Compound	10/01/2023--12/31/2023	92	8%	\$228.96
Compound	01/01/2024--03/13/2024	73	8%	\$184.48

Total Interest \$1,364.02

Interest on penalties is computed from the due date of the return (including extensions) until the date of payment. The interest shown on this report is estimated. Interest is computed from the due date of the return (including extensions) and will continue to accrue until the date paid in full. Interest on the failure to pay penalty is computed from the date of assessment and is therefore not considered in this report.

Form **886-A**  
(May 2017)

Department of the Treasury - Internal Revenue Service

## Explanation of Items

Schedule number or  
exhibit

Name of taxpayer

MAHESH BANDLA & SAHITYA TALLURI

Tax Identification Number (*last 4 digits*)

2543

Year/Period ended

2021

### Schedule E

Tax Period	Per Return	Per Exam	Adjustment
2021	\$30,004.00	\$0.00	\$30,004.00

Active participants in real property rental real estate activities are allowed to offset up to \$25,000 (\$12,500 if married filing separate) of non-passive income with the net losses from all rental activities, subject to phase-out. To qualify for the \$25,000 offset against wages and portfolio income, you must actively participate, own at least 10 percent and not be a limited partner. The \$25,000 exception is phased out at the rate of \$.50 for every dollar of modified AGI over \$100,000. Based on the calculation of your modified adjusted gross income, you are subject to the phase-out and the amount of your passive activity loss has been limited as shown on this report.