



## Qualifying Income From Activities of Publicly Traded Partnerships With Respect to Minerals or Natural Resources

This is a Comment on the **Internal Revenue Service (IRS)** Proposed Rule: **Qualifying Income from Activities of Publicly Traded Partnerships with Respect to Minerals or Natural Resources**

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### Comment

The Internal Revenue Service should make this ruling to clarify the interpretation of the IRS of 26 U.S.C. 7704(d)(1) (E). While this regulation is not required by law, it does state the law, and would be entitled to deference. With increasing questions, this is a way to clarify the burden on taxpayers, and should not be treated as a mere clarification, and not be changing current policy.

(1) My first request is that the Internal Revenue Service would not be willing to reconsider this with the passage of time. This does not seem to be consistent with statute.

(2) My second request is that the Internal Revenue Service eliminate the test for substantial as a percentage of work. Rather, if there is any comingling, the taxpayer appears to be required to show what is exempt and what is not. The ninety per

(3) My third request is that there is no reference to water activities in 7704 allowing such deduction. In my opinion, a company that sells water or transports water for use in support of fracturing is not exempt. However, such activity would be exempt if vertically integrated.