

6231(a)(2), the date that is 330 days (plus the number of days of any extension consented to by the Secretary under section 6225(c)(7)<sup>2</sup> after the date of such notice.

**(b) Extension by agreement**

The period described in subsection (a) (including an extension period under this subsection) may be extended by an agreement entered into by the Secretary and the partnership before the expiration of such period.

**(c) Special rule in case of fraud, etc.**

**(1) False return**

In the case of a false or fraudulent partnership return with intent to evade tax, the adjustment may be made at any time.

**(2) Substantial omission of income**

If any partnership omits from gross income an amount properly includible therein and such amount is described in section 6501(e)(1)(A), subsection (a) shall be applied by substituting “6 years” for “3 years”.

**(3) No return**

In the case of a failure by a partnership to file a return for any taxable year, the adjustment may be made at any time.

**(4) Return filed by Secretary**

For purposes of this section, a return executed by the Secretary under subsection (b) of section 6020 on behalf of the partnership shall not be treated as a return of the partnership.

**(d) Suspension when Secretary mails notice of adjustment**

If notice of a final partnership adjustment with respect to any taxable year is mailed under section 6231, the running of the period specified in subsection (a) (as modified by the other provisions of this section) shall be suspended—

- (1) for the period during which an action may be brought under section 6234 (and, if a petition is filed under such section with respect to such notice, until the decision of the court becomes final), and
- (2) for 1 year thereafter.

(Added Pub. L. 114-74, title XI, §1101(c)(1), Nov. 2, 2015, 129 Stat. 635; amended Pub. L. 114-113, div. Q, title IV, §411(c), Dec. 18, 2015, 129 Stat. 3122.)

DELAYED APPLICABILITY OF SECTION

*For delayed applicability of section, see Effective Date note below.*

AMENDMENTS

2015—Subsec. (a)(2). Pub. L. 114-113, §411(c)(1), substituted “paragraph (7)” for “paragraph (4)”.

Subsec. (a)(3). Pub. L. 114-113, §411(c)(2), substituted “330 days (plus the number of days of any extension consented to by the Secretary under section 6225(c)(7))” for “270 days”.

EFFECTIVE DATE OF 2015 AMENDMENT

Amendment by Pub. L. 114-113 effective as if included in section 1101 of Pub. L. 114-74, see section 411(e) of Pub. L. 114-113, set out as a note under section 6031 of this title.

<sup>2</sup>So in original. Another closing parenthesis probably should appear.

EFFECTIVE DATE

Section applicable to returns filed for partnership taxable years beginning after Dec. 31, 2017, with certain exceptions, see section 1101(g) of Pub. L. 114-74, set out as an Effective Date of 2015 Amendment note under section 6221 of this title.

**Subchapter D—Treatment of Electing Large Partnerships**

- |      |   |
|------|---|
| Part |   |
| I.   | Treatment of partnership items and adjustments. |
| II.  | Partnership level adjustments.                  |
| III. | Definitions and special rules.                  |

REPEAL OF SUBCHAPTER

*Pub. L. 114-74, title XI, §1101(b)(2), (g), Nov. 2, 2015, 129 Stat. 625, 638, provided that, applicable to returns filed for partnership taxable years beginning after Dec. 31, 2017, with certain exceptions, this subchapter is repealed.*

PART I—TREATMENT OF PARTNERSHIP ITEMS AND ADJUSTMENTS

- |       |  |
|-------|--|
| Sec.  |  |
| 6240. | Application of subchapter.                                   |
| 6241. | Partner's return must be consistent with partnership return. |
| 6242. | Procedures for taking partnership adjustments into account.  |

PRIOR PROVISIONS

A prior subchapter D, Tax Treatment of Subchapter S Items, consisted of sections 6241 to 6245, prior to repeal by Pub. L. 104-188, title I, §1307(c)(1), Aug. 20, 1996, 110 Stat. 1781.

**§ 6240. Application of subchapter**

**(a) General rule**

This subchapter shall only apply to electing large partnerships and partners in such partnerships.

**(b) Coordination with other partnership audit procedures**

**(1) In general**

Subchapter C of this chapter shall not apply to any electing large partnership other than in its capacity as a partner in another partnership which is not an electing large partnership.

**(2) Treatment where partner in other partnership**

If an electing large partnership is a partner in another partnership which is not an electing large partnership—

(A) subchapter C of this chapter shall apply to items of such electing large partnership which are partnership items with respect to such other partnership, but

(B) any adjustment under such subchapter C shall be taken into account in the manner provided by section 6242.

(Added Pub. L. 105-34, title XII, §1222(a), Aug. 5, 1997, 111 Stat. 1009.)

REPEAL OF SECTION

*Pub. L. 114-74, title XI, §1101(b)(2), (g), Nov. 2, 2015, 129 Stat. 625, 638, provided that, applicable to returns filed for partnership taxable*