

**(2) Rounding**

If any amount adjusted under paragraph (1) is not a multiple of \$5, such amount shall be rounded to the next lowest multiple of \$5.

(Added Pub. L. 95-600, title II, §211(a), Nov. 6, 1978, 92 Stat. 2817; amended Pub. L. 110-142, §8(a), (b), Dec. 20, 2007, 121 Stat. 1806; Pub. L. 110-458, title I, §127(a), Dec. 23, 2008, 122 Stat. 5116; Pub. L. 111-92, §16(a), Nov. 6, 2009, 123 Stat. 2996; Pub. L. 113-295, div. B, title II, §208(d), Dec. 19, 2014, 128 Stat. 4073.)

**INFLATION ADJUSTED ITEMS FOR CERTAIN YEARS**

*For inflation adjustment of certain items in this section, see Revenue Procedures listed in a table under section 1 of this title.*

**CODIFICATION**

Another section 6698, formerly section 6694, relating to failure to file information with respect to carryover basis property, which was added by Pub. L. 94-455, §2005(d)(2), was renumbered section 6698 by Pub. L. 95-600, renumbered section 6698A by Pub. L. 96-222, and repealed by Pub. L. 96-223.

**AMENDMENTS**

- 2014—Subsec. (e). Pub. L. 113-295 added subsec. (e).  
 2009—Subsec. (b)(1). Pub. L. 111-92 substituted “\$195” for “\$89”.  
 2008—Subsec. (b)(1). Pub. L. 110-458 substituted “\$89” for “\$85”.  
 2007—Subsec. (a). Pub. L. 110-142, §8(a), substituted “12 months” for “5 months” in concluding provisions.  
 Subsec. (b)(1). Pub. L. 110-142, §8(b), substituted “\$85” for “\$50”.

**EFFECTIVE DATE OF 2014 AMENDMENT**

Amendment by Pub. L. 113-295 applicable to returns required to be filed after Dec. 31, 2014, see section 208(h) of Pub. L. 113-295, set out as a note under section 6651 of this title.

**EFFECTIVE DATE OF 2009 AMENDMENT**

Pub. L. 111-92, §16(b), Nov. 6, 2009, 123 Stat. 2996, provided that: “The amendments made by this section [amending this section and section 6699 of this title] shall apply to returns for taxable years beginning after December 31, 2009.”

**EFFECTIVE DATE OF 2008 AMENDMENT**

Pub. L. 110-458, title I, §127(b), Dec. 23, 2008, 122 Stat. 5116, provided that: “The amendment made by subsection (a) [amending this section] shall apply to returns required to be filed after December 31, 2008.”

**EFFECTIVE DATE OF 2007 AMENDMENT**

Pub. L. 110-142, §8(d), Dec. 20, 2007, 121 Stat. 1807, provided that: “The amendments made by subsections (a) and (b) [amending this section] shall apply to returns required to be filed after the date of the enactment of this Act [Dec. 20, 2007].”

**EFFECTIVE DATE**

Pub. L. 95-600, title II, §211(c), Nov. 6, 1978, 92 Stat. 2818, provided that: “The amendments made by this section [enacting this section] shall apply with respect to returns for taxable years beginning after December 31, 1978.”

**MODIFICATION OF PENALTY FOR FAILURE TO FILE PARTNERSHIP RETURNS**

Pub. L. 110-141, §2, Dec. 19, 2007, 121 Stat. 1802, provided that: “For any return of a partnership required to be filed under section 6031 of the Internal Revenue Code of 1986 for a taxable year beginning in 2008, the dollar

amount in effect under section 6698(b)(1) of such Code shall be increased by \$1.”

**[§ 6698A. Repealed. Pub. L. 96-223, title IV, § 401(a), Apr. 2, 1980, 94 Stat. 299]**

Section, added Pub. L. 94-455, title XX, §2005(d)(2), Oct. 4, 1976, 90 Stat. 1878, §6694; renumbered §6698 and amended Pub. L. 95-600, title VII, §702(r)(1)(A), (B), Nov. 6, 1978, 92 Stat. 2938; renumbered §6698A, Pub. L. 96-222, title I, §107(a)(2)(D), Apr. 1, 1980, 94 Stat. 223, related to failure of an executor to file information with respect to carryover basis property. Repeal was achieved by repealing section 2005(d)(2) of Pub. L. 94-455 and section 702(r)(1)(A), (B) of Pub. L. 95-600 and the amendments made by those sections.

**EFFECTIVE DATE OF REPEAL AND REVIVAL OF PRIOR LAW**

Repeal applicable in respect of decedents dying after Dec. 31, 1976, and, except for certain elections, this title to be applied and administered as if this section had not been enacted, see section 401(b), (e) of Pub. L. 96-223, set out as an Effective Date of 1980 Amendment and Revival of Prior Law note under section 1023 of this title.

**§ 6699. Failure to file S corporation return****(a) General rule**

In addition to the penalty imposed by section 7203 (relating to willful failure to file return, supply information, or pay tax), if any S corporation required to file a return under section 6037 for any taxable year—

- (1) fails to file such return at the time prescribed therefor (determined with regard to any extension of time for filing), or
- (2) files a return which fails to show the information required under section 6037,

such S corporation shall be liable for a penalty determined under subsection (b) for each month (or fraction thereof) during which such failure continues (but not to exceed 12 months), unless it is shown that such failure is due to reasonable cause.

**(b) Amount per month**

For purposes of subsection (a), the amount determined under this subsection for any month is the product of—

- (1) \$195, multiplied by
- (2) the number of persons who were shareholders in the S corporation during any part of the taxable year.

**(c) Assessment of penalty**

The penalty imposed by subsection (a) shall be assessed against the S corporation.

**(d) Deficiency procedures not to apply**

Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a).

**(e) Adjustment for inflation****(1) In general**

In the case of any return required to be filed in a calendar year beginning after 2014, the \$195 dollar amount under subsection (b)(1) shall be increased by such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) determined by sub-