

basis of such other factors as the Secretary determines are necessary or appropriate to carry out the purposes of this subsection.

**(7) Year and day for submission to Secretary**

Anything required to be filed or submitted under this subsection shall be submitted to the Secretary not later than the close of the 270-day period beginning on the date on which the notice of a proposed partnership adjustment is mailed under section 6231 unless such period is extended with the consent of the Secretary.

**(8) Decision of Secretary**

Any modification of the imputed underpayment amount under this subsection shall be made only upon approval of such modification by the Secretary.

**(9) Modification of adjustments not resulting in an imputed underpayment**

The Secretary shall establish procedures under which the adjustments described in subsection (a)(2) may be modified in such manner as the Secretary determines appropriate.

**(d) Definitions**

For purposes of this subchapter—

**(1) Reviewed year**

The term “reviewed year” means the partnership taxable year to which the item being adjusted relates.

**(2) Adjustment year**

The term “adjustment year” means the partnership taxable year in which—

(A) in the case of an adjustment pursuant to the decision of a court in a proceeding brought under section 6234, such decision becomes final,

(B) in the case of an administrative adjustment request under section 6227, such administrative adjustment request is made, or

(C) in any other case, notice of the final partnership adjustment is mailed under section 6231.

(Added Pub. L. 114-74, title XI, §1101(c)(1), Nov. 2, 2015, 129 Stat. 628; amended Pub. L. 114-113, div. Q, title IV, §411(a), Dec. 18, 2015, 129 Stat. 3121; Pub. L. 115-141, div. U, title II, §§202, 203(a), 206(b), (p)(1), Mar. 23, 2018, 132 Stat. 1173, 1174, 1178, 1182.)

PRIOR PROVISIONS

A prior section 6225, added Pub. L. 97-248, title IV, §402(a), Sept. 3, 1982, 96 Stat. 652; amended Pub. L. 105-34, title XII, §1239(a), Aug. 5, 1997, 111 Stat. 1027, allowing assessments to be made only after partnership level proceedings were completed, was repealed by Pub. L. 114-74, title XI, §1101(a), Nov. 2, 2015, 129 Stat. 625.

AMENDMENTS

2018—Subsec. (a). Pub. L. 115-141, §202(c)(1), amended subsec. (a) generally. Prior to amendment, subsec. (a) related to adjustment by the Secretary in the amount of any item of income, gain, loss, deduction, or credit of a partnership, or any partner’s distributive share thereof.

Subsec. (b). Pub. L. 115-141, §202(a), amended subsec. (b) generally. Prior to amendment, subsec. (b) consisted of pars. (1) and (2) relating to determination of imputed underpayments in general and adjustments to distributive shares of partners not netted, respectively.

Subsec. (c)(2). Pub. L. 115-141, §203(a), amended par. (2) generally. Prior to amendment, par. (2) related to amended returns of partners.

Subsec. (c)(2)(F). Pub. L. 115-141, §206(b), added subpar. (F) relating to adjustments not treated as amended return.

Subsec. (c)(3). Pub. L. 115-141, §202(b)(1), substituted “without regard to the portion of the adjustment” for “without regard to the portion thereof”.

Subsec. (c)(4)(A). Pub. L. 115-141, §202(b)(2), substituted “with respect to any portion of the adjustment” for “with respect to any portion of the imputed underpayment” in introductory provisions.

Subsec. (c)(5)(A)(i). Pub. L. 115-141, §202(b)(3), substituted “without regard to the portion of the adjustment” for “without regard to the portion thereof”.

Subsec. (c)(7). Pub. L. 115-141, §206(p)(1), substituted “filed or submitted under this subsection” for “submitted pursuant to paragraph (1)”.

Subsec. (c)(9). Pub. L. 115-141, §202(c)(2), added par. (9).

2015—Subsec. (c)(4)(A)(i). Pub. L. 114-113, §411(a)(1), struck out “in the case of ordinary income,” before “is a C corporation”.

Subsec. (c)(5) to (8). Pub. L. 114-113, §411(a)(2), added par. (5) and redesignated former pars. (5) to (7) as (6) to (8), respectively.

EFFECTIVE DATE OF 2018 AMENDMENT

Amendment by Pub. L. 115-141 effective as if included in section 1101 of Pub. L. 114-74, see section 207 of Pub. L. 115-141, set out as a note under section 6031 of this title.

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.

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 a note under section 6221 of this title.

**§ 6226. Alternative to payment of imputed underpayment by partnership**

**(a) In general**

If the partnership—

(1) not later than 45 days after the date of the notice of final partnership adjustment, elects the application of this section with respect to an imputed underpayment, and

(2) at such time and in such manner as the Secretary may provide, furnishes to each partner of the partnership for the reviewed year and to the Secretary a statement of the partner’s share of any adjustment to a partnership-related item (as determined in the notice of final partnership adjustment),

section 6225 shall not apply with respect to such underpayment (and no assessment of tax, levy, or proceeding in any court for the collection of such underpayment shall be made against such partnership) and each such partner shall take such adjustment into account as provided in subsection (b). The election under paragraph (1) shall be made in such manner as the Secretary may provide and, once made, shall be revocable only with the consent of the Secretary.

**(b) Adjustments taken into account by partner**

**(1) Tax imposed in year of statement**

Except as provided in paragraph (4), each partner’s tax imposed by chapter 1 for the tax-

able year which includes the date the statement was furnished under subsection (a) shall be adjusted by the aggregate of the correction amounts determined under paragraph (2) for the taxable years referred to therein.

**(2) Correction amounts**

The correction amounts determined under this paragraph are—

(A) in the case of the taxable year of the partner which includes the end of the reviewed year, the amount by which the tax imposed under chapter 1 would increase or decrease if the partner's share of the adjustments described in subsection (a) were taken into account for such taxable year, and

(B) in the case of any taxable year after the taxable year referred to in subparagraph (A) and before the taxable year referred to in paragraph (1), the amount by which the tax imposed under chapter 1 would increase or decrease by reason of the adjustment to tax attributes under paragraph (3).

**(3) Adjustment of tax attributes**

Any tax attribute which would have been affected if the adjustments described in subsection (a) were taken into account for the taxable year referred to in paragraph (2)(A) shall—

(A) in the case of any taxable year referred to in paragraph (2)(B), be appropriately adjusted for purposes of applying such paragraph, and

(B) in the case of any subsequent taxable year, be appropriately adjusted.

**(4) Treatment of partnerships and S corporations in tiered structures**

**(A) In general**

If a partner which receives a statement under subsection (a)(2) is a partnership or an S corporation, such partner shall, with respect to the partner's share of the adjustment—

(i) file with the Secretary a partnership adjustment tracking report which includes such information as the Secretary may require, and

(ii)(I) furnish statements under rules similar to the rules of subsection (a)(2), or

(II) if no such statements are furnished, compute and pay an imputed underpayment under rules similar to the rules of section 6225 (other than paragraphs (2), (7), and (9) of subsection (c) thereof).

**(B) Due date**

For purposes of subparagraph (A), with respect to a partner's share of the adjustment, the partnership adjustment tracking report shall be filed, and the imputed underpayment shall be paid or statements shall be furnished, not later than the due date for the return for the adjustment year of the audited partnership.

**(C) Partnership payment of tax if elected out of subchapter**

In the case of a partnership which has elected the application of section 6221(b) with respect to the taxable year of the part-

nership which includes the end of the reviewed year of the audited partnership, this paragraph shall apply notwithstanding such election.

**(D) Audited partnership**

For purposes of this paragraph, the term "audited partnership" means, with respect to any partner described in subparagraph (A), the partnership in the chain of ownership originally electing the application of this section.

**(E) Treatment of trusts**

The Secretary shall prescribe such rules as may be necessary with respect to trusts which receive a statement under subsection (a)(2).

**(c) Penalties and interest**

**(1) Penalties**

Notwithstanding subsections (a) and (b), any penalties, additions to tax, or additional amount shall be determined as provided under section 6221 and the partners of the partnership for the reviewed year shall be liable for any such penalty, addition to tax, or additional amount.

**(2) Interest**

In the case of an imputed underpayment with respect to which the application of this section is elected, or which is described in subsection (b)(4)(A)(ii)(I), interest shall be determined—

(A) at the partner level,

(B) from the due date of the return for the taxable year to which the increase is attributable (determined by taking into account any increases attributable to a change in tax attributes for a taxable year under subsection (b)(2)), and

(C) at the underpayment rate under section 6621(a)(2), determined by substituting "5 percentage points" for "3 percentage points" in subparagraph (B) thereof.

**(d) Judicial review**

For the time period within which a partnership may file a petition for a readjustment, see section 6234(a).

(Added Pub. L. 114-74, title XI, §1101(c)(1), Nov. 2, 2015, 129 Stat. 630; amended Pub. L. 114-113, div. Q, title IV, §411(b)(1), Dec. 18, 2015, 129 Stat. 3122; Pub. L. 115-141, div. U, title II, §§201(c)(4), 204, 206(d), (e), Mar. 23, 2018, 132 Stat. 1173, 1176, 1178.)

PRIOR PROVISIONS

A prior section 6226, added Pub. L. 97-248, title IV, §402(a), Sept. 3, 1982, 96 Stat. 653; amended Pub. L. 97-448, title III, §306(c)(1)(A), Jan. 12, 1983, 96 Stat. 2406; Pub. L. 102-572, title IX, §902(b)(2), Oct. 29, 1992, 106 Stat. 4516; Pub. L. 105-34, title XII, §§1238(b)(1), 1239(b), 1240(a), Aug. 5, 1997, 111 Stat. 1026-1028, related to judicial review of final partnership administrative adjustments, prior to repeal by Pub. L. 114-74, title XI, §1101(a), Nov. 2, 2015, 129 Stat. 625.

AMENDMENTS

2018—Subsec. (a). Pub. L. 115-141, §206(d), inserted "(and no assessment of tax, levy, or proceeding in any court for the collection of such underpayment shall be

made against such partnership)” after “section 6225 shall not apply with respect to such underpayment” in concluding provisions.

Subsec. (a)(2). Pub. L. 115-141, §201(c)(4), substituted “any adjustment to a partnership-related item” for “any adjustment to income, gain, loss, deduction, or credit”.

Subsec. (b)(1). Pub. L. 115-141, §206(e)(2), substituted “correction amounts” for “adjustment amounts”.

Pub. L. 115-141, §206(e)(1), substituted “adjusted” for “increased”.

Pub. L. 115-141, §204(b)(1), substituted “Except as provided in paragraph (4), each partner’s” for “Each partner’s”.

Subsec. (b)(2). Pub. L. 115-141, §206(e)(5), substituted “Correction amounts” for “Adjustment amounts” in heading.

Pub. L. 115-141, §206(e)(3), substituted “increase or decrease” for “increase” in subpars. (A) and (B).

Pub. L. 115-141, §206(e)(2), substituted “correction amounts” for “adjustment amounts” in introductory provisions.

Subsec. (b)(2)(A). Pub. L. 115-141, §206(e)(4), substituted “and” for “plus” at end.

Subsec. (b)(4). Pub. L. 115-141, §204(a), added par. (4).  
Subsec. (c)(2). Pub. L. 115-141, §204(b)(2), inserted “or which is described in subsection (b)(4)(A)(ii)(D),” after “is elected,” in introductory provisions.

2015—Subsec. (d). Pub. L. 114-113 added subsec. (d).

#### EFFECTIVE DATE OF 2018 AMENDMENT

Amendment by Pub. L. 115-141 effective as if included in section 1101 of Pub. L. 114-74, see section 207 of Pub. L. 115-141, set out as a note under section 6031 of this title.

#### 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.

#### 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 a note under section 6221 of this title.

### § 6227. Administrative adjustment request by partnership

#### (a) In general

A partnership may file a request for an administrative adjustment in the amount of one or more partnership-related items for any partnership taxable year.

#### (b) Adjustment

Any such adjustment under subsection (a) shall be determined and taken into account for the partnership taxable year in which the administrative adjustment request is filed—

- (1) by the partnership under rules similar to the rules of section 6225 (other than paragraphs (2), (7), and (9) of subsection (c) thereof) for the partnership taxable year in which the administrative adjustment request is filed, or
- (2) by the partnership and partners under rules similar to the rules of section 6226 (determined without regard to the substitution described in subsection (c)(2)(C) thereof).

In the case of an adjustment that would not result in an imputed underpayment, paragraph (1) shall not apply and paragraph (2) shall apply with appropriate adjustments.

#### (c) Period of limitations

A partnership may not file such a request more than 3 years after the later of—

(1) the date on which the partnership return for such year is filed, or

(2) the last day for filing the partnership return for such year (determined without regard to extensions).

In no event may a partnership file such a request after a notice of an administrative proceeding with respect to the taxable year is mailed under section 6231.

#### (d) Coordination with adjustments related to foreign tax credits

The Secretary shall issue regulations or other guidance which provide for the proper coordination of this section and section 905(c).

(Added Pub. L. 114-74, title XI, §1101(c)(1), Nov. 2, 2015, 129 Stat. 631; amended Pub. L. 115-141, div. U, title II, §§201(c)(5), 206(f), (p)(2), (3), Mar. 23, 2018, 132 Stat. 1173, 1179, 1182.)

#### PRIOR PROVISIONS

Prior sections 6227 to 6230 were repealed by Pub. L. 114-74, title XI, §1101(a), (g), Nov. 2, 2015, 129 Stat. 625, 638, applicable to returns filed for partnership taxable years beginning after Dec. 31, 2017.

Section 6227, added Pub. L. 97-248, title IV, §402(a), Sept. 3, 1982, 96 Stat. 655; amended Pub. L. 105-34, title XII, §§1236(a), 1243(a), Aug. 5, 1997, 111 Stat. 1025, 1029; Pub. L. 107-147, title IV, §417(19)(A), Mar. 9, 2002, 116 Stat. 56, related to administrative adjustment requests.

Section 6228, added Pub. L. 97-248, title IV, §402(a), Sept. 3, 1982, 96 Stat. 656; amended Pub. L. 97-448, title III, §306(c)(1)(B), Jan. 12, 1983, 96 Stat. 2406; Pub. L. 102-572, title IX, §902(b)(2), Oct. 29, 1992, 106 Stat. 4516; Pub. L. 107-147, title IV, §417(19)(B), Mar. 9, 2002, 116 Stat. 56, related to judicial review where administrative adjustment request is not allowed in full.

Section 6229, added Pub. L. 97-248, title IV, §402(a), Sept. 3, 1982, 96 Stat. 659; amended Pub. L. 99-514, title XVIII, §1875(d)(1), Oct. 22, 1986, 100 Stat. 2896; Pub. L. 100-647, title I, §1018(o)(3), Nov. 10, 1988, 102 Stat. 3585; Pub. L. 105-34, title XII, §§1233(a)-(c), 1235(a), Aug. 5, 1997, 111 Stat. 1023, 1024; Pub. L. 107-147, title IV, §416(d)(1)(B), Mar. 9, 2002, 116 Stat. 55; Pub. L. 111-147, title V, §513(a)(2)(B), Mar. 18, 2010, 124 Stat. 112, related to period of limitations for making assessments.

Section 6230, added Pub. L. 97-248, title IV, §402(a), Sept. 3, 1982, 96 Stat. 660; amended Pub. L. 98-369, div. A, title VII, §714(p)(2)(A), July 18, 1984, 98 Stat. 964; Pub. L. 99-514, title XVIII, §1875(d)(2)(A), Oct. 22, 1986, 100 Stat. 2896; Pub. L. 100-647, title I, §1018(o)(1), Nov. 10, 1988, 102 Stat. 3584; Pub. L. 102-572, title IX, §902(b)(2), Oct. 29, 1992, 106 Stat. 4516; Pub. L. 105-34, title XII, §§1237(a)-(c)(1), 1238(b)(2)-(6), 1239(c)(1), Aug. 5, 1997, 111 Stat. 1025-1028; Pub. L. 105-206, title III, §3201(e)(2), July 22, 1998, 112 Stat. 740; Pub. L. 110-172, §11(a)(36), Dec. 29, 2007, 121 Stat. 2487, related to additional administrative provisions.

#### AMENDMENTS

2018—Subsec. (a). Pub. L. 115-141, §201(c)(5), substituted “partnership-related items” for “items of income, gain, loss, deduction, or credit of the partnership”.

Subsec. (b). Pub. L. 115-141, §206(p)(2), substituted “is filed” for “is made” in introductory provisions and in par. (1).

Subsec. (b)(1). Pub. L. 115-141, §206(p)(3), which directed substitution of “paragraphs (2), (7), and (9)” for “paragraphs (2), (6), and (7)”, was executed by making the substitution for “paragraphs (2), (6) and (7)” to reflect the probable intent of Congress.

Subsec. (d). Pub. L. 115-141, §206(f), added subsec. (d).

#### EFFECTIVE DATE OF 2018 AMENDMENT

Amendment by Pub. L. 115-141 effective as if included in section 1101 of Pub. L. 114-74, see section 207 of Pub.