

(II) is compensated directly or indirectly by a material advisor with respect to the transaction,

(III) has a fee arrangement with respect to the transaction which is contingent on all or part of the intended tax benefits from the transaction being sustained, or

(IV) as determined under regulations prescribed by the Secretary, has a disqualifying financial interest with respect to the transaction.

(iii) Disqualified opinions

For purposes of clause (i), an opinion is disqualified if the opinion—

(I) is based on unreasonable factual or legal assumptions (including assumptions as to future events),

(II) unreasonably relies on representations, statements, findings, or agreements of the taxpayer or any other person,

(III) does not identify and consider all relevant facts, or

(IV) fails to meet any other requirement as the Secretary may prescribe.

(Added Pub. L. 101-239, title VII, § 7721(a), Dec. 19, 1989, 103 Stat. 2398; amended Pub. L. 108-357, title VIII, § 812(c), Oct. 22, 2004, 118 Stat. 1579; Pub. L. 109-280, title XII, § 1219(a)(3), (c)(2), Aug. 17, 2006, 120 Stat. 1084, 1085; Pub. L. 111-152, title I, § 1409(c), Mar. 30, 2010, 124 Stat. 1069; Pub. L. 114-113, div. Q, title II, § 209(a), Dec. 18, 2015, 129 Stat. 3084.)

CODIFICATION

Section 1409(c) of Pub. L. 111-152, which directed the amendment of section 6664 without specifying the act to be amended, was executed to this section, which is section 6664 of the Internal Revenue Code of 1986, to reflect the probable intent of Congress. See 2010 Amendment notes below.

Section 1219(a)(3), (c)(2) of Pub. L. 109-280, which directed the amendment of section 6664 without specifying the act to be amended, was executed to this section, which is section 6664 of the Internal Revenue Code of 1986, to reflect the probable intent of Congress. See 2006 Amendment notes below.

AMENDMENTS

2015—Subsec. (a). Pub. L. 114-113 inserted at end “A rule similar to the rule of section 6211(b)(4) shall apply for purposes of this subsection.”

2010—Subsec. (c)(2) to (4). Pub. L. 111-152, § 1409(c)(1)(A), (C), added par. (2) and redesignated former pars. (2) and (3) as (3) and (4), respectively. See Codification note above.

Subsec. (c)(4)(A). Pub. L. 111-152, § 1409(c)(1)(B), substituted “paragraph (3)” for “paragraph (2)”. See Codification note above.

Subsec. (d)(2), (3). Pub. L. 111-152, § 1409(c)(2)(A), (C), added par. (2) and redesignated former par. (2) as (3). Former par. (3) redesignated (4). See Codification note above.

Subsec. (d)(4). Pub. L. 111-152, § 1409(c)(2)(B), substituted “paragraph (3)(C)” for “paragraph (2)(C)” in introductory provisions. See Codification note above.

Pub. L. 111-152, § 1409(c)(2)(A), redesignated par. (3) as (4). See Codification note above.

2006—Subsec. (c)(2). Pub. L. 109-280, § 1219(a)(3), substituted “paragraph (1) shall not apply. The preceding sentence shall not apply to a substantial valuation overstatement under chapter 1 if—” for “paragraph (1) shall not apply unless—” in introductory provisions. See Codification note above.

Subsec. (c)(3)(B), (C). Pub. L. 109-280, § 1219(c)(2), amended subpars. (B) and (C) generally. Prior to amendment, subpars. (B) and (C) read as follows:

“(B) QUALIFIED APPRAISER.—The term ‘qualified appraiser’ means any appraiser meeting the requirements of the regulations prescribed under section 170(a)(1).

“(C) QUALIFIED APPRAISAL.—The term ‘qualified appraisal’ means any appraisal meeting the requirements of the regulations prescribed under section 170(a)(1).”

See Codification note above.

2004—Subsec. (c). Pub. L. 108-357, § 812(c)(2)(B), inserted “for underpayments” after “exception” in heading.

Subsec. (c)(1). Pub. L. 108-357, § 812(c)(2)(A), substituted “section 6662 or 6663” for “this part”.

Subsec. (d). Pub. L. 108-357, § 812(c)(1), added subsec. (d).

EFFECTIVE DATE OF 2015 AMENDMENT

Pub. L. 114-113, div. Q, title II, § 209(d)(1), Dec. 18, 2015, 129 Stat. 3085, provided that: “The amendment made by subsection (a) [amending this section] shall apply to—

“(A) returns filed after the date of the enactment of this Act [Dec. 18, 2015], and

“(B) returns filed on or before such date if the period specified in section 6501 of the Internal Revenue Code of 1986 for assessment of the taxes with respect to which such return relates has not expired as of such date.”

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by section 1409(c)(1) of Pub. L. 111-152 applicable to underpayments attributable to transactions entered into after Mar. 30, 2010, see section 1409(e)(2) of Pub. L. 111-152, set out as a note under section 6662 of this title.

Amendment by section 1409(c)(2) of Pub. L. 111-152 applicable to understatements attributable to transactions entered into after Mar. 30, 2010, see section 1409(e)(3) of Pub. L. 111-152, set out as a note under section 6662 of this title.

EFFECTIVE DATE OF 2006 AMENDMENT

Amendment by section 1219(a)(3) of Pub. L. 109-280 applicable to returns filed after Aug. 17, 2006, with special rule for certain easements, see section 1219(e)(1), (3), of Pub. L. 109-280, set out as a note under section 170 of this title.

Amendment by section 1219(c)(2) of Pub. L. 109-280 applicable to appraisals prepared with respect to returns or submissions filed after Aug. 17, 2006, see section 1219(e)(2) of Pub. L. 109-280, set out as a note under section 170 of this title.

EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108-357 applicable to taxable years ending after Oct. 22, 2004, with special rule for application of subsec. (d)(3)(B) [now (d)(4)(B)] of this section, see section 812(f) of Pub. L. 108-357, as amended, set out as a note under section 6662 of this title.

EFFECTIVE DATE

Section applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7721(d) of Pub. L. 101-239, set out as an Effective Date of 1989 Amendment note under section 461 of this title.

PART III—APPLICABLE RULES

Sec.
6665. Applicable rules.

AMENDMENTS

1989—Pub. L. 101-239, title VII, § 7721(a), Dec. 19, 1989, 103 Stat. 2398, added part heading and analysis.

§ 6665. Applicable rules

(a) Additions treated as tax

Except as otherwise provided in this title—