

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*

*years beginning after Dec. 31, 2017, with certain exceptions, this section is repealed.*

EFFECTIVE DATE OF REPEAL

Repeal 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.

EFFECTIVE DATE

Subchapter applicable to partnership taxable years beginning after Dec. 31, 1997, see section 1226 of Pub. L. 105-34, as amended, set out as an Effective Date of 1997 Amendment note under section 6011 of this title.

**§ 6241. Partner's return must be consistent with partnership return**

**(a) General rule**

A partner of any electing large partnership shall, on the partner's return, treat each partnership item attributable to such partnership in a manner which is consistent with the treatment of such partnership item on the partnership return.

**(b) Underpayment due to inconsistent treatment assessed as math error**

Any underpayment of tax by a partner by reason of failing to comply with the requirements of subsection (a) shall be assessed and collected in the same manner as if such underpayment were on account of a mathematical or clerical error appearing on the partner's return. Paragraph (2) of section 6213(b) shall not apply to any assessment of an underpayment referred to in the preceding sentence.

**(c) Adjustments not to affect prior year of partners**

**(1) In general**

Except as provided in paragraph (2), subsections (a) and (b) shall apply without regard to any adjustment to the partnership item under part II.

**(2) Certain changes in distributive share taken into account by partner**

**(A) In general**

To the extent that any adjustment under part II involves a change under section 704 in a partner's distributive share of the amount of any partnership item shown on the partnership return, such adjustment shall be taken into account in applying this title to such partner for the partner's taxable year for which such item was required to be taken into account.

**(B) Coordination with deficiency procedures**

**(i) In general**

Subchapter B shall not apply to the assessment or collection of any underpayment of tax attributable to an adjustment referred to in subparagraph (A).

**(ii) Adjustment not precluded**

Notwithstanding any other law or rule of law, nothing in subchapter B (or in any proceeding under subchapter B) shall preclude the assessment or collection of any underpayment of tax (or the allowance of

any credit or refund of any overpayment of tax) attributable to an adjustment referred to in subparagraph (A) and such assessment or collection or allowance (or any notice thereof) shall not preclude any notice, proceeding, or determination under subchapter B.

**(C) Period of limitations**

The period for—

- (i) assessing any underpayment of tax, or
- (ii) filing a claim for credit or refund of any overpayment of tax,

attributable to an adjustment referred to in subparagraph (A) shall not expire before the close of the period prescribed by section 6248 for making adjustments with respect to the partnership taxable year involved.

**(D) Tiered structures**

If the partner referred to in subparagraph (A) is another partnership or an S corporation, the rules of this paragraph shall also apply to persons holding interests in such partnership or S corporation (as the case may be); except that, if such partner is an electing large partnership, the adjustment referred to in subparagraph (A) shall be taken into account in the manner provided by section 6242.

**(d) Addition to tax for failure to comply with section**

**For addition to tax in case of partner's disregard of requirements of this section, see part II of subchapter A of chapter 68.**

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

ENACTMENT OF PART AND REPEAL AND REENACTMENT OF SECTION

*Pub. L. 114-74, title XI, §1101(b)(2), (c)(1), (g), Nov. 2, 2015, 129 Stat. 625, 636, 638, provided that, applicable to returns filed for partnership taxable years beginning after Dec. 31, 2017, with certain exceptions, a new Part 2 [sic] (of subchapter C) heading "Definitions and Special Rules" and analysis consisting of item 6241 are enacted, this section is repealed, and a new section 6241 following the Part 2 analysis is enacted to read as follows:*

**§ 6241. Definitions and special rules**

*For purposes of this subchapter—*

**(1) Partnership**

*The term "partnership" means any partnership required to file a return under section 6031(a).*

**(2) Partnership adjustment**

*The term "partnership adjustment" means any adjustment in the amount of any item of income, gain, loss, deduction, or credit of a partnership, or any partner's distributive share thereof.*

**(3) Return due date**

*The term "return due date" means, with respect to the taxable year, the date prescribed for filing the partnership return for such taxable year (determined without regard to extensions).*

**(4) Payments nondeductible**

*No deduction shall be allowed under subtitle A for any payment required to be made by a partnership under this subchapter.*

(5) *Partnerships having principal place of business outside United States*

For purposes of sections 6234, a principal place of business located outside the United States shall be treated as located in the District of Columbia.

(6) *Partnerships in cases under title 11 of United States Code*

(A) *Suspension of period of limitations on making adjustment, assessment, or collection*

The running of any period of limitations provided in this subchapter on making a partnership adjustment (or provided by section 6501 or 6502 on the assessment or collection of any imputed underpayment determined under this subchapter) shall, in a case under title 11 of the United States Code, be suspended during the period during which the Secretary is prohibited by reason of such case from making the adjustment (or assessment or collection) and—

- (i) for adjustment or assessment, 60 days thereafter, and
- (ii) for collection, 6 months thereafter.

A rule similar to the rule of section 6213(f)(2) shall apply for purposes of section 6232(b).

(B) *Suspension of period of limitation for filing for judicial review*

The running of the period specified in section 6234 shall, in a case under title 11 of the United States Code, be suspended during the period during which the partnership is prohibited by reason of such case from filing a petition under section 6234 and for 60 days thereafter.

(7) *Treatment where partnership ceases to exist*

If a partnership ceases to exist before a partnership adjustment under this subchapter takes effect, such adjustment shall be taken into account by the former partners of such partnership under regulations prescribed by the Secretary.

(8) *Extension to entities filing partnership return*

If a partnership return is filed by an entity for a taxable year but it is determined that the entity is not a partnership (or that there is no entity) for such year, then, to the extent provided in regulations, the provisions of this subchapter are hereby extended in respect of such year to such entity and its items and to persons holding an interest in such entity.

PRIOR PROVISIONS

A prior section 6241, added Pub. L. 97-354, § 4(a), Oct. 19, 1982, 96 Stat. 1691, directed that tax treatment be determined at the corporate level, prior to repeal by Pub. L. 104-188, title I, §§ 1307(c)(1), 1317(a), Aug. 20, 1996, 110 Stat. 1781, 1787, applicable to taxable years beginning after Dec. 31, 1996.

EFFECTIVE DATE OF REPEAL AND REENACTMENT

Repeal and reenacted 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.

**§ 6242. Procedures for taking partnership adjustments into account**

**(a) Adjustments flow through to partners for year in which adjustment takes effect**

**(1) In general**

If any partnership adjustment with respect to any partnership item takes effect (within

the meaning of subsection (d)(2)) during any partnership taxable year and if an election under paragraph (2) does not apply to such adjustment, such adjustment shall be taken into account in determining the amount of such item for the partnership taxable year in which such adjustment takes effect. In applying this title to any person who is (directly or indirectly) a partner in such partnership during such partnership taxable year, such adjustment shall be treated as an item actually arising during such taxable year.

**(2) Partnership liable in certain cases**

If—

(A) a partnership elects under this paragraph to not take an adjustment into account under paragraph (1),

(B) a partnership does not make such an election but in filing its return for any partnership taxable year fails to take fully into account any partnership adjustment as required under paragraph (1), or

(C) any partnership adjustment involves a reduction in a credit which exceeds the amount of such credit determined for the partnership taxable year in which the adjustment takes effect,

the partnership shall pay to the Secretary an amount determined by applying the rules of subsection (b)(4) to the adjustments not so taken into account and any excess referred to in subparagraph (C).

**(3) Offsetting adjustments taken into account**

If a partnership adjustment requires another adjustment in a taxable year after the adjusted year and before the partnership taxable year in which such partnership adjustment takes effect, such other adjustment shall be taken into account under this subsection for the partnership taxable year in which such partnership adjustment takes effect.

**(4) Coordination with part II**

Amounts taken into account under this subsection for any partnership taxable year shall continue to be treated as adjustments for the adjusted year for purposes of determining whether such amounts may be readjusted under part II.

**(b) Partnership liable for interest and penalties**

**(1) In general**

If a partnership adjustment takes effect during any partnership taxable year and such adjustment results in an imputed underpayment for the adjusted year, the partnership—

(A) shall pay to the Secretary interest computed under paragraph (2), and

(B) shall be liable for any penalty, addition to tax, or additional amount as provided in paragraph (3).

**(2) Determination of amount of interest**

The interest computed under this paragraph with respect to any partnership adjustment is the interest which would be determined under chapter 67—

(A) on the imputed underpayment determined under paragraph (4) with respect to such adjustment,

(B) for the period beginning on the day after the return due date for the adjusted year and ending on the return due date for the partnership taxable year in which such adjustment takes effect (or, if earlier, in the case of any adjustment to which subsection (a)(2) applies, the date on which the payment under subsection (a)(2) is made).

Proper adjustments in the amount determined under the preceding sentence shall be made for adjustments required for partnership taxable years after the adjusted year and before the year in which the partnership adjustment takes effect by reason of such partnership adjustment.

**(3) Penalties**

A partnership shall be liable for any penalty, addition to tax, or additional amount for which it would have been liable if such partnership had been an individual subject to tax under chapter 1 for the adjusted year and the imputed underpayment determined under paragraph (4) were an actual underpayment (or understatement) for such year.

**(4) Imputed underpayment**

For purposes of this subsection, the imputed underpayment determined under this paragraph with respect to any partnership adjustment is the underpayment (if any) which would result—

(A) by netting all adjustments to items of income, gain, loss, or deduction and by treating any net increase in income as an underpayment equal to the amount of such net increase multiplied by the highest rate of tax in effect under section 1 or 11 for the adjusted year, and

(B) by taking adjustments to credits into account as increases or decreases (whichever is appropriate) in the amount of tax.

For purposes of the preceding sentence, any net decrease in a loss shall be treated as an increase in income and a similar rule shall apply to a net increase in a loss.

**(c) Administrative provisions**

**(1) In general**

Any payment required by subsection (a)(2) or (b)(1)(A)—

(A) shall be assessed and collected in the same manner as if it were a tax imposed by subtitle C, and

(B) shall be paid on or before the return due date for the partnership taxable year in which the partnership adjustment takes effect.

**(2) Interest**

For purposes of determining interest, any payment required by subsection (a)(2) or (b)(1)(A) shall be treated as an underpayment of tax.

**(3) Penalties**

**(A) In general**

In the case of any failure by any partnership to pay on the date prescribed therefor any amount required by subsection (a)(2) or (b)(1)(A), there is hereby imposed on such

partnership a penalty of 10 percent of the underpayment. For purposes of the preceding sentence, the term “underpayment” means the excess of any payment required under this section over the amount (if any) paid on or before the date prescribed therefor.

**(B) Accuracy-related and fraud penalties made applicable**

For purposes of part II of subchapter A of chapter 68, any payment required by subsection (a)(2) shall be treated as an underpayment of tax.

**(d) Definitions and special rules**

For purposes of this section—

**(1) Partnership adjustment**

The term “partnership adjustment” means any adjustment in the amount of any partnership item of an electing large partnership.

**(2) When adjustment takes effect**

A partnership adjustment takes effect—

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

(B) in the case of an adjustment pursuant to any administrative adjustment request under section 6251, when such adjustment is allowed by the Secretary, or

(C) in any other case, when such adjustment is made.

**(3) Adjusted year**

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

**(4) Return due date**

The term “return due date” means, with respect to any taxable year, the date prescribed for filing the partnership return for such taxable year (determined without regard to extensions).

**(5) Adjustments involving changes in character**

Under regulations, appropriate adjustments in the application of this section shall be made for purposes of taking into account partnership adjustments which involve a change in the character of any item of income, gain, loss, or deduction.

**(e) Payments nondeductible**

No deduction shall be allowed under subtitle A for any payment required to be made by an electing large partnership under this section.

(Added Pub. L. 105-34, title XII, §1222(a), Aug. 5, 1997, 111 Stat. 1010.)

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 years beginning after Dec. 31, 2017, with certain exceptions, this section is repealed.*

PRIOR PROVISIONS

A prior section 6242, added Pub. L. 97-354, §4(a), Oct. 19, 1982, 96 Stat. 1691, directed that shareholder's return be consistent with corporate return, prior to repeal by

Pub. L. 104-188, title I, §§1307(c)(1), 1317(a), Aug. 20, 1996, 110 Stat. 1781, 1787, applicable to taxable years beginning after Dec. 31, 1996.

A prior section 6243, added Pub. L. 97-354, §4(a), Oct. 19, 1982, 96 Stat. 1691, directed that shareholders be notified of proceedings and given opportunity to participate, prior to repeal by Pub. L. 104-188, title I, §§1307(c)(1), 1317(a), Aug. 20, 1996, 110 Stat. 1781, 1787, applicable to taxable years beginning after Dec. 31, 1996.

A prior section 6244, added Pub. L. 97-354, §4(a), Oct. 19, 1982, 96 Stat. 1691, directed that certain provisions of subchapter C apply to subchapter S items, prior to repeal by Pub. L. 104-188, title I, §§1307(c)(1), 1317(a), Aug. 20, 1996, 110 Stat. 1781, 1787, applicable to taxable years beginning after Dec. 31, 1996.

#### EFFECTIVE DATE OF REPEAL

Repeal 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.

### PART II—PARTNERSHIP LEVEL ADJUSTMENTS

#### Subpart

- A. Adjustments by Secretary.  
B. Claims for adjustments by partnership.

#### SUBPART A—ADJUSTMENTS BY SECRETARY

- Sec.  
6245. Secretarial authority.  
6246. Restrictions on partnership adjustments.  
6247. Judicial review of partnership adjustment.  
6248. Period of limitations for making adjustments.

#### § 6245. Secretarial authority

##### (a) General rule

The Secretary is authorized and directed to make adjustments at the partnership level in any partnership item to the extent necessary to have such item be treated in the manner required.

##### (b) Notice of partnership adjustment

###### (1) In general

If the Secretary determines that a partnership adjustment is required, the Secretary is authorized to send notice of such adjustment to the partnership by certified mail or registered mail. Such notice shall be sufficient if mailed to the partnership at its last known address even if the partnership has terminated its existence.

###### (2) Further notices restricted

If the Secretary mails a notice of a partnership adjustment to any partnership for any partnership taxable year and the partnership files a petition under section 6247 with respect to such notice, in the absence of a showing of fraud, malfeasance, or misrepresentation of a material fact, the Secretary shall not mail another such notice to such partnership with respect to such taxable year.

###### (3) Authority to rescind notice with partnership consent

The Secretary may, with the consent of the partnership, rescind any notice of a partnership adjustment mailed to such partnership. Any notice so rescinded shall not be treated as

a notice of a partnership adjustment, for purposes of this section, section 6246, and section 6247, and the taxpayer shall have no right to bring a proceeding under section 6247 with respect to such notice. Nothing in this subsection shall affect any suspension of the running of any period of limitations during any period during which the rescinded notice was outstanding.

(Added Pub. L. 105-34, title XII, §1222(a), Aug. 5, 1997, 111 Stat. 1013.)

#### 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 years beginning after Dec. 31, 2017, with certain exceptions, this section is repealed.*

#### PRIOR PROVISIONS

A prior section 6245, added Pub. L. 97-354, §4(a), Oct. 19, 1982, 96 Stat. 1692, defined “subchapter S item” for purposes of subchapter, prior to repeal by Pub. L. 104-188, title I, §§1307(c)(1), 1317(a), Aug. 20, 1996, 110 Stat. 1781, 1787, applicable to taxable years beginning after Dec. 31, 1996.

#### EFFECTIVE DATE OF REPEAL

Repeal 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.

#### § 6246. Restrictions on partnership adjustments

##### (a) General rule

Except as otherwise provided in this chapter, no adjustment to any partnership item may be made (and no levy or proceeding in any court for the collection of any amount resulting from such adjustment may be made, begun or prosecuted) before—

(1) the close of the 90th day after the day on which a notice of a partnership adjustment was mailed to the partnership, and

(2) if a petition is filed under section 6247 with respect to such notice, the decision of the court has become final.

##### (b) Premature action may be enjoined

Notwithstanding section 7421(a), any action which violates subsection (a) may be enjoined in the proper court, including the Tax Court. The Tax Court shall have no jurisdiction to enjoin any action under this subsection unless a timely petition has been filed under section 6247 and then only in respect of the adjustments that are the subject of such petition.

##### (c) Exceptions to restrictions on adjustments

###### (1) Adjustments arising out of math or clerical errors

###### (A) In general

If the partnership is notified that, on account of a mathematical or clerical error appearing on the partnership return, an adjustment to a partnership item is required, rules similar to the rules of paragraphs (1) and (2) of section 6213(b) shall apply to such adjustment.

###### (B) Special rule

If an electing large partnership is a partner in another electing large partnership,

any adjustment on account of such partnership's failure to comply with the requirements of section 6241(a) with respect to its interest in such other partnership shall be treated as an adjustment referred to in subparagraph (A), except that paragraph (2) of section 6213(b) shall not apply to such adjustment.

**(2) Partnership may waive restrictions**

The partnership shall at any time (whether or not a notice of partnership adjustment has been issued) have the right, by a signed notice in writing filed with the Secretary, to waive the restrictions provided in subsection (a) on the making of any partnership adjustment.

**(d) Limit where no proceeding begun**

If no proceeding under section 6247 is begun with respect to any notice of a partnership adjustment during the 90-day period described in subsection (a), the amount for which the partnership is liable under section 6242 (and any increase in any partner's liability for tax under chapter 1 by reason of any adjustment under section 6242(a)) shall not exceed the amount determined in accordance with such notice.

(Added Pub. L. 105-34, title XII, § 1222(a), Aug. 5, 1997, 111 Stat. 1013.)

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 years beginning after Dec. 31, 2017, with certain exceptions, this section is repealed.*

EFFECTIVE DATE OF REPEAL

Repeal 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.

**§ 6247. Judicial review of partnership adjustment**

**(a) General rule**

Within 90 days after the date on which a notice of a partnership adjustment is mailed to the partnership with respect to any partnership taxable year, the partnership may file a petition for a readjustment of the partnership items for such taxable year with—

- (1) the Tax Court,
- (2) the district court of the United States for the district in which the partnership's principal place of business is located, or
- (3) the Claims Court.

**(b) Jurisdictional requirement for bringing action in district court or Claims Court**

**(1) In general**

A readjustment petition under this section may be filed in a district court of the United States or the Claims Court only if the partnership filing the petition deposits with the Secretary, on or before the date the petition is filed, the amount for which the partnership would be liable under section 6242(b) (as of the date of the filing of the petition) if the partnership items were adjusted as provided by the notice of partnership adjustment. The court

may by order provide that the jurisdictional requirements of this paragraph are satisfied where there has been a good faith attempt to satisfy such requirement and any shortfall of the amount required to be deposited is timely corrected.

**(2) Interest payable**

Any amount deposited under paragraph (1), while deposited, shall not be treated as a payment of tax for purposes of this title (other than chapter 67).

**(c) Scope of judicial review**

A court with which a petition is filed in accordance with this section shall have jurisdiction to determine all partnership items of the partnership for the partnership taxable year to which the notice of partnership adjustment relates and the proper allocation of such items among the partners (and the applicability of any penalty, addition to tax, or additional amount for which the partnership may be liable under section 6242(b)).

**(d) Determination of court reviewable**

Any determination by a court under this section shall have the force and effect of a decision of the Tax Court or a final judgment or decree of the district court or the Claims Court, as the case may be, and shall be reviewable as such. The date of any such determination shall be treated as being the date of the court's order entering the decision.

**(e) Effect of decision dismissing action**

If an action brought under this section is dismissed other than by reason of a rescission under section 6245(b)(3), the decision of the court dismissing the action shall be considered as its decision that the notice of partnership adjustment is correct, and an appropriate order shall be entered in the records of the court.

(Added Pub. L. 105-34, title XII, § 1222(a), Aug. 5, 1997, 111 Stat. 1014.)

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 years beginning after Dec. 31, 2017, with certain exceptions, this section is repealed.*

EFFECTIVE DATE OF REPEAL

Repeal 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.

**§ 6248. Period of limitations for making adjustments**

**(a) General rule**

Except as otherwise provided in this section, no adjustment under this subpart to any partnership item for any partnership taxable year may be made after the date which is 3 years after the later of—

- (1) the date on which the partnership return for such taxable year was filed, or
- (2) the last day for filing such return for such year (determined without regard to extensions).

**(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 which is in excess of 25 percent of the amount of gross income stated in its return, 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 partnership adjustment with respect to any taxable year is mailed to the partnership, 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 6247 (and, if a petition is filed under section 6247 with respect to such notice, until the decision of the court becomes final), and

(2) for 1 year thereafter.

(Added Pub. L. 105-34, title XII, § 1222(a), Aug. 5, 1997, 111 Stat. 1015.)

## 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 years beginning after Dec. 31, 2017, with certain exceptions, this section is repealed.*

## EFFECTIVE DATE OF REPEAL

Repeal 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.

## SUBPART B—CLAIMS FOR ADJUSTMENTS BY PARTNERSHIP

Sec.	
6251.	Administrative adjustment requests.
6252.	Judicial review where administrative adjustment request is not allowed in full.

**§ 6251. Administrative adjustment requests****(a) General rule**

A partnership may file a request for an administrative adjustment of partnership items for

any partnership taxable year at any time which is—

(1) within 3 years after the later of—

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

(B) the last day for filing the partnership return for such year (determined without regard to extensions), and

(2) before the mailing to the partnership of a notice of a partnership adjustment with respect to such taxable year.

**(b) Secretarial action**

If a partnership files an administrative adjustment request under subsection (a), the Secretary may allow any part of the requested adjustments.

**(c) Special rule in case of extension under section 6248**

If the period described in section 6248(a) is extended pursuant to an agreement under section 6248(b), the period prescribed by subsection (a)(1) shall not expire before the date 6 months after the expiration of the extension under section 6248(b).

(Added Pub. L. 105-34, title XII, § 1222(a), Aug. 5, 1997, 111 Stat. 1016.)

## 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 years beginning after Dec. 31, 2017, with certain exceptions, this section is repealed.*

## EFFECTIVE DATE OF REPEAL

Repeal 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.

**§ 6252. Judicial review where administrative adjustment request is not allowed in full****(a) In general**

If any part of an administrative adjustment request filed under section 6251 is not allowed by the Secretary, the partnership may file a petition for an adjustment with respect to the partnership items to which such part of the request relates with—

(1) the Tax Court,

(2) the district court of the United States for the district in which the principal place of business of the partnership is located, or

(3) the Claims Court.

**(b) Period for filing petition**

A petition may be filed under subsection (a) with respect to partnership items for a partnership taxable year only—

(1) after the expiration of 6 months from the date of filing of the request under section 6251, and

(2) before the date which is 2 years after the date of such request.

The 2-year period set forth in paragraph (2) shall be extended for such period as may be agreed upon in writing by the partnership and the Secretary.

**(c) Coordination with subpart A**

**(1) Notice of partnership adjustment before filing of petition**

No petition may be filed under this section after the Secretary mails to the partnership a notice of a partnership adjustment for the partnership taxable year to which the request under section 6251 relates.

**(2) Notice of partnership adjustment after filing but before hearing of petition**

If the Secretary mails to the partnership a notice of a partnership adjustment for the partnership taxable year to which the request under section 6251 relates after the filing of a petition under this subsection but before the hearing of such petition, such petition shall be treated as an action brought under section 6247 with respect to such notice, except that subsection (b) of section 6247 shall not apply.

**(3) Notice must be before expiration of statute of limitations**

A notice of a partnership adjustment for the partnership taxable year shall be taken into account under paragraphs (1) and (2) only if such notice is mailed before the expiration of the period prescribed by section 6248 for making adjustments to partnership items for such taxable year.

**(d) Scope of judicial review**

Except in the case described in paragraph (2) of subsection (c), a court with which a petition is filed in accordance with this section shall have jurisdiction to determine only those partnership items to which the part of the request under section 6251 not allowed by the Secretary relates and those items with respect to which the Secretary asserts adjustments as offsets to the adjustments requested by the partnership.

**(e) Determination of court reviewable**

Any determination by a court under this section shall have the force and effect of a decision of the Tax Court or a final judgment or decree of the district court or the Claims Court, as the case may be, and shall be reviewable as such. The date of any such determination shall be treated as being the date of the court's order entering the decision.

(Added Pub. L. 105-34, title XII, § 1222(a), Aug. 5, 1997, 111 Stat. 1016.)

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 years beginning after Dec. 31, 2017, with certain exceptions, this section is repealed.*

EFFECTIVE DATE OF REPEAL

Repeal 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.

PART III—DEFINITIONS AND SPECIAL RULES

Sec. 6255. Definitions and special rules.

**§ 6255. Definitions and special rules**

**(a) Definitions**

For purposes of this subchapter—

**(1) Electing large partnership**

The term “electing large partnership” has the meaning given to such term by section 775.

**(2) Partnership item**

The term “partnership item” has the meaning given to such term by section 6231(a)(3).

**(b) Partners bound by actions of partnership, etc.**

**(1) Designation of partner**

Each electing large partnership shall designate (in the manner prescribed by the Secretary) a partner (or other person) who shall have the sole authority to act on behalf of such partnership under this subchapter. In any case in which such a designation is not in effect, the Secretary may select any partner as the partner with such authority.

**(2) Binding effect**

An electing large partnership and all partners of such partnership shall be bound—

- (A) by actions taken under this subchapter by the partnership, and
- (B) by any decision in a proceeding brought under this subchapter.

**(c) Partnerships having principal place of business outside the United States**

For purposes of sections 6247 and 6252, a principal place of business located outside the United States shall be treated as located in the District of Columbia.

**(d) Treatment where partnership ceases to exist**

If a partnership ceases to exist before a partnership adjustment under this subchapter takes effect, such adjustment shall be taken into account by the former partners of such partnership under regulations prescribed by the Secretary.

**(e) Date decision becomes final**

For purposes of this subchapter, the principles of section 7481(a) shall be applied in determining the date on which a decision of a district court or the Claims Court becomes final.

**(f) Partnerships in cases under title 11 of the United States Code**

**(1) Suspension of period of limitations on making adjustment, assessment, or collection**

The running of any period of limitations provided in this subchapter on making a partnership adjustment (or provided by section 6501 or 6502 on the assessment or collection of any amount required to be paid under section 6242) shall, in a case under title 11 of the United States Code, be suspended during the period during which the Secretary is prohibited by reason of such case from making the adjustment (or assessment or collection) and—

- (A) for adjustment or assessment, 60 days thereafter, and
- (B) for collection, 6 months thereafter.

A rule similar to the rule of section 6213(f)(2) shall apply for purposes of section 6246.



**(2) Suspension of period of limitation for filing for judicial review**

The running of the period specified in section 6247(a) or 6252(b) shall, in a case under title 11 of the United States Code, be suspended during the period during which the partnership is prohibited by reason of such case from filing a petition under section 6247 or 6252 and for 60 days thereafter.

**(g) Regulations**

The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this subchapter, including regulations—

- (1) to prevent abuse through manipulation of the provisions of this subchapter, and
- (2) providing that this subchapter shall not apply to any case described in section 6231(c)(1) (or the regulations prescribed thereunder) where the application of this subchapter to such a case would interfere with the effective and efficient enforcement of this title.

In any case to which this subchapter does not apply by reason of paragraph (2), rules similar to the rules of sections 6229(f) and 6255(f) shall apply.

(Added Pub. L. 105-34, title XII, § 1222(a), Aug. 5, 1997, 111 Stat. 1017.)

**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 years beginning after Dec. 31, 2017, with certain exceptions, this section is repealed.*

**EFFECTIVE DATE OF REPEAL**

Repeal 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.

**CHAPTER 64—COLLECTION**

Subchapter		Sec. <sup>1</sup>
A.	General provisions .....	6301
B.	Receipt of payment .....	6311
C.	Lien for taxes .....	6321
D.	Seizure of property for collection of taxes .....	6331
[E.	Repealed.]	

**AMENDMENTS**

1990—Pub. L. 101-508, title XI, § 11801(b)(14), Nov. 5, 1990, 104 Stat. 1388-522, struck out item for subchapter E “Collection of State individual income taxes”.

1972—Pub. L. 92-512, title II, § 202(b), Oct. 20, 1972, 86 Stat. 944, added item for subchapter E.

**Subchapter A—General Provisions**

Sec.	
6301.	Collection authority
6302.	Mode or time of collection.
6303.	Notice and demand for tax.
6304.	Fair tax collection practices.
6305.	Collection of certain liability.
6306.	Qualified tax collection contracts.
6307.	Special compliance personnel program account.

<sup>1</sup> Section numbers editorially supplied.

Sec.

**AMENDMENTS**

2015—Pub. L. 114-94, div. C, title XXXII, § 32103(c), Dec. 4, 2015, 129 Stat. 1737, added item 6307.

2004—Pub. L. 108-357, title VIII, § 881(a)(2)(B), Oct. 22, 2004, 118 Stat. 1626, added item 6306.

1998—Pub. L. 105-206, title III, § 3466(b), July 22, 1998, 112 Stat. 769, added item 6304.

1976—Pub. L. 94-455, title XIX, § 1906(b)(5), Oct. 4, 1976, 90 Stat. 1833, struck out item “6304. Collection under the Tariff Act”.

1975—Pub. L. 93-647, § 101(b)(2), Jan. 4, 1975, 88 Stat. 2358, added item 6305.

**§ 6301. Collection authority**

The Secretary shall collect the taxes imposed by the internal revenue laws.

(Aug. 16, 1954, ch. 736, 68A Stat. 775; Pub. L. 94-455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

**AMENDMENTS**

1976—Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

**APPROVAL PROCESS FOR LIENS, LEVIES, AND SEIZURES**

Pub. L. 105-206, title III, § 3421, July 22, 1998, 112 Stat. 758, provided that:

“(a) IN GENERAL.—The Commissioner of Internal Revenue shall develop and implement procedures under which—

“(1) a determination by an employee to file a notice of lien or levy with respect to, or to levy or seize, any property or right to property would, where appropriate, be required to be reviewed by a supervisor of the employee before the action was taken; and

“(2) appropriate disciplinary action would be taken against the employee or supervisor where the procedures under paragraph (1) were not followed.

“(b) REVIEW PROCESS.—The review process under subsection (a)(1) may include a certification that the employee has—

“(1) reviewed the taxpayer’s information;

“(2) verified that a balance is due; and

“(3) affirmed that the action proposed to be taken is appropriate given the taxpayer’s circumstances, considering the amount due and the value of the property or right to property.

“(c) EFFECTIVE DATES.—

“(1) IN GENERAL.—Except as provided in paragraph (2), this section shall take effect on the date of the enactment of this Act [July 22, 1998].

“(2) AUTOMATED COLLECTION SYSTEM ACTIONS.—In the case of any action under an automated collection system, this section shall apply to actions initiated after December 31, 2000.”

**§ 6302. Mode or time of collection**

**(a) Establishment by regulations**

If the mode or time for collecting any tax is not provided for by this title, the Secretary may establish the same by regulations.

**(b) Discretionary method**

Whether or not the method of collecting any tax imposed by chapter 21, 31, 32, or 33, or by section 4481 is specifically provided for by this title, any such tax may, under regulations prescribed by the Secretary, be collected by means of returns, stamps, coupons, tickets, books, or such other reasonable devices or methods as may be necessary or helpful in securing a complete and proper collection of the tax.

**(c) Use of Government depositaries**

The Secretary may authorize Federal Reserve banks, and incorporated banks, trust companies,