

shall be determined, at the partnership level pursuant to this subchapter.”

Statutory Notes and Related Subsidiaries

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

Pub. L. 114–74, title XI, §1101(g), Nov. 2, 2015, 129 Stat. 638, provided that:

“(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section [enacting this subchapter, amending sections 6031, 6330, 6422, 6501, 6503, 6504, 6511, 6512, 6515, 6601, 7421, 7422, 7459, 7482, and 7485 of this title, and repealing this subchapter, subchapter D of this chapter, and part IV of subchapter K of chapter 1 of this title] shall apply to returns filed for partnership taxable years beginning after December 31, 2017.

“(2) ADMINISTRATIVE ADJUSTMENT REQUESTS.—In the case of [an] administrative adjustment request under section 6227 of such Code [Internal Revenue Code of 1986], the amendments made by this section shall apply to requests with respect to returns filed for partnership taxable years beginning after December 31, 2017.

“(3) ADJUSTED PARTNERS STATEMENTS.—In the case of a partnership electing the application of section 6226 of such Code, the amendments made by this section shall apply to elections with respect to returns filed for partnership taxable years beginning after December 31, 2017.

“(4) ELECTION.—A partnership may elect (at such time and in such form and manner as the Secretary of the Treasury may prescribe) for the amendments made by this section (other than the election under section 6221(b) of such Code (as added by this Act)) to apply to any return of the partnership filed for partnership taxable years beginning after the date of the enactment of this Act [Nov. 2, 2015] and before January 1, 2018.”

§ 6222. Partner’s return must be consistent with partnership return

(a) In general

A partner shall, on the partner’s return, treat any partnership-related item in a manner which is consistent with the treatment of such 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) Exception for notification of inconsistent treatment

(1) In general

In the case of any item referred to in subsection (a), if—

(A)(i) the partnership has filed a return but the partner’s treatment on the partner’s return is (or may be) inconsistent with the treatment of the item on the partnership return, or

(ii) the partnership has not filed a return, and

(B) the partner files with the Secretary a statement identifying the inconsistency,

subsections (a) and (b) shall not apply to such item.

(2) Partner receiving incorrect information

A partner shall be treated as having complied with subparagraph (B) of paragraph (1) with respect to an item if the partner—

(A) demonstrates to the satisfaction of the Secretary that the treatment of the item on the partner’s return is consistent with the treatment of the item on the statement furnished to the partner by the partnership, and

(B) elects to have this paragraph apply with respect to that item.

(d) Final decision on certain positions not binding on partnership

Any final decision with respect to an inconsistent position identified under subsection (c) in a proceeding to which the partnership is not a party shall not be binding on the partnership.

(e) Addition to tax for failure to comply with section

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

(Added Pub. L. 114–74, title XI, §1101(c)(1), Nov. 2, 2015, 129 Stat. 626; amended Pub. L. 115–141, div. U, title II, §201(c)(3), Mar. 23, 2018, 132 Stat. 1173.)

Editorial Notes

PRIOR PROVISIONS

A prior section 6222, added Pub. L. 97–248, title IV, §402(a), Sept. 3, 1982, 96 Stat. 648; amended Pub. L. 99–514, title XV, §1503(c)(1), Oct. 22, 1986, 100 Stat. 2743; Pub. L. 101–239, title VII, §7721(c)(7), Dec. 19, 1989, 103 Stat. 2400, required partner’s return to be consistent with partnership return or Secretary to be notified of inconsistency, 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 amended subsec. (a) generally. Prior to amendment, text read as follows: “A partner shall, on the partner’s return, treat each item of income, gain, loss, deduction, or credit attributable to a partnership in a manner which is consistent with the treatment of such income, gain, loss, deduction, or credit on the partnership return.”

Statutory Notes and Related Subsidiaries

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

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.

§ 6223. Partners bound by actions of partnership

(a) Designation of partnership representative

Each partnership shall designate (in the manner prescribed by the Secretary) a partner (or

other person) with a substantial presence in the United States as the partnership representative who shall have the sole authority to act on behalf of the partnership under this subchapter. In any case in which such a designation is not in effect, the Secretary may select any person as the partnership representative.

(b) Binding effect

A partnership and all partners of such partnership shall be bound—

- (1) by actions taken under this subchapter by the partnership, and
- (2) by any final decision in a proceeding brought under this subchapter with respect to the partnership.

(Added Pub. L. 114-74, title XI, §1101(c)(1), Nov. 2, 2015, 129 Stat. 627.)

Editorial Notes

PRIOR PROVISIONS

Prior sections 6223 and 6224 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 6223, added Pub. L. 97-248, title IV, §402(a), Sept. 3, 1982, 96 Stat. 649, related to notice to partners of proceedings.

Section 6224, added Pub. L. 97-248, title IV, §402(a), Sept. 3, 1982, 96 Stat. 651; amended Pub. L. 107-147, title IV, §416(d)(1)(A), Mar. 9, 2002, 116 Stat. 55, related to partner participation in administrative proceedings, waiver of partner's rights, and settlement agreements.

Statutory Notes and Related Subsidiaries

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.

PART II—PARTNERSHIP ADJUSTMENTS

Sec.	
6225.	Partnership adjustment by Secretary.
6226.	Alternative to payment of imputed underpayment by partnership.
6227.	Administrative adjustment request by partnership.

Editorial Notes

AMENDMENTS

2018—Pub. L. 115-141, div. U, title II, §206(p)(10), Mar. 23, 2018, 132 Stat. 1183, amended part II heading generally, reenacting heading without change.

§ 6225. Partnership adjustment by Secretary

(a) In general

In the case of any adjustments by the Secretary to any partnership-related items with respect to any reviewed year of a partnership—

- (1) if such adjustments result in an imputed underpayment, the partnership shall pay an amount equal to such imputed underpayment in the adjustment year as provided in section 6232, and
- (2) if such adjustments do not result in an imputed underpayment, such adjustments shall be taken into account by the partnership in the adjustment year.

(b) Determination of imputed underpayments

For purposes of this subchapter—

(1) In general

Except as otherwise provided in this section, any imputed underpayment with respect to any reviewed year shall be determined by the Secretary by—

- (A) appropriately netting all partnership adjustments with respect to such reviewed year, and
- (B) applying the highest rate of tax in effect for the reviewed year under section 1 or 11.

(2) Adjustments to distributive shares of partners not netted

In the case of any adjustment which reallocates the distributive share of any item from one partner to another, such adjustment shall be taken into account by disregarding so much of such adjustment as results in a decrease in the amount of the imputed underpayment.

(3) Adjustments separately netted by category

For purposes of paragraph (1)(A), partnership adjustments for any reviewed year shall first be separately determined (and netted as appropriate) within each category of items that are required to be taken into account separately under section 702(a) or other provision of this title.

(4) Limitation on adjustments that may be taken into account

If any adjustment would (but for this paragraph)—

- (A) result in a decrease in the amount of the imputed underpayment, and
- (B) could be subject to any additional limitation under the provisions of this title (or not allowed, in whole or in part, against ordinary income) if such adjustment were taken into account by any person,

such adjustment shall not be taken into account under paragraph (1)(A) except to the extent otherwise provided by the Secretary.

(c) Modification of imputed underpayments

(1) In general

The Secretary shall establish procedures under which the imputed underpayment amount may be modified consistent with the requirements of this subsection.

(2) Procedures for partners to take adjustments into account

(A) Amended returns of partners

Such procedures shall provide that if—

- (i) one or more partners file returns for the taxable year of the partners which includes the end of the reviewed year of the partnership (and for any taxable year with respect to which any tax attribute is affected by reason of any adjustment referred to in clause (ii)),
- (ii) such returns take into account all adjustments under subsection (a) properly allocable to such partners (and the effect of such adjustments on any tax attributes), and
- (iii) payment of any tax due is included with such returns,

then the imputed underpayment amount shall be determined without regard to the