

paragraph, any notice of a final partnership adjustment shall not be mailed earlier than 270 days after the date on which the notice of the proposed partnership adjustment is mailed.

(B) Statute of limitations on adjustment

For the period of limitations on making adjustments, see section 6235.

(c) Further notices restricted

If the Secretary mails a notice of a final partnership adjustment to any partnership for any partnership taxable year and the partnership files a petition under section 6234 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.

(d) 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 Any notice so rescinded shall not be treated as a notice of a partnership adjustment for purposes of this subchapter, and the taxpayer shall have no right to bring a proceeding under section 6234 with respect to such notice.

(Added Pub. L. 114-74, title XI, § 1101(c)(1), Nov. 2, 2015, 129 Stat. 632; amended Pub. L. 115-141, div. U, title II, §§ 201(c)(6), 206(h), Mar. 23, 2018, 132 Stat. 1173, 1179.)

Editorial Notes

PRIOR PROVISIONS

A prior section 6231, added Pub. L. 97-248, title IV, § 402(a), Sept. 3, 1982, 96 Stat. 663; amended Pub. L. 98-369, div. A, title VII, § 714(p)(2)(B)-(D), (I), July 18, 1984, 98 Stat. 964, 965; Pub. L. 105-34, title XI, § 1141(b), title XII, §§ 1232(a), 1234(a), Aug. 5, 1997, 111 Stat. 981, 1023, 1024; Pub. L. 105-206, title III, § 3507(a), July 22, 1998, 112 Stat. 772; Pub. L. 107-147, title IV, §§ 416(d)(1)(C), 417(19)(C), Mar. 9, 2002, 116 Stat. 55, 57, defined terms for purposes of this subchapter and listed special rules for partnership items, 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(h)(2), substituted “Any notice of a final partnership adjustment” for “Any notice of a final partnership adjustment shall not be mailed earlier than 270 days after the date on which the notice of the proposed partnership adjustment is mailed. Such notices” in concluding provisions.

Subsec. (a)(1). Pub. L. 115-141, § 201(c)(6), substituted “any partnership-related item for any partnership taxable year” for “any item of income, gain, loss, deduction, or credit of a partnership for a partnership taxable year”.

Subsecs. (b) to (d). Pub. L. 115-141, § 206(h)(1), added subsec. (b) and redesignated former subsecs. (b) and (c) as (c) and (d), respectively.

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.

SPECIAL RULE FOR CERTAIN INTERNATIONAL SATELLITE PARTNERSHIPS

Pub. L. 97-248, title IV, § 406, Sept. 3, 1982, 96 Stat. 670, as amended by Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that: “[Former] Subchapter C of chapter 63 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (relating to tax treatment of partnership items), section 6031 of such Code (relating to returns of partnership income), and section 6046A of such Code (relating to returns as to interest in foreign partnerships) shall not apply to the International Telecommunications Satellite Organization, the International Maritime Satellite Organization, and any organization which is a successor of either of such organizations.”

§ 6232. Assessment, collection, and payment

(a) In general

Any imputed underpayment shall be assessed and collected in the same manner as if it were a tax imposed for the adjustment year by subtitle A, except that—

(1) subchapter B of chapter 63 shall not apply, and

(2) in the case of an administrative adjustment request to which section 6227(b)(1) applies, the underpayment shall be paid and may be assessed when the request is filed.

(b) Limitation on assessment

Except as otherwise provided in this subtitle (other than subchapter B of this chapter), no assessment of an imputed underpayment 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 final partnership adjustment was mailed, and

(2) if a petition is filed under section 6234 with respect to such notice, the decision of the court has become final.

The preceding sentence shall not apply in the case of a specified similar amount (as defined in subsection (f)(2)).

(c) Premature action may be enjoined

Notwithstanding section 7421(a), any action which violates subsection (b) 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 6234 and then only in respect of the adjustments that are the subject of such petition.

(d) 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 an 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 a partnership is a partner in another partnership, any adjustment on account of such partnership's failure to comply with the requirements of section 6222(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 may at any time (whether or not any notice of partnership adjustment has been issued), by a signed notice in writing filed with the Secretary, waive the restrictions provided in subsection (b) on the making of any partnership adjustment.

(e) Limit where no proceeding begun

If no proceeding under section 6234 is begun with respect to any notice of a final partnership adjustment during the 90-day period described in subsection (b), the amount for which the partnership is liable under section 6225 shall not exceed the amount determined in accordance with such notice.

(f) Failure to pay imputed underpayment**(1) In general**

If any amount of any imputed underpayment to which section 6225 applies or any specified similar amount (or any interest or penalties with respect to any such amount) has not been paid by the date which is 10 days after the date on which the Secretary provides notice and demand for such payment—

(A) section 6621(a)(2)(B) shall be applied by substituting "5 percentage points" for "3 percentage points" with respect to such amount, and

(B) the Secretary may assess upon each partner of the partnership (determined as of the close of the adjustment year or, if the partnership has ceased to exist as of such time, the former partners of the partnership as determined for purposes of section 6241(7)) a tax equal to such partner's proportionate share of such amount (including any such interest or penalties, determined after application of subparagraph (A)).

(2) Specified similar amount

For purposes of this subsection, the term "specified similar amount" means—

(A) the amount described in subclause (II) of section 6226(b)(4)(A)(ii) (including any failure to satisfy the requirement of subclause (I) of such section which is treated as a failure to pay such amount under section 6651(i)), and

(B) any amount assessed under paragraph (1)(B) upon a partner which is a partnership.

(3) Proportionate share

For purposes of paragraph (1), a partner's proportionate share is such percentage as the Secretary may determine on the basis of such partner's distributive share. The Secretary shall make determinations under the preceding sentence such that the aggregate proportionate shares so determined total 100 percent.

(4) Coordination with partnership liability

The liability of the partnership for any amount with respect to which a partner is made liable under paragraph (1) shall be reduced upon payment by the partner of such amount. Paragraph (1)(B) shall not apply with respect to any amount after the date on which such amount is paid by the partnership.

(5) S corporations

For purposes of this subsection, an S corporation and its shareholders shall be treated in the same manner as a partnership and its partners.

(6) Rules related to assessment and collection**(A) Deficiency procedures not applicable**

Subchapter B shall not apply to any assessment or collection under this paragraph.

(B) Limitation on assessment

Except as otherwise provided in this subtitle, no assessment may be made (or proceeding in court begun without assessment) with respect to any partner with respect to an amount under paragraph (1) after the date which is 2 years after the date on which the Secretary provides the notice and demand referred to in paragraph (1) with respect to such amount.

(Added Pub. L. 114-74, title XI, §1101(c)(1), Nov. 2, 2015, 129 Stat. 632; amended Pub. L. 115-141, div. U, title II, §§205(a), 206(g), (p)(4)-(6), Mar. 23, 2018, 132 Stat. 1177, 1179, 1182.)

Editorial Notes**PRIOR PROVISIONS**

A prior section 6232, added Pub. L. 97-248, title IV, §402(a), Sept. 3, 1982, 96 Stat. 666, related to extension of subchapter provisions, respecting tax treatment of partnership items, to windfall profit tax, prior to repeal by Pub. L. 100-418, title I, §1941(b)(1), Aug. 23, 1988, 102 Stat. 1323.

AMENDMENTS

2018—Subsec. (a). Pub. L. 115-141, §206(g)(1), substituted "except that—" for "except that in the case of an administrative adjustment request to which section 6227(b)(1) applies, the underpayment shall be paid when the request is filed." and added pars. (1) and (2).

Subsec. (b). Pub. L. 115-141, §206(p)(4), substituted "this subtitle (other than subchapter B of this chapter)" for "this chapter" in introductory provisions.

Pub. L. 115-141, §206(g)(2), substituted "assessment of an imputed underpayment" for "assessment of a deficiency" in introductory provisions and inserted concluding provisions.

Subsec. (d)(1)(A). Pub. L. 115-141, §206(p)(5), substituted "an item" for "a item".

Subsec. (e). Pub. L. 115-141, §206(p)(6), struck out "thereof" after "subsection (b)".

Subsec. (f). Pub. L. 115-141, §205(a), added subsec. (f).

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.

§ 6233. Interest and penalties

(a) Interest and penalties determined from reviewed year

(1) In general

Except to the extent provided in section 6226(c), in the case of a partnership adjustment for a reviewed year—

(A) interest shall be computed under paragraph (2), and

(B) the partnership 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 for the period beginning on the day after the return due date for the reviewed year and ending on the return due date for the adjustment year (or, if earlier, the date payment of the imputed underpayment is made). Proper adjustments in the amount determined under the preceding sentence shall be made for adjustments required for partnership taxable years after the reviewed year and before the adjustment year by reason of such partnership adjustment.

(3) Penalties

Any penalty, addition to tax, or additional amount shall be determined at the partnership level as if such partnership had been an individual subject to tax under chapter 1 for the reviewed year and the imputed underpayment were an actual underpayment (or understatement) for such year.

(b) Interest and penalties with respect to adjustment year return

(1) In general

In the case of any failure to pay an imputed underpayment on the date prescribed therefor, the partnership shall be liable—

(A) for interest as determined under paragraph (2), and

(B) for any penalty, addition to tax, or additional amount as determined under paragraph (3).

(2) Interest

Interest determined under this paragraph is the interest that would be determined by treating the imputed underpayment as an underpayment of tax imposed in the adjustment year.

(3) Penalties

Penalties, additions to tax, or additional amounts determined under this paragraph are the penalties, additions to tax, or additional amounts that would be determined—

(A) by applying section 6651(a)(2) to such failure to pay, and

(B) by treating the imputed underpayment as an underpayment of tax for purposes of part II of subchapter A of chapter 68.

(c) Deposit to suspend interest

For rules allowing deposits to suspend running of interest on potential underpayments, see section 6603.

(Added Pub. L. 114-74, title XI, §1101(c)(1), Nov. 2, 2015, 129 Stat. 633; amended Pub. L. 115-141, div. U, title II, §206(i), Mar. 23, 2018, 132 Stat. 1180.)

Editorial Notes

PRIOR PROVISIONS

A prior section 6233, added Pub. L. 98-369, div. A, title VII, §714(p)(1), July 18, 1984, 98 Stat. 964; amended Pub. L. 104-188, title I, §1307(c)(3)(B), Aug. 20, 1996, 110 Stat. 1782, related to extension to entities filing partnership returns, prior to repeal by Pub. L. 114-74, title XI, §1101(a), Nov. 2, 2015, 129 Stat. 625.

AMENDMENTS

2018—Subsec. (c). Pub. L. 115-141 added subsec. (c).

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.

§ 6234. Judicial review of partnership adjustment

(a) In general

Within 90 days after the date on which a notice of a final partnership adjustment is mailed under section 6231 with respect to any partnership taxable year, the partnership may file a petition for a readjustment 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 Court of Federal Claims.

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

(1) In general

A readjustment petition under this section may be filed in a district court of the United States or the Court of Federal Claims only if the partnership filing the petition deposits with the Secretary, on or before the date the petition is filed, the amount of (as of the date of the filing of the petition) the imputed underpayment, penalties, additions to tax, and additional amounts with respect to such imputed underpayment if the partnership adjustment was made as provided by the notice of final 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 pay-