

IRC Section 6241(4)

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.

(A) In general. The term 'partnership adjustment' means any adjustment to a partnership-related item.

(B) Partnership-related item. The term 'partnership-related item' means-

(i) any item or amount with respect to the partnership (without regard to whether or not such item or amount appears on the partnership's return and including an imputed underpayment and any item or amount relating to any transaction with, basis in, or liability of, the partnership) which is relevant (determined without regard to this subchapter) in determining the tax liability of any person under chapter 1, and

(ii) any partner's distributive share of any item or amount described in clause (i) .

(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 section 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.

(9) Coordination with other chapters.

(A) In general. This subchapter shall not apply with respect to any tax imposed (including any amount required to be deducted or withheld) under chapter 2, 2A, 3, or 4, except that any partnership adjustment determined under this subchapter for purposes of chapter 1 shall be taken into account for purposes of determining any such tax to the extent that such adjustment is relevant to such determination.

(B) Timing of withholding. In the case of any tax imposed (including any amount required to be deducted or withheld) under chapter 3 or 4, which is determined with respect to an adjustment described in subparagraph (A), such tax-

(i) shall be so determined with respect to the reviewed year, and

(ii) shall be so imposed (or so required to be deducted or withheld) with respect to the adjustment year.

(C) Statute of limitation on assessment. For special rule with respect to limitation on assessment of taxes under chapter 2 or 2A which are attributable to any partnership adjustment, see section 6501(c)(12).

(10) Authority to require electronic filing.

Notwithstanding section 6011(e), the Secretary may require that anything required to be filed or submitted under section 6225(c), or to be furnished to or filed with the Secretary

under section 6226 , be so filed, submitted, or furnished by magnetic media or in other machine-readable form.

(11) Treatment of special enforcement matters.

(A) In general. In the case of partnership-related items which involve special enforcement matters, the Secretary may prescribe regulations pursuant to which-

(i) this subchapter (or any portion thereof) does not apply to such items, and

(ii) such items are subject to such special rules (including rules related to assessment and collection) as the Secretary determines to be necessary for the effective and efficient enforcement of this title.

(B) Special enforcement matters. For purposes of subparagraph (A) , the term "special enforcement matters" means-

(i) failure to comply with the requirements of section 6226(b)(4)(A)(ii) ,

(ii) assessments under section 6851 (relating to termination assessments of income tax) or section 6861 (relating to jeopardy assessments of income, estate, gift, and certain excise taxes),

(iii) criminal investigations,

(iv) indirect methods of proof of income,

(v) foreign partners or partnerships, and

(vi) other matters that the Secretary determines by regulation present special enforcement considerations.

(12) United States shareholders and certain other persons treated as partners.

(A) In general. Except as otherwise provided by the Secretary, in the case of any controlled foreign corporation (as defined in section 957 or 953(c)(1)) which is a partner of a partnership, each United States shareholder (as defined in section 951(b) or 953(c)(1)) with respect to such controlled foreign corporation shall be treated for purposes of this subchapter as a partner of such partnership. For purposes of the preceding sentence, any distributive share of any such United States shareholder with respect to such partnership shall, except as otherwise provided by the Secretary, be equal to such United States shareholder's pro rata share with respect to such controlled foreign corporation (determined under rules similar to the rules of section 951(a)(2)).

(B) Passive foreign investment companies. For purposes of subparagraph (A) , in the case of a passive foreign investment company (as defined in section 1297), each taxpayer that makes an election under section 1295 with respect to such company shall be treated in the same manner as United States shareholders under subparagraph (A) , except that such taxpayer's pro rata share with respect to the passive foreign investment company shall be determined under rules similar to the rules of section 1293(b) .

(C) Regulations or other guidance. The Secretary shall issue such regulations or other guidance as is necessary or appropriate to carry out the purposes of this paragraph , including regulations which apply the rules of subparagraph (A) in similar circumstances or with respect to similarly situated persons.