



TaxNewsFlash

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Proposed regulations: Centralized partnership audit regime

The U.S. Treasury Department and IRS today released for publication in the Federal Register a notice of proposed rulemaking (REG-120232-17 and REG-120233-17) or proposed regulations to implement the centralized partnership audit regime, as enacted in 2015.

Read the [proposed regulations](#) [PDF 336 KB]

The purpose of this report is to provide text of these proposed regulations.

Background

The new centralized partnership audit regime generally is effective for partnership tax years beginning after December 31, 2017. Temporary and proposed regulations released in August 2016 provided rules for an election to apply the centralized partnership regime for tax years beginning after November 2, 2015, and before January 1, 2018.

Regulations proposed in June 2017 set forth rules to implement the new centralized partnership audit regime. However, the rules regarding how pass-through partners take into account adjustments under the alternative to payment of the imputed underpayment described in section 6226 and under rules similar to section 6226, under section 6227, were reserved. Read [TaxNewsFlash-United States](#)

Proposed regulations (November 2017) provide rules regarding the international provisions under the centralized partnership audit regime. Read [TaxNewsFlash-United States](#)

Today's proposed regulations

Today's proposed regulations address how pass-through entities take into account adjustments:

- Under the alternative to payment of the imputed underpayment described in section 6226
- Under rules similar to section 6226 when a partnership files an administrative adjustment request (AAR) under section 6227

These proposed regulations also provide rules under the new centralized partnership audit regime concerning:

- Assessment and collection
- Penalties and interest
- The statute of limitations
- Judicial review of partnership adjustments

Today's proposed regulations supplement the June 2017 proposed regulations by implementing the administrative and procedural provisions of the new centralized partnership audit regime (sections 6231 through 6235).

Comments, public hearing

The proposed regulations are scheduled to be published in the Federal Register on December 19, 2017. Comments and requests for a public hearing are due by a date that is 90 days after December 19, 2017.

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