

# TaxNewsFlash

## United States



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## Final regulations: Special enforcement matters, centralized partnership audit regime

The U.S. Treasury Department and IRS today released for publication in the Federal Register final regulations (T.D. 9969) that except certain partnership-related items from the centralized partnership audit regime created by the “Bipartisan Budget Act of 2015” and that set forth alternative rules that will apply to the examination of excepted items by the IRS. The final regulations also make changes to the existing centralized partnership audit regime regulations to account for changes to the Code as well as changes that clarify those regulations.

Read the [final regulations](#) [PDF 353 KB] (80 pages)

Under section 6241(11), the Treasury Secretary may prescribe regulations that provide the centralized partnership audit regime does not apply to a partnership-related item if the partnership-related item involves a “special enforcement matter.” Section 6241(11)(B) defines what the term “special enforcement matter” means for this purpose and includes matters that the Treasury Secretary determines by regulation present special enforcement considerations. In November 2020, Treasury and the IRS proposed rules to implement section 6241(11) and to make other changes to the regulations under the centralized partnership audit regime. Read [TaxNewsFlash](#) [PDF 102 KB]

Comments were submitted on the proposed regulations and a public hearing was held. The preamble to the final regulations describes the comments received on the proposed regulations and the revisions made in response to such comments. In addition to revisions made in response to comments received, the preamble also indicates that the final regulations make clarifying changes to the existing centralized partnership audit regime regulations as well as changes to account for changes to the Code. Among the changes are regulations regarding the treatment of “non-income items”, the calculation of the imputed underpayment, and rules concerning when a partnership ceases to exist.

The final regulations are scheduled to be published in the Federal Register on December 9, 2022, and are effective on that date; however, certain of the final regulations apply to tax years ending on or after November 20, 2020.

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