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From:

Sent: Friday, December 19, 2008 10:55:22 AM

To:

Cc:

Subject: FW: Your Question on IRC 6698

Hello,

We agree with analysis of the section 6698(b) penalty.

P.L. 110-142 amended section 6698(b), increasing the penalty for failure to file a partnership return from \$50 to \$85. If H.R. 7327 is signed into law, it will amend section 6698(b) again, increasing the penalty for failure to file from \$85 to \$89. H.R. 7327 will apply to returns required to be filed after December 31, 2008.

P.L. 110-141 did not amend section 6698(b) and imposes an independent increase to the section 6698(b) penalty. P.L. 110-141 increased the section 6698(b) penalty by \$1 for any return that was required to be filed under section 6031 for a taxable year beginning in 2008. Thus, the section 6698(b) penalty, as amended by P.L. 110-142, would increase from \$85 to \$86. If H.R. 7327 becomes law, the section 6698(b) penalty would increase from \$89 to \$90. The \$1 increases only applies to the 2008 tax year.

Here is a chronologic breakdown of the penalty rates assuming H.R. 7317 becomes law:

Returns required to be filed on or before December 20, 2007: \$50

Returns required to be filed after December 20, 2007 but on or before December 31, 2008: \$85

Returns required to be filed after December 31, 2008: \$89

For a return required to be filed for a taxable year beginning in 2008: add \$1 to the above rate

If you have any further questions please feel free to contact me at . Have a wonderful holiday season.

Regards,