

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.601. Rules and regulations.
(Also Part I, §§ 6031, 6222, 6227.)

Rev. Proc. 2021-29

SECTION 1. PURPOSE

This revenue procedure allows eligible partnerships to file amended partnership returns for taxable years beginning in 2018, 2019, and 2020 using a Form 1065, U.S. Return of Partnership Income (Form 1065), with the “Amended Return” box checked, and issue an amended Schedule K-1, Partner’s Share of Income, Deductions, Credits, etc. (Schedule K-1), to each of its partners. The option to file amended returns only applies to partnerships satisfying the requirements of section 3 of this revenue procedure.

SECTION 2. BACKGROUND

.01 Section 1101(a) of the Bipartisan Budget Act of 2015 (BBA), P.L. 114-74, Title XI (November 2, 2015), replaced subchapter C of chapter 63 of subtitle F of the Internal Revenue Code (Code) effective for partnership taxable years beginning after December 31, 2017. Prior to the enactment of the BBA, subchapter C of chapter 63

contained the unified partnership audit and litigation rules enacted by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), P.L. 97-248 (September 3, 1982), that were commonly referred to as the TEFRA partnership procedures. Section 1101(c) of the BBA replaced the TEFRA partnership procedures with a centralized partnership audit regime that, in general, determines, assesses, and collects tax at the partnership level. The centralized partnership audit procedures enacted by the BBA are found at sections 6221 through 6241 of the Code. The centralized partnership audit procedures apply to all partnerships, unless the partnership makes a valid election under section 6221(b) not to have those procedures apply. Partnerships subject to the centralized partnership audit regime are referred to as BBA partnerships.

.02 Section 6031(a) of the Code requires every partnership to file a return for each taxable year stating the items of its gross income and the deductions allowable by subtitle A of the Code and such other information as required by forms and regulations, including information about the partners in the partnership. For a partnership, the return required by section 6031(a) is Form 1065, which includes Schedules K-1. A Schedule K-1 reports a partner's name, taxpayer identification number, and distributive share of partnership-related items and other information related to the partner's interest in the partnership. Section 6031(b) requires that a partnership required to file a return under section 6031(a) furnish a copy of the Schedule K-1 to each partner that includes such information as may be required to be shown by regulations. In general, section 6031(b) also prohibits BBA partnerships from amending the information required to be furnished to their partners after the due date of the return, unless specifically provided by the Secretary of the Treasury or her delegate. This revenue procedure exercises that

authority to allow a BBA partnership to file an amended partnership return and furnish amended Schedules K-1 under the circumstances described in this revenue procedure.

.03 Section 6222(a) of the Code requires partners in a BBA partnership to treat partnership-related items, as defined in section 6241 and the corresponding regulations, consistently on the partner's return with how the BBA partnership treated such items on its return. This consistency requirement generally applies to all partners. Consistent treatment with the partnership generally requires that partners in a BBA partnership file their returns consistent with the information reported to them on the Schedule K-1.

.04 Section 202 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDTRA) was enacted as part of Title II of Division EE of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, 134 Stat. 1182 (December 27, 2020). Section 202 of the TCDTRA retroactively allows a recovery period of 30 years under the alternative depreciation system (ADS) in section 168(g) of the Code for certain residential rental property, as defined in section 168(e)(2)(A) of the Code, placed in service before January 1, 2018, held by an electing real property trade or business as defined in section 163(j)(7)(B) of the Code, and not previously subject to the ADS. This revenue procedure explains how a BBA partnership that wishes to change its recovery period under section 168(g) of the Code for such property in accordance with section 202 of the TCDTRA may do so without filing an administrative adjustment request (AAR) under section 6227 of the Code. This revenue procedure is intended to be implemented in tandem with Revenue Procedure 2021-28, 2021-27 I.R.B. _____, released on June 17, 2021.

.05 This revenue procedure allows BBA partnerships the option to file an amended return instead of an AAR, though it does not prevent a partnership from filing an AAR to obtain the benefits of the TCDTRA or any other tax benefits to which the partnership is entitled. A BBA partnership that files an amended return pursuant to this revenue procedure is still subject to the centralized partnership audit procedures enacted by the BBA.

SECTION 3. AMENDED RETURN OPTION PROVIDED TO ELIGIBLE BBA PARTNERSHIPS FOR THE 2018, 2019, AND 2020 TAXABLE YEARS

.01 Scope. The filing and furnishing option provided by section 3.02 of this revenue procedure applies to BBA partnerships described in section 3.03 of this revenue procedure for the taxable years described in section 3.04 of this revenue procedure.

.02 Option to file amended return. BBA partnerships that filed a Form 1065 and furnished all required Schedules K-1 for the taxable years beginning in 2018, 2019, or 2020 and did so prior to the issuance of this revenue procedure may file amended partnership returns and furnish corresponding Schedules K-1 on or before October 15, 2021. The amended returns must take into account tax changes under section 202 of the TCDTRA, but eligible BBA partnerships under section 3.03 of this revenue procedure may make any changes on their amended returns.

.03 Eligible BBA partnerships.

(1) The filing and furnishing option provided in section 3.02 of this revenue procedure is available only to BBA partnerships that filed Forms 1065 and furnished Schedules K-1 for the partnership taxable years beginning in 2018, 2019, or 2020 and

did so prior to the issuance of this revenue procedure. The filing and furnishing option in section 3.02 of the revenue procedure is only available to:

(a) BBA partnerships within the scope of section 3 of Rev. Proc. 2021-28 that have residential rental property within the scope of section 3 of Rev. Proc. 2021-28 and that choose to change either or both of their method of depreciation or general asset account treatment for such property by filing an amended Form 1065 in accordance with procedures in sections 4.01(2), 4.02(3), or 4.04(1) of Rev. Proc. 2021-28 as applicable, or

(b) BBA partnerships within the scope of section 3.01(1) of Revenue Procedure 2020-22, 2020-18 I.R.B. 745, that choose to make a late section 163(j)(7) election by filing an amended Form 1065 in accordance with procedures in section 4 of Rev. Proc. 2020-22.

(2) For purposes of section 6222, the amended return replaces any prior return (including any AAR filed by the partnership) for the taxable year for purposes of determining the partnership's treatment of partnership-related items. See section 4.03 of this revenue procedure for a special rule regarding partnerships who have previously filed AARs for an affected taxable year.

.04 Eligible taxable years. The filing and furnishing option provided in this revenue procedure applies only to partnership taxable years that began in 2018, 2019, or 2020.

SECTION 4. PROCEDURE

.01 Filing requirements. To take advantage of the option to file an amended return provided by section 3 of this revenue procedure, a BBA partnership must file a Form 1065 (with the "Amended Return" box checked) and furnish corresponding amended

Schedules K-1. The BBA partnership must clearly indicate the application of this revenue procedure on the amended return and write “FILED PURSUANT TO REV PROC 2021-29” at the top of the amended return and attach a statement with each Schedule K-1 furnished to its partners with the same notation. The BBA partnership may file electronically or by mail but filing electronically may allow for faster processing of the amended return.

.02 Special rule for BBA partnerships whose returns are under examination. If a BBA partnership is currently under examination for a taxable year beginning in 2018, 2019, or 2020 and wishes to take advantage of the option to file an amended return provided by section 3 of this revenue procedure, the partnership may only do so if the partnership sends notice in writing to the revenue agent coordinating the partnership’s examination that the partnership seeks to use the amended return option described in this revenue procedure prior to or contemporaneously with filing the amended return as described in section 4.01 of this revenue procedure. The partnership must also provide the revenue agent with a copy of the amended return upon filing.

.03 Special rule for BBA partnerships who have previously filed an AAR. If a BBA partnership has previously filed an AAR and wishes to file an amended return pursuant to this revenue procedure for the same taxable year, the partnership should use the items as adjusted in the AAR, where applicable, in lieu of any reporting from the originally filed partnership return.

.04 Coordination with Notice 2019-46. If, under Notice 2019-46, 2019-37 I.R.B. 695, a partnership has applied the rules of the proposed GILTI regulations under proposed §1.951A-5 of the Income Tax Regulations for its taxable years ending before June 22,

2019 (Form 1065, Form 8992, U.S Shareholder Calculation of Global Intangible Low-Taxed Income (GILTI), and Schedules K-1), the partnership may continue to apply the rules of proposed §1.951A-5 for purposes of filing an amended Form 1065 for taxable years to which Notice 2019-46 applies under this revenue procedure if the partnership furnishes amended Schedules K-1 consistent with those proposed regulations and provides appropriate notifications to its partners under the principles of section 5.01 of Notice 2019-46 within the period described in section 3.02 of this revenue procedure. Nothing in this revenue procedure changes a partnership's obligation to provide information described in section 5.02 of Notice 2019-46. If a partnership applies the final GILTI regulations under §1.951A-1(e), any amended Schedules K-1 issued under this revenue procedure must be consistent with those final regulations.

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is Joy E. Gerdy Zogby of the Office of the Associate Chief Counsel (Procedure and Administration). For further information, please contact 202-317-4927 (not a toll-free call).