IRM PROCEDURAL UPDATE

DATE: 01/30/2025

NUMBER: ts-21-0125-0138

SUBJECT: BBA

AFFECTED IRM(s)/SUBSECTION(s): 21.6.6

CHANGE(s):

IRM 21.6.6.2.23.2 Created new section for Bipartisan Budget Act of 2015 (BBA) Partners Related Claims.

Bipartisan Budget Act of 2015 (BBA) Partners Related Claims

(1) Under the Bipartisan Budget Act of 2015, administrative adjustment requests (AARs) may be filed to adjust partnership items which could result in refunds to the partners. An AAR can be filed by the partnership representative on behalf of the partnership or by a partner with respect to that partner’s distributive share of the partnership items.

(2) The partner receives information from the partnership and must file Form 1040X, Amended U.S. Individual Income Tax Return, and must include the following forms:

- Form 8978, Partner's Share of Adjustment(s) to Partnership-Related Item(s) (Required under Sections 6226 and 6227).
- Form 8978 Schedule A, Partners Additional Reporting Year Tax.

Note: If the forms listed above are not attached, follow normal procedures for requesting missing information when processing amended returns. Refer to IRM 21.5.1.5.6, Incomplete CII Claims.

(3) Form 8978 lists the correction amount for the first affected year and all intervening years and reports the aggregate of these amounts on the “Reporting Year”. **Only** make adjustments on the reporting year. See Instruction 8978, Instructions for Form 8978 (Including Schedule A), Partner's Additional Reporting Year Tax, for specific instructions. If a Form 8978 adjustment is included on the original Form 1040, U.S. Individual Income Tax Return, the amount is included on the tax line with Form 8978 written on the line.

(4) There are no special codes for these adjustments. Consider all normal criteria in making adjustments, including hold codes, priority codes, and reference codes. If the only issue on the amended return is the BBA partnership related loss, the claim is NOT referred to CAT-A for review.

Caution: If your 1040X has “BBA Partner Modification Amended Return” notated on the top of the form, see IRM 21.6.6.2.50, Bipartisan Budget Act (BBA) Partner Modification Amended Return.

(5) If penalties and interest are included on Form 8978, do not recompute them. Assess them as they are shown.

IRM 21.6.6.2.49 Created new section for Bipartisan Budget Act (BBA) Partner Modification Amended Return.

Bipartisan Budget Act (BBA) Partner Modification Amended Return

(1) Under BBA, partners may file amended returns as part of a partnership’s request to modify the imputed underpayment. Section 6225(c)(2)(D) allows partners to file these amended returns even if the ASED and RSED are closed. Partners must file Form 1040X, Amended U.S. Individual Income Tax Return, for any taxable year(s) affected by the partnership adjustments. To file amended returns as part of modifying the imputed underpayment, partners must write **“BBA Partner Modification Amended Return”** on the top of the first page of all amended returns being filed as part of the modification request.

Note: Form 1040X, with the notation “BBA Partner Modification Amended Return” on the top of the form are routed to:
LB&I Ogden Team
1973 N Rulon White Blvd
Mail Stop 4705 Attn: BBA Unit
Ogden, UT 84404

CII - Print and reroute to above address